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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2001

Commission file number 1-12672

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

Maryland	77-0404318
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2900 Eisenhower Avenue, Suite 300
Alexandria, Virginia 22314
(Address of principal executive office, including zip code)

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

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

(Title of each class)	(Name of each exchange on which registered)
Common Stock, par value $.01 per share	New York Stock Exchange, Pacific Exchange
Preferred Stock Purchase Rights	New York Stock Exchange, Pacific Exchange
8.50% Series C Cumulative Redeemable Preferred Stock, par value $.01 per share	New York Stock Exchange, Pacific Exchange
8.00% Series D Cumulative Redeemable Preferred Stock, par value $.01 per share	New York Stock Exchange, Pacific Exchange
8.70% Series H Cumulative Redeemable Preferred Stock, par value $.01 per share	New York Stock Exchange, Pacific Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past ninety (90) days.

Yes [X]   No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

The aggregate market value of the Registrant's Common Stock, par value $.01 per share, held by nonaffiliates of the Registrant, as of March 1, 2002 was $3,229,266,823.

The number of shares of the Registrant's Common Stock, par value $.01 per share, outstanding as of March 1, 2002 was 68,780,976.

Documents Incorporated by Reference

Portions of AvalonBay Communities, Inc.'s Proxy Statement for the 2002 annual meeting of stockholders, a definitive copy of which will be filed with the SEC within 120 days after the year end of the year covered by this Form 10-K, are incorporated by reference herein as portions of Part III of this Form 10-K.

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PART I

This Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Our actual results could differ materially from those set forth in each forward-looking statement. Certain factors that might cause such a difference are discussed in this report, including in the section entitled "Forward-Looking Statements" on page 34 of this Form 10-K.

ITEM 1. BUSINESS

General

AvalonBay is a Maryland corporation that has elected to be treated as a real estate investment trust, or REIT, for federal income tax purposes. We focus on the ownership and operation of upscale apartment communities (which generally command among the highest rents in their submarkets) in high barrier-to-entry markets of the United States. This is because we believe that, over the long term, the limited new supply of upscale apartment homes in these markets will result in larger increases in cash flows relative to other markets. These barriers-to-entry generally include a difficult and lengthy entitlement process with local jurisdictions and dense in-fill locations where zoned and entitled land is in limited supply. Our markets are located in the Northeast, Mid-Atlantic, Midwest, Pacific Northwest, and Northern and Southern California regions of the United States. We believe that we have penetrated substantially all of the high barrier-to-entry markets of the country.

As of March 1, 2002, we owned or held a direct or indirect ownership interest in 126 operating apartment communities containing 37,228 apartment homes in eleven states and the District of Columbia, of which three communities containing 1,896 apartment homes were under redevelopment. In addition to these operating communities, we also owned 15 communities under construction that will contain 3,963 apartment homes and rights to develop an additional 30 communities that, if developed as expected, will contain an estimated 8,918 apartment homes. We generally obtain ownership in an apartment community by developing a new community on vacant land or by acquiring and either repositioning or redeveloping an existing community. In selecting sites for development, redevelopment or acquisition, we favor locations that are near expanding employment centers and convenient to recreation areas, entertainment, shopping and dining.

Our real estate investments consist of Established Communities, Other Stabilized Communities, Development Communities and Redevelopment Communities. A description of these segments and other related information can be found in Note 9 of the Consolidated Financial Statements set forth in Item 8 of this report.

Our principal operating objectives are to develop, own and operate, in our selected markets, high quality, upscale communities that contain features and amenities desired by prospective residents, and to provide our residents with efficient and effective service. Our principal financial goals are to successfully implement those operating objectives in a cost effective manner and thereby increase long-term stockholder value by increasing operating cash flow and Funds from Operations (as defined by the National Association of Real Estate Investment Trusts). For a description of the meaning of Funds from Operations and its use and limitation as an operating measure, see the discussion titled "Funds from Operations" in Item 7 of this report. Our strategies and goals to achieve these objectives include:

- generating consistent, sustained earnings growth at each community through increased revenue, by balancing high occupancy with premium pricing, and increased operating margins from operating expense management;

- investing selectively in new development, redevelopment and acquisition communities in markets with growing or high potential for demand and high barriers-to-entry;

- selling communities in markets where we seek to adjust our market penetration; and

- maintaining a conservative capital structure to provide continuous access to cost-effective capital.

We believe that we can generally implement these strategies best by developing, redeveloping, acquiring and managing upscale assets in supply-constrained markets while maintaining the financial discipline to ensure balance sheet flexibility.

Development Strategy. We carefully select land for development and follow established procedures that we believe minimize both the cost and the risks of development. As one of the largest developers of multifamily apartment communities in high barrier-to-entry markets of the United States, we identify development opportunities through local market presence and access to local market information achieved through our regional offices. In addition to our principal executive offices in Alexandria, Virginia, we also maintain regional offices and administrative or specialty offices in or near the following cities:

- Boston, Massachusetts;

- Chicago, Illinois;

- Newport Beach, California;

- New York, New York;

- San Jose, California;

- Wilton, Connecticut;

- Woodbridge, New Jersey; and

- Seattle, Washington

After selecting a target site, we usually negotiate for the right to acquire the site either through an option or a long-term conditional contract. Options and long-term conditional contracts generally enable us to acquire the target site shortly before the start of construction, which reduces development-related risks as well as preserves capital. After we acquire land, we generally shift our focus to construction. Except for certain mid-rise and high-rise apartment communities where we may elect to use third-party general contractors or construction managers, we act as our own general contractor and construction manager. We believe this enables us to achieve higher construction quality, greater control over construction schedules and significant cost savings. Our development and property management teams monitor construction progress to ensure high quality workmanship and a smooth and timely transition into the leasing and operational phase.

Redevelopment Strategy. When we undertake the redevelopment of a community, our goal is to generally renovate and/or rebuild an existing community so that our total investment is significantly below replacement cost and the community is the highest quality apartment community or best rental value for an upscale apartment community in its local area. We have established procedures to minimize both the cost and risks of redevelopment. Our redevelopment teams, which include key redevelopment, construction and property management personnel, monitor redevelopment progress. We believe we achieve significant cost savings by acting as our own general contractor. More importantly, this helps to ensure high quality design and workmanship and a smooth and timely transition into the lease-up and restabilization phase.

Disposition Strategy. To optimize our concentration of communities in selected high barrier-to-entry markets, we sell assets that do not meet our long-term investment criteria when market conditions are favorable and redeploy the proceeds from those sales to develop and redevelop communities under construction or reconstruction. This disposition strategy acts as a source of capital because we are able to redeploy the net proceeds from our dispositions in lieu of raising that amount of capital externally. When we decide to sell a community, we solicit competing bids from unrelated parties for these individual assets and consider the sales price and tax ramifications of each proposal. In connection with this disposition program, we disposed of a total of seven communities since January 1, 2001. The net proceeds from the sale of these assets were approximately $239,000,000. However, we cannot provide assurance that we will be able to continue our current disposition strategy or that assets we identify for sale can be sold on terms that are satisfactory to us. For 2002, we plan to significantly curtail disposition activity in response to the current capital and real estate markets.

Acquisition Strategy. Our core competencies in development and redevelopment discussed above allow us to be selective in the acquisitions we target. Between January 1, 2001 and March 1, 2002, we acquired three communities containing 995 apartment homes. These communities were acquired in connection with a forward purchase contract agreed to in 1997. This expansion is consistent with our strategy to achieve long-term earnings growth by providing a high quality platform for expansion while also providing additional economic and geographic diversity. The acquisition of these presale communities was designed to achieve rapid penetration into markets that are generally

supply constrained and in which we had no significant presence. We have one presale commitment provided for under a separate agreement which is expected to close in the second quarter of 2002.

Property Management Strategy. We intend to increase operating income through innovative, proactive property management that will result in higher revenue with controlled operating expenses from communities.

Our principle strategies to maximize revenue include:

- strong focus on resident satisfaction;
- staggering lease terms based on vacancy exposure by apartment type, so that lease expirations are better matched to each community's traffic patterns;
- increasing rents as market conditions permit;
- managing community occupancy for optimal rental revenue levels; and
- applying new technology to optimize revenue from each community.

Controlling operating expenses is another way in which we intend to increase earnings growth. Growth in our portfolio and the resulting increase in revenue allows for fixed operating costs to be spread over a larger volume of revenue, thereby increasing operating margins. We aggressively pursue real estate tax appeals and control operating expenses as follows:

- record invoices on-site to ensure careful monitoring of budgeted versus actual expenses;

- purchase supplies in bulk where possible;

- bid third-party contracts on a volume basis;

- strive to retain residents through high levels of service in order to eliminate the cost of preparing an apartment home for a new resident and to reduce marketing and vacant apartment utility costs;

- perform turnover work in-house or hire third-parties, generally depending upon the least costly alternative; and

- undertake preventive maintenance regularly to maximize resident satisfaction and property and equipment life.

On-site property management teams receive bonuses based largely upon the net operating income produced at their respective communities. We are also pursuing ancillary services which could provide additional revenue sources. On a limited basis, we also manage properties for third parties, believing that doing so will provide information about new markets or provide an acquisition opportunity, thereby enhancing opportunities for growth.

Technology Strategy. We believe that an innovative management information system infrastructure will be an important element in managing our future growth. This is because timely and accurate collection of financial and resident profile data will enable us to maximize revenue through careful leasing decisions and financial management. We currently employ a company-wide intranet using a digital network with high-speed digital lines. This network connects all of our communities and offices to central servers in Alexandria, Virginia, providing access to our associates and to AvalonBay's corporate information throughout the country from all locations.

We have invested in five technology companies in the belief that the development and application of their technology and services will improve the operating performance of our real estate holdings. Our most significant technology investment is in Realeum, Inc. Realeum is engaged in the development of an on-site property management system and leasing automation system to enable management to capture, review and analyze data to a greater extent than is possible using existing commercial software. To help monitor this investment, Thomas J. Sargeant, our Executive Vice President and Chief Financial Officer, is a director of Realeum. We are also a member of Constellation Real Technologies LLC, an entity formed by a number of real estate investment trusts and real estate operating companies for the purpose of investing in multi-sector real estate technology opportunities. Our original commitment to Constellation was $4,000,000 and we have contributed $959,000 to date. Constellation has proposed a reduction in the aggregate amount of capital commitments from its members. If that proposal is accepted, our revised commitment would fall to $2,600,000. The aggregate carrying value of all of our technology investments, including Realeum and Constellation, at March 1, 2002 was $4,800,000.

Financing Strategy. We have consistently maintained, and intend to continue to maintain, a conservative capital structure, largely comprised of common equity. At December 31, 2001, our debt-to-total market capitalization (i.e., the aggregate of the market value of common stock, the liquidation preference of preferred stock and the principle amount of debt) was 37.1%, and our permanent long-term floating rate debt, not including borrowings under the unsecured credit facility, was only 1.2% of total market capitalization.

Before planned construction or reconstruction activity begins, we intend to arrange adequate capital sources to complete such undertakings, although we cannot assure you that we will be able to obtain such financing. During 2001, substantially all of our construction and reconstruction activities were funded by issuance of unsecured debt securities, asset sales, through nontaxable like-kind exchanges, and retained operating cash. In the event that financing cannot be obtained, we may have to abandon planned development activities, write-off associated pursuit costs and/or forego reconstruction activity. In such instances, we will not realize the increased revenues and earnings that we expected from such pursuits, and the related write-off of costs will increase current period expenses.

We estimate that a portion of our short-term liquidity needs will be met from retained operating cash and borrowings under our $500,000,000 variable rate unsecured credit facility. At March 1, 2002, zero was outstanding, $85,820,000 was used to provide letters of credit and $414,180,000 was available for borrowing under the unsecured credit facility.

If required, to meet the balance of our liquidity needs we will need to arrange additional capacity under our existing unsecured credit facility, sell additional existing communities and/or issue additional debt or equity securities. While we believe we have the financial position to expand our short-term credit capacity and access the capital markets as needed, we cannot assure you that we will be successful in completing these arrangements, sales or offerings. The failure to complete these transactions on a cost-effective basis could have a material adverse impact on our operating results and financial condition, including the abandonment of deferred development costs and a resultant charge to earnings.

Inflation and Tax Matters

Substantially all of our leases are for a term of one year or less, which may enable us to realize increased rents upon renewal of existing leases or the beginning of new leases. Such short-term leases generally minimize the risk to us of the adverse effects of inflation, although as a general rule these leases permit residents to leave at the end of the lease term without penalty. Our current policy is generally to permit residents to terminate leases upon an agreed advance written notice and a lease termination payment, as provided for in the resident's lease. Short-term leases combined with relatively consistent demand have allowed rents, and therefore cash flow from the portfolio, to provide an attractive inflation hedge.

We filed an election with our initial federal income tax return to be taxed as a REIT under the Internal Revenue Code of 1986, as amended, and intend to maintain our qualification as a REIT in the future. As a qualified REIT, with limited exceptions, we will not be taxed under federal and certain state income tax laws at the corporate level on our net income to the extent net income is distributed to our stockholders. We expect to make sufficient distributions to avoid income tax at the corporate level.

Environmental Matters

Under various federal, state and local environmental laws, ordinances and regulations, a current or previous owner or operator of real estate may be required, in many instances regardless of knowledge or responsibility, to investigate and remediate the effects of hazardous or toxic substances or petroleum product releases at such property. The owner or operator may be held liable to a governmental entity or to third parties for property damage and for investigation and remediation costs incurred by such parties in connection with the contamination, which may be substantial. The presence of such substances, or the failure to properly remediate the contamination, may adversely affect the owner's ability to borrow against, sell or rent such property. In addition, some environmental

laws create a lien on the contaminated site in favor of the government for damages and costs it incurs in connection with the contamination.

Certain federal, state and local laws, regulations and ordinances govern the removal, encapsulation or disturbance of asbestos-containing materials, or ACMs, when such materials are in poor condition or in the event of construction, remodeling, renovation or demolition of a building. Such laws may impose liability for release of ACMs and may provide for third parties to seek recovery from owners or operators of real properties for personal injury associated with ACMs. In connection with our ownership and operation of apartment communities, we potentially may be liable for such costs. We are not aware that any ACMs were used in connection with the construction of the communities developed by us. However, we are aware that ACMs were used in connection with the construction of certain communities acquired by us. We do not anticipate that we will incur any material liabilities in connection with the presence of ACMs at these communities. We currently have an operations and maintenance program for ACMs at each of the communities at which ACMs have been detected.

When excessive moisture accumulates in buildings or on building materials, mold growth may occur, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce toxins or irritants. Concern about indoor exposure to mold has been increasing as exposure to mold may cause a variety of health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold at a community owned by us could require us to undertake a costly remediation program to contain or remove the mold from the affected community. In addition, the presence of significant mold could expose us to liability from residents and others if property damage or health concerns arise.

We are also aware that certain communities have lead paint and we are undertaking or intend to undertake appropriate remediation.

All of our stabilized operating communities, and all of the communities that we are currently developing or redeveloping, have been subjected to at least a Phase I or similar environmental assessment which generally does not involve invasive techniques such as soil or ground water sampling. These assessments have not revealed any environmental conditions that we believe will have a material adverse effect on our business, assets, financial condition or results of operations. We are not aware of any other environmental conditions which would have such a material adverse effect.

However, we are aware that the migration of contamination from an upgradient landowner near a community owned by us (Avalon at Silicon Valley, formerly known as Toscana) has affected the groundwater there. The upgradient landowner is undertaking remedial response actions and a ground water treatment system has been installed. We expect that the upgradient landowner will take all necessary remediation actions and ensure the ongoing operation and maintenance of the ground water treatment system. The upgradient landowner has also provided an indemnity that runs to current and future owners of the property and upon which we may be able to rely if environmental liability arises from the groundwater contamination.

Additionally, prior to 1994, we had occasionally been involved in developing, managing, leasing and operating various properties for third parties. Consequently, we may be considered to have been an operator of such properties and, therefore, potentially liable for removal or remediation costs or other potential costs which could relate to hazardous or toxic substances. We are not aware of any material environmental liabilities with respect to properties that we managed or developed for such third parties.

We cannot provide assurance that:

- the environmental assessments identified all potential environmental liabilities;

- no prior owner created any material environmental condition not known to us or the consultants who prepared the assessments;

- no environmental liabilities developed since such environmental assessments were prepared;

- the condition of land or operations in the vicinity of our communities, such as the presence of underground storage tanks, will not affect the environmental condition of such communities;

- future uses or conditions, including, without limitation, changes in applicable environmental laws and regulations, will not result in the imposition of environmental liability; or

- no environmental liabilities will develop at communities that have been sold pursuant to our disposition strategy for which we may have liability.

ITEM 2. COMMUNITIES

Our real estate investments consist of current operating apartment communities, communities in various stages of development, and land or land options held for development. The following is a description of each category:

Current Communities are categorized as Established, Other Stabilized, Lease-Up, or Redevelopment according to the following:

- Established Communities (also known as Same Store Communities) are communities where a comparison of operating results from the prior year to the current year is meaningful, as these communities were owned and had stabilized operating costs as of the beginning of the prior year. We determine which of our communities fall into the Established Communities category annually on January 1 of each year and maintain that classification throughout the year. For the year 2001, the Established Communities were communities that had stabilized operating costs as of January 1, 2000.

- Other Stabilized Communities are all other completed communities that have stabilized occupancy and are not undergoing or planning redevelopment activities. We consider a community to have stabilized occupancy at the earlier of (i) attainment of 95% occupancy or (ii) the one-year anniversary of completion of development or redevelopment. For the year 2001, Other Stabilized Communities therefore include communities that were either acquired or achieved stabilization after January 1, 2000 and that were not undergoing or planning redevelopment activities.

- Lease-Up Communities are communities where construction has been complete for less than one year and where occupancy has not reached 95%.

- Redevelopment Communities are communities where substantial redevelopment is in progress or is planned to take place during the current year. Redevelopment is considered substantial when capital invested during the reconstruction effort exceeds the lesser of $5,000,000 or 10% of the community's acquisition cost.

Development Communities are communities that are under construction and for which a final certificate of occupancy has not been received. These communities may be partially complete and operating.

Development Rights are development opportunities in the early phase of the development process for which we have an option to acquire land, a leasehold interest, for which we are the buyer under a long-term conditional contract to purchase land or where we own land to develop a new community. We capitalize all related pre-development costs incurred in pursuit of these new developments.

As of December 31, 2001, our communities were classified as follows:

	Number of communities	Number of apartment homes
Current Communities		
Established Communities:		
Northeast	20	5,416
Mid-Atlantic	18	5,297
Midwest	6	1,591
Pacific Northwest	2	486
Northern California	27	7,851
Southern California	11	3,112
Total Established	84	23,753
Other Stabilized Communities:		
Northeast	15	3,901
Mid-Atlantic	3	1,125
Midwest	3	1,033
Pacific Northwest	9	2,573
Northern California	3	1,038
Southern California	4	1,397
Total Other Stabilized	37	11,067
Lease-Up Communities	2	512
Redevelopment Communities	3	1,896
Total Current Communities	126	37,228
Development Communities	15	3,963
Development Rights	30	8,918

Our holdings under each of the above categories are discussed on the following pages.

Current Communities

The Current Communities are primarily garden-style apartment communities consisting of two and three-story buildings in landscaped settings. The Current Communities, as of March 1, 2002, include 100 garden-style, 15 high-rise and 11 mid-rise apartment communities. The Current Communities offer many attractive amenities including some or all of the following:

- vaulted ceilings;
- lofts;
- fireplaces;
- patios/decks; and
- modern appliances.

Other features at various communities may include:

- swimming pools;

- fitness centers;
- tennis courts; and
- business centers.

We also have an extensive and ongoing maintenance program to keep all communities and apartment homes substantially free of deferred maintenance and, where vacant, available for immediate occupancy. We believe that

the aesthetic appeal of our communities and a service oriented property management team focused on the specific needs of residents enhances market appeal to discriminating residents. We believe this will ultimately achieve higher rental rates and occupancy levels while minimizing resident turnover and operating expenses. These Current Communities are located in the following geographic markets:

<TABLE>
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	Number of communities at		Number of apartment homes at		Percentage of total apartment homes at	
	1-1-01	3-1-02	1-1-01	3-1-02	1-1-01	3-1-02
<S>	<C>	<C>	<C>	<C>	<C>	<C>
NORTHEAST	36	38	11,043	10,877	29.7%	29.3%
Boston, MA	10	11	2,734	2,839	7.3%	7.6%
Fairfield County, CT	11	11	2,960	2,939	8.0%	7.9%
Hartford, CT	1	--	932	-	2.5%	0.0%
Long Island, NY	3	3	915	915	2.5%	2.5%
Northern New Jersey	3	4	1,124	1,394	3.0%	3.8%
Central New Jersey	3	3	1,144	1,144	3.1%	3.1%
New York, NY	5	6	1,234	1,646	3.3%	4.4%
MID-ATLANTIC	20	21	5,910	6,422	15.9%	17.2%
Baltimore, MD	4	4	1,052	1,054	2.8%	2.8%
Washington, DC	16	17	4,858	5,368	13.1%	14.4%
MIDWEST	9	9	2,624	2,624	7.1%	7.1%
Chicago, IL	4	4	1,296	1,296	3.5%	3.5%
Minneapolis, MN	5	5	1,328	1,328	3.6%	3.6%
PACIFIC NORTHWEST	9	12	2,638	3,159	7.1%	8.5%
Portland, OR	2	--	776	-	2.1%	0.0%
Seattle, WA	7	12	1,862	3,159	5.0%	8.5%
NORTHERN CALIFORNIA	31	30	9,115	8,889	24.6%	23.8%
Oakland-East Bay, CA	6	6	2,090	2,090	5.6%	5.6%
San Francisco, CA	9	8	1,991	1,765	5.4%	4.7%
San Jose, CA	16	16	5,034	5,034	13.6%	13.5%
SOUTHERN CALIFORNIA	18	16	5,817	5,257	15.6%	14.1%
Los Angeles, CA	6	4	2,561	2,001	6.9%	5.4%
Orange County, CA	8	8	2,022	2,022	5.4%	5.4%
San Diego, CA	4	4	1,234	1,234	3.3%	3.3%
	123	126	37,147	37,228	100.0%	100.0%

</TABLE>

We manage and operate all of the Current Communities. During the year ended December 31, 2001, we completed construction of 1,656 apartment homes in six communities for a total cost of $274,000,000. The average age of the Current Communities, on a weighted average basis according to number of apartment homes, is 6.9 years.

Of the Current Communities, as of March 1, 2002, we own:

- a fee simple, or absolute, ownership interest in 103 operating communities, one of which is on land subject to a 149 year land lease;
- a general partnership interest in four partnerships that each own a

fee simple interest in an operating community;

- a general partnership interest in four partnerships structured as "DownREITs," as described more fully below, that own an aggregate of 17 communities;

- a 100% interest in a senior participating mortgage note secured by one community, which allows us to share in part of the rental income or resale proceeds of the community; and

- a membership interest in a limited liability company that holds a fee simple interest in one Redevelopment community.

We also hold a fee simple ownership interest in eleven of the Development Communities and a membership interest in a limited liability company that holds a fee simple interest in one Development Community.

In each of the four partnerships structured as DownREITs, either we or one of our wholly-owned subsidiaries is the general partner, and there are one or more limited partners whose interest in the partnership is represented by units of limited partnership interest. For each DownREIT partnership, limited partners are entitled to receive distributions before any distribution is made to the general partner. Although the partnership agreements for each of the DownREITs are different, generally the distributions paid to the holders of units of limited partnership interests approximate the current AvalonBay common stock dividend amount. Each DownREIT partnership has been structured so that it is unlikely the limited partners will be entitled to a distribution greater than the initial distribution provided for in the partnership agreement. The holders of units of limited partnership interest have the right to present each unit of limited partnership interest for redemption for cash equal to the fair market value of a share of our common stock on the date of redemption. In lieu of cash, we may elect to acquire any unit presented for redemption for one share of our common stock. As of December 31, 2001, there were 905,946 units outstanding. The DownREIT partnerships are consolidated for financial reporting purposes.

PROFILE OF CURRENT AND DEVELOPMENT COMMUNITIES
(Dollars in thousands, except per apartment home data)

<TABLE>
<CAPTION>

	City and state	Number of homes	Approx. rentable area (Sq. Ft.)	Acres
CURRENT COMMUNITIES (1)				
NORTHEAST				
BOSTON, MA				
Avalon at Prudential Center	Boston, MA	781	747,954	1.0
Longwood Towers	Brookline, MA	277	289,361	4.5
Avalon Summit	Quincy, MA	245	203,848	9.1
Avalon at Lexington	Lexington, MA	198	231,182	18.0
Avalon at Faxon Park	Quincy, MA	171	175,494	8.3
Avalon West	Westborough, MA	120	147,472	10.1
Avalon Oaks	Wilmington, MA	204	229,748	22.5
Avalon Essex	Peabody, MA	154	173,520	11.1
Avalon at Center Place	Providence, RI	225	231,671	1.2
Avalon Estates	Hull, MA	162	188,392	55.0
FAIRFIELD-NEW HAVEN, CT				
Avalon Walk I & II	Hamden, CT	764	761,441	38.4
Avalon Glen	Stamford, CT	238	221,828	4.1
Avalon Gates	Trumbull, CT	340	381,322	37.0
Avalon Springs	Wilton, CT	102	158,259	12.0
Avalon Valley	Danbury, CT	268	297,479	17.1
Avalon Lake	Danbury, CT	135	166,231	32.0
Avalon Corners	Stamford, CT	195	192,174	3.2
Avalon Haven	North Haven, CT	128	140,107	10.6
LONG ISLAND, NY				
Avalon Commons	Smithtown, NY	312	363,049	20.6
Avalon Towers	Long Beach, NY	109	124,836	1.3
Avalon Court	Melville, NY	494	597,104	35.4
NORTHERN NEW JERSEY				
Avalon Cove	Jersey City, NJ	504	574,675	11.1

The Tower at Avalon Cove	Jersey City, NJ	269	241,825	2.8
Avalon Crest	Fort Lee, NJ	351	371,411	13.1
Avalon at Florham Park	Florham Park, NJ	270	331,560	41.9
CENTRAL NEW JERSEY				
Avalon Watch	West Windsor, NJ	512	485,871	64.0
Avalon Run East	Lawrenceville, NJ	206	265,198	27.0
NEW YORK, NY				
Avalon Gardens	Nanuet, NY	504	638,439	55.0
Avalon View	Wappingers Falls, NY	288	335,088	41.0
Avalon Green	Elmsford, NY	105	113,538	16.9
The Avalon	Bronxville, NY	110	119,186	1.5
Avalon Willow	Mamaroneck, NY	227	199,945	4.0
Avalon on the Sound	New Rochelle, NY	412	372,860	2.4

<CAPTION>

	Year of completion/ acquisition	Average size (Sq. Ft.)	Physical occupancy at 12/31/01	Average economic occupancy 2001	Average economic occupancy 2000
<S>	<C>	<C>	<C>	<C>	<C>
CURRENT COMMUNITIES (1)					
NORTHEAST					
BOSTON, MA					
Avalon at Prudential Center	1968/98	958	92.0%	94.9% (2)	98.1% (2)
Longwood Towers	1993	1,045	95.5%	96.4%	96.6%
Avalon Summit	1996	832	96.7%	96.8%	98.3%
Avalon at Lexington	1994	1,168	92.9%	96.5%	98.5%
Avalon at Faxon Park	1998	1,026	97.7%	97.4%	98.0%
Avalon West	1996	1,229	97.5%	97.8%	97.9%
Avalon Oaks	1999	1,023	92.2%	96.3%	98.3%
Avalon Essex	2000	1,127	97.4%	96.4%	69.8% (3)
Avalon at Center Place	1997	1,030	91.4%	96.1%	97.2%
Avalon Estates	2001	1,163	96.9%	91.2% (3)	N/A
FAIRFIELD-NEW HAVEN, CT					
Avalon Walk I & II	1992/94	996	96.2%	98.5%	97.9%
Avalon Glen	1991	932	95.4%	96.5%	97.4%
Avalon Gates	1997	1,122	97.9%	98.8%	98.4%
Avalon Springs	1996	1,552	88.2%	95.9%	99.1%
Avalon Valley	1999	1,070	99.6%	99.0%	99.0%
Avalon Lake	1999	1,184	96.3%	98.1%	99.2%
Avalon Corners	2000	986	91.8%	96.5%	92.9% (3)
Avalon Haven	2000	1,095	96.9%	98.8%	71.8% (3)
LONG ISLAND, NY					
Avalon Commons	1997	1,164	93.6%	97.1%	98.8%
Avalon Towers	1995	1,145	97.3%	99.0%	98.8%
Avalon Court	1997/2000	1,209	99.4%	99.3%	97.3% (3)
NORTHERN NEW JERSEY					
Avalon Cove	1997	1,140	91.7%	96.7%	98.0%
The Tower at Avalon Cove	1999	905	89.2%	96.6%	98.6%
Avalon Crest	1998	1,058	91.7%	94.2%	

96.9%

Avalon at Florham Park	2001	1,228	96.7%	91.8% (3)	N/A
CENTRAL NEW JERSEY					
Avalon Watch	1999	949	95.5%	96.7%	97.9%
Avalon Run East	1996	1,287	95.6%	97.2%	98.3%
NEW YORK, NY					
Avalon Gardens	1998	1,267	90.7%	94.3%	97.1%
Avalon View	1993	1,164	99.0%	98.4%	98.2%
Avalon Green	1995	1,081	88.6%	94.5%	98.8%
The Avalon	1999	1,085	98.2%	97.8%	98.4%
Avalon Willow	2000	881	91.6%	95.5%	86.2% (3)
Avalon on the Sound	2001	905	77.2%	35.5% (3)	N/A

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	Average rental rate		
	$ per Apt (4)	$ per Sq. Ft.	Financial reporting cost (5)
<S>	<C>	<C>	<C>
CURRENT COMMUNITIES (1)			
NORTHEAST			
BOSTON, MA			
Avalon at Prudential Center	2,448	2.42 (2)	$ 144,558
Longwood Towers	2,085	1.97	$ 37,409
Avalon Summit	1,300	1.51	$ 16,510
Avalon at Lexington	1,997	1.65	$ 15,274
Avalon at Faxon Park	1,798	1.71	$ 15,158
Avalon West	1,844	1.47	$ 10,888
Avalon Oaks	1,702	1.46	$ 20,769
Avalon Essex	1,933	1.65	$ 21,405
Avalon at Center Place	2,103	1.96	$ 27,254
Avalon Estates	1,679	1.32 (3)	$ 20,139
FAIRFIELD-NEW HAVEN, CT			
Avalon Walk I & II	1,242	1.23	$ 58,977
Avalon Glen	1,905	1.97	$ 31,170
Avalon Gates	1,534	1.35	$ 35,968
Avalon Springs	2,755	1.70	$ 16,711
Avalon Valley	1,540	1.37	$ 26,060
Avalon Lake	1,680	1.34	$ 16,995
Avalon Corners	2,237	2.19	$ 31,391
Avalon Haven	1,526	1.38	$ 13,765
LONG ISLAND, NY			
Avalon Commons	1,728	1.44	$ 33,268
Avalon Towers	2,691	2.33	$ 16,764
Avalon Court	2,081	1.71	$ 59,270
NORTHERN NEW JERSEY			
Avalon Cove	2,732	2.32	$ 91,722
The Tower at Avalon Cove	2,565	2.76	$ 49,619
Avalon Crest	2,302	2.05	$ 55,972
Avalon at Florham Park	2,358	1.76 (3)	$ 41,286
CENTRAL NEW JERSEY			
Avalon Watch	1,325	1.35	$ 29,365
Avalon Run East	1,629	1.23	$ 16,272
NEW YORK, NY			
Avalon Gardens	1,864	1.39	$ 54,134
Avalon View	1,246	1.05	$ 18,159
Avalon Green	2,448	2.14	$ 12,567
The Avalon	3,342	3.02	$ 31,213
Avalon Willow	2,348	2.55	$ 46,946
Avalon on the Sound	2,743	1.08 (3)	$ 90,218

</TABLE>

PROFILE OF CURRENT AND DEVELOPMENT COMMUNITIES
(Dollars in thousands, except per apartment home data)

<TABLE>
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<S> <C> <C> <C> <C>

	City and state	Number of homes	Approx. rentable area (Sq. Ft.)	Acres
MID-ATLANTIC				
BALTIMORE, MD				
Avalon at Fairway Hills I & II	Columbia, MD	720	724,253	42.1
Avalon at Symphony Glen	Columbia, MD	176	179,867	10.0
Avalon Landing	Annapolis, MD	158	117,033	13.8
WASHINGTON, DC				
Avalon at Ballston - Vermont & Quincy Towers	Arlington, VA	454	420,242	2.3
Avalon Crescent	McLean, VA	558	613,426	19.1
Avalon at Ballston - Washington Towers	Arlington, VA	344	294,786	4.1
Avalon at Cameron Court	Alexandria, VA	460	467,292	16.0
AutumnWoods	Fairfax, VA	420	355,228	24.2
Avalon at Fair Lakes	Fairfax, VA	234	285,822	10.0
Avalon at Dulles	Sterling, VA	236	232,632	15.7
Avalon at Providence Park	Fairfax, VA	141	148,211	4.0
Avalon at Fox Mill	Herndon, VA	165	219,360	12.8
Avalon at Decoverly	Rockville, MD	368	368,446	25.0
Avalon Knoll	Germantown, MD	300	290,365	26.7
Avalon Fields I & II	Gaithersburg, MD	288	292,282	9.2
Avalon Crossing	Rockville, MD	132	147,690	5.0
4100 Massachusetts Avenue	Washington, D.C.	308	298,725	2.7
Avalon at Arlington Square I	Arlington, VA	510	583,950	14.2
MIDWEST				
CHICAGO, IL				
Avalon at Danada Farms	Wheaton, IL	295	350,606	19.2
Avalon at West Grove	Westmont, IL	400	388,500	17.4
Avalon at Stratford Green	Bloomingdale, IL	192	237,204	12.7
200 Arlington Place	Arlington Heights, IL	409	346,832	2.8
MINNEAPOLIS, MN				
Avalon at Devonshire	Bloomington, MN	498	470,762	42.0
Avalon at Edinburgh	Brooklyn Park, MN	198	222,130	11.3
Avalon at Town Centre	Eagan, MN	248	235,518	18.7
Avalon at Town Square	Plymouth, MN	160	144,026	8.3
Avalon at Woodbury	Woodbury, MN	224	287,975	15.0
PACIFIC NORTHWEST				
SEATTLE, WA				
Avalon at Bear Creek	Redmond, WA	264	288,250	22.0
Avalon Redmond Place	Redmond, WA	222	206,004	22.0
Avalon Greenbriar	Renton, WA	421	382,382	20.0
Avalon HighGrove	Everett, WA	391	422,482	19.8
Avalon ParcSquare	Redmond, WA	124	127,236	1.9
Avalon RockMeadow	Mill Creek, WA	206	240,817	11.5
Avalon WildReed	Everett, WA	234	259,080	22.3
Avalon Bellevue	Bellevue, WA	202	164,226	1.7
Avalon Belltown	Seattle, WA	100	80,200	0.7
Avalon Wynhaven	Issaquah, WA	333	424,604	11.6
Avalon Brandemoor	Lynwood, WA	424	453,602	22.6
Avalon WildWood	Lynwood, WA	238	313,107	15.8

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	Year of completion/ acquisition	Average size (Sq. Ft.)	Physical occupancy at 12/31/01	Average economic ocupancy 2001	Average economic ocupancy 2000
MID-ATLANTIC					
BALTIMORE, MD					
Avalon at Fairway Hills I & II	1987/96	1,005	95.7%	96.8%	98.0%
Avalon at Symphony Glen	1986	1,022	97.7%	97.1%	97.7%
Avalon Landing	1995	741	96.8%	97.5%	

97.9%

WASHINGTON, DC					
Avalon at Ballston - Vermont & Quincy Towers	1997	926	89.2%	95.3%	97.5%
Avalon Crescent	1996	1,099	91.4%	93.9%	98.2%
Avalon at Ballston - Washington Towers	1990	857	95.1%	96.9%	97.6%
Avalon at Cameron Court	1998	1,016	95.9%	96.3%	97.2%
AutumnWoods	1996	846	94.0%	95.7%	97.7%
Avalon at Fair Lakes	1998	1,221	93.2%	96.0%	97.6%
Avalon at Dulles	1986	986	89.0%	95.5%	98.5%
Avalon at Providence Park	1997	1,051	95.7%	96.4%	98.2%
Avalon at Fox Mill	2000	1,329	92.7%	95.6%	98.0% (3)
Avalon at Decoverly	1995	1,001	94.0%	97.0%	97.6%
Avalon Knoll	1985	968	97.0%	97.8%	97.2%
Avalon Fields I & II	1998	1,050	96.6%	97.2%	97.2%
Avalon Crossing	1996	1,119	92.4%	95.3%	97.8%
4100 Massachusetts Avenue	1982	970	95.8%	96.4%	97.7%
Avalon at Arlington Square I	2001	1,145	96.3%	49.9% (3)	N/A
MIDWEST					
CHICAGO, IL					
Avalon at Danada Farms	1997	1,188	97.6%	95.7%	96.1%
Avalon at West Grove	1967	971	97.0%	96.4%	97.3%
Avalon at Stratford Green	1997	1,235	90.6%	95.2%	97.1%
200 Arlington Place	1987/00	848	88.5%	95.1%	97.6% (3)
MINNEAPOLIS, MN					
Avalon at Devonshire	1988	945	95.6%	95.4%	96.3%
Avalon at Edinburgh	1992	1,122	90.4%	96.5%	94.2%
Avalon at Town Centre	1986	950	92.3%	95.9%	98.4%
Avalon at Town Square	1986	900	95.6%	96.8%	96.4%
Avalon at Woodbury	1999	1,286	89.3%	93.9%	95.6%
PACIFIC NORTHWEST					
SEATTLE, WA					
Avalon at Bear Creek	1998	1,092	91.7%	94.2%	95.5%
Avalon Redmond Place	1991/97	928	91.9%	94.8%	96.4%
Avalon Greenbriar	1987/88	908	96.4%	92.2%	87.8% (2)
Avalon HighGrove	2000	1,081	91.6%	93.5%	94.5% (3)
Avalon ParcSquare	2000	1,026	88.7%	94.2%	96.9% (3)
Avalon RockMeadow	2000	1,169	93.2%	92.7%	94.4% (3)
Avalon WildReed	2000	1,107	96.2%	95.9%	99.9% (3)
Avalon Bellevue	2001	813	79.7%	63.5% (3)	N/A
Avalon Belltown	2001	802	41.0%	16.1% (3)	N/A
Avalon Wynhaven	2001	1,275	88.6%	95.1% (3)	N/A
Avalon Brandemoor	2001	1,070	95.5%	96.5% (3)	N/A
Avalon WildWood	2001	1,316	93.3%	96.0% (3)	N/A

<CAPTION>

	Average rental rate		
	$ per Apt (4)	$ per Sq. Ft.	Financial reporting cost (5)
<S>	<C>	<C>	<C>
MID-ATLANTIC			
BALTIMORE, MD			
Avalon at Fairway Hills I & II	1,057	1.02	$ 44,612
Avalon at Symphony Glen	1,070	1.02	$ 9,070
Avalon Landing	977	1.28	$ 9,673
WASHINGTON, DC			
Avalon at Ballston - Vermont & Quincy Towers	1,422	1.46	$ 46,993
Avalon Crescent	1,668	1.42	$ 57,276
Avalon at Ballston - Washington Towers	1,407	1.59	$ 37,219
Avalon at Cameron Court	1,591	1.51	$ 43,223
AutumnWoods	1,151	1.30	$ 30,833
Avalon at Fair Lakes	1,500	1.18	$ 23,470
Avalon at Dulles	1,128	1.09	$ 11,857
Avalon at Providence Park	1,270	1.16	$ 11,299
Avalon at Fox Mill	1,647	1.18	$ 19,468
Avalon at Decoverly	1,311	1.27	$ 31,684
Avalon Knoll	1,020	1.03	$ 8,517
Avalon Fields I & II	1,286	1.23	$ 22,701
Avalon Crossing	1,701	1.45	$ 13,890
4100 Massachusetts Avenue	1,787	1.78	$ 35,692
Avalon at Arlington Square I	1,948	0.85 (3)	$ 69,371
MIDWEST			
CHICAGO, IL			
Avalon at Danada Farms	1,411	1.14	$ 38,367
Avalon at West Grove	916	0.91	$ 29,706
Avalon at Stratford Green	1,433	1.10	$ 21,932
200 Arlington Place	1,235	1.38	$ 49,525
MINNEAPOLIS, MN			
Avalon at Devonshire	1,015	1.02	$ 37,296
Avalon at Edinburgh	1,130	0.97	$ 18,476
Avalon at Town Centre	1,007	1.02	$ 18,104
Avalon at Town Square	1,023	1.10	$ 10,852
Avalon at Woodbury	1,233	0.90	$ 25,963
PACIFIC NORTHWEST			
SEATTLE, WA			
Avalon at Bear Creek	1,270	1.10	$ 34,437
Avalon Redmond Place	1,186	1.21	$ 25,989
Avalon Greenbriar	963	0.98	$ 36,133
Avalon HighGrove	979	0.85	$ 39,604
Avalon ParcSquare	1,385	1.27	$ 19,025
Avalon RockMeadow	1,120	0.89	$ 24,457
Avalon WildReed	932	0.81	$ 22,950
Avalon Bellevue	1,399	1.09 (3)	$ 30,572
Avalon Belltown	1,672	0.34 (3)	$ 18,097
Avalon Wynhaven	1,380	1.03 (3)	$ 52,554
Avalon Brandemoor	1,005	0.91 (3)	$ 45,309
Avalon WildWood	1,194	0.87 (3)	$ 32,865

</TABLE>

PROFILE OF CURRENT AND DEVELOPMENT COMMUNITIES
(Dollars in thousands, except per apartment home data)

<TABLE>
<CAPTION>

	City and state	Number of homes	Approx. rentable area (Sq. Ft.)	Acres
<S>	<C>	<C>	<C>	<C>
NORTHERN CALIFORNIA				
OAKLAND-EAST BAY, CA				
Waterford	Hayward, CA	544	451,937	11.1
Avalon Fremont	Fremont, CA	443	446,422	22.3
Avalon Pleasanton	Pleasanton, CA	456	377,438	14.7
Avalon Dublin	Dublin, CA	204	179,004	13.0
Avalon at Willow Creek	Fremont, CA	235	197,575	3.5

Avalon at Union Square	Union City, CA	208	150,140	8.5
SAN FRANCISCO, CA				
Crowne Ridge	San Rafael, CA	254	221,525	21.9
Avalon at Sunset Towers	San Francisco, CA	243	175,511	16.0
Avalon at Nob Hill	San Francisco, CA	185	109,238	1.4
Avalon at Diamond Heights	San Francisco, CA	154	123,080	2.6
Avalon Towers by the Bay	San Francisco, CA	226	243,033	1.0
Avalon at Cedar Ridge	Daly City, CA	195	141,411	8.0
Avalon Foster City	Foster City, CA	288	222,276	11.0
Avalon Pacifica	Pacifica, CA	220	186,785	7.7
SAN JOSE, CA				
Avalon Silicon Valley	Sunnyvale, CA	710	658,591	13.6
Avalon at Blossom Hill	San Jose, CA	324	322,207	7.5
Avalon Campbell	Campbell, CA	348	326,796	8.0
CountryBrook	San Jose, CA	360	323,012	14.0
Avalon at Pruneyard	Campbell, CA	252	197,000	8.5
Avalon at Creekside	Mountain View, CA	294	215,680	13.0
Avalon at River Oaks	San Jose, CA	226	210,050	4.0
Avalon at Parkside	Sunnyvale, CA	192	199,353	8.0
Avalon Mountain View	Mountain View, CA	248	211,552	10.5
San Marino	San Jose, CA	248	209,465	11.5
Avalon Sunnyvale	Sunnyvale, CA	220	159,653	5.0
Avalon at Foxchase	San Jose, CA	396	335,212	12.0
Fairway Glen	San Jose, CA	144	119,492	6.0
Avalon Cupertino	Cupertino, CA	311	293,328	8.0
Avalon on the Alameda	San Jose, CA	305	299,722	8.9
Avalon Rosewalk I & II	San Jose, CA	456	450,252	16.6
SOUTHERN CALIFORNIA				
LOS ANGELES, CA				
Avalon Woodland Hills	Woodland Hills, CA	663	592,722	18.2
Avalon at Media Center	Burbank, CA	748	530,114	14.7
Avalon Westside Terrace	Los Angeles, CA	363	229,296	4.8
Avalon at Warner Center	Woodland Hills, CA	227	191,645	6.8
ORANGE COUNTY, CA				
Avalon Huntington Beach	Huntington Beach, CA	400	353,192	16.4
Avalon at Pacific Bay	Huntington Beach, CA	304	268,000	9.7
Avalon at South Coast	Costa Mesa, CA	258	208,890	8.9
Avalon Santa Margarita	Rancho Santa Margarita, CA	301	229,593	20.0
Amberway	Anaheim, CA	272	205,572	9.9
Avalon at Laguna Niguel	Laguna Niguel, CA	176	174,848	10.0
Avalon Newport	Costa Mesa, CA	145	120,690	6.6
Avalon Mission Viejo	Mission Viejo, CA	166	124,600	7.8

<CAPTION>

	Year of completion/ acquisition	Average size (Sq. Ft.)	Physical occupancy at 12/31/01	Average economic ocupancy 2001	2000
<S>	<C>	<C>	<C>	<C>	<C>
NORTHERN CALIFORNIA					
OAKLAND-EAST BAY, CA					
Waterford	1985/86	831	90.4%	94.7%	97.7%
Avalon Fremont	1992/94	1,008	91.2%	95.8%	98.2%
Avalon Pleasanton	1988/94	828	91.9%	92.8%	97.3%
Avalon Dublin	1989/97	877	93.6%	94.4%	97.8%
Avalon at Willow Creek	1985/94	841	96.6%	95.3%	98.5%
Avalon at Union Square	1973/96	722	92.8%	95.5%	97.3%
SAN FRANCISCO, CA					
Crowne Ridge	1973/96	872	98.0%	97.1%	97.4%
Avalon at Sunset Towers	1961/96	722	95.1%	96.7%	98.5%
Avalon at Nob Hill	1990/95	590	95.1%	93.7%	97.3%
Avalon at Diamond Heights	1972/94	799	93.5%	95.2%	98.9%
Avalon Towers by the Bay	1999	1,075	94.7%	91.4%	

					97.5%
Avalon at Cedar Ridge	1975/97	725	98.0%	96.5%	97.8%
Avalon Foster City	1973/94	772	97.6%	92.1%	94.8%
Avalon Pacifica	1971/95	849	97.7%	97.3%	98.3%
SAN JOSE, CA					
Avalon Silicon Valley	1997	928	85.1%	91.2%	97.9%
Avalon at Blossom Hill	1995	994	82.7%	93.2%	98.1%
Avalon Campbell	1995	939	82.8%	93.1%	97.0%
CountryBrook	1985/96	897	84.7%	91.6%	97.4%
Avalon at Pruneyard	1966/97	782	90.1%	95.9%	97.5%
Avalon at Creekside	1962/97	734	95.6%	95.6%	89.9% (2)
Avalon at River Oaks	1990/96	929	78.8%	93.4%	98.4%
Avalon at Parkside	1991/96	1,038	96.9%	95.6%	98.1%
Avalon Mountain View	1986	853	92.7%	97.5%	98.5%
San Marino	1984/88	845	81.1%	91.0%	97.7%
Avalon Sunnyvale	1987/95	726	90.5%	94.9%	98.5%
Avalon at Foxchase	1986/87	844	89.3%	95.6%	97.5%
Fairway Glen	1986	830	87.5%	94.0%	98.5%
Avalon Cupertino	1999	943	92.9%	96.3%	98.3%
Avalon on the Alameda	1999	983	83.0%	89.5%	96.6%
Avalon Rosewalk I & II	1997/99	987	80.0%	91.9%	98.0%
SOUTHERN CALIFORNIA					
LOS ANGELES, CA					
Avalon Woodland Hills	1989/97	894	94.1%	96.1%	96.1%
Avalon at Media Center	1969/97	709	89.0%	83.8% (2)	89.4% (2)
Avalon Westside Terrace	1966/97	632	94.2%	95.7%	92.4%
Avalon at Warner Center	1979/98	844	98.7%	97.2%	97.8%
ORANGE COUNTY, CA					
Avalon Huntington Beach	1972/97	883	91.8%	94.7%	96.1%
Avalon at Pacific Bay	1971/97	882	95.7%	96.6%	96.7%
Avalon at South Coast	1973/96	810	95.0%	94.8%	96.2%
Avalon Santa Margarita	1990/97	763	92.0%	96.0%	97.3%
Amberway	1983/98	756	94.5%	93.9%	95.5%
Avalon at Laguna Niguel	1988/98	993	98.9%	96.1%	95.9% (2)
Avalon Newport	1956/96	832	97.2%	97.9%	97.2%
Avalon Mission Viejo	1984/96	751	98.8%	96.9%	97.1%

<CAPTION>

	Average rental rate		Financial reporting cost (5)
	$ per Apt (4)	$ per Sq. Ft.	
<S>	<C>	<C>	<C>
NORTHERN CALIFORNIA			
OAKLAND-EAST BAY, CA			
Waterford	1,267	1.44	$ 58,796
Avalon Fremont	1,718	1.63	$ 76,932
Avalon Pleasanton	1,443	1.62	$ 59,840
Avalon Dublin	1,540	1.66	$ 26,721

Avalon at Willow Creek	1,568	1.78	$ 33,977
Avalon at Union Square	1,341	1.77	$ 21,729
SAN FRANCISCO, CA			
Crowne Ridge	1,501	1.67	$ 30,869
Avalon at Sunset Towers	1,631	2.18	$ 28,123
Avalon at Nob Hill	1,638	2.60	$ 27,444
Avalon at Diamond Heights	1,611	1.92	$ 24,284
Avalon Towers by the Bay	3,260	2.77	$ 66,826
Avalon at Cedar Ridge	1,622	2.16	$ 25,530
Avalon Foster City	1,615	1.93	$ 42,790
Avalon Pacifica	1,593	1.83	$ 31,201
SAN JOSE, CA			
Avalon Silicon Valley	2,337	2.30	$ 120,806
Avalon at Blossom Hill	1,898	1.78	$ 60,736
Avalon Campbell	1,798	1.78	$ 59,928
CountryBrook	1,597	1.63	$ 47,777
Avalon at Pruneyard	1,548	1.90	$ 31,717
Avalon at Creekside	1,756	2.29	$ 42,966
Avalon at River Oaks	2,006	2.02	$ 45,580
Avalon at Parkside	2,026	1.87	$ 37,761
Avalon Mountain View	1,948	2.23	$ 50,260
San Marino	1,585	1.71	$ 33,739
Avalon Sunnyvale	1,645	2.15	$ 34,615
Avalon at Foxchase	1,497	1.69	$ 58,471
Fairway Glen	1,462	1.66	$ 17,074
Avalon Cupertino	2,221	2.27	$ 49,058
Avalon on the Alameda	2,284	2.08	$ 56,695
Avalon Rosewalk I & II	1,900	1.77	$ 78,110
SOUTHERN CALIFORNIA			
LOS ANGELES, CA			
Avalon Woodland Hills	1,232	1.32	$ 71,318
Avalon at Media Center	1,002	1.18 (2)	$ 75,031
Avalon Westside Terrace	1,141	1.73	$ 37,079
Avalon at Warner Center	1,282	1.47	$ 26,329
ORANGE COUNTY, CA			
Avalon Huntington Beach	1,235	1.32	$ 37,126
Avalon at Pacific Bay	1,193	1.31	$ 31,859
Avalon at South Coast	1,128	1.32	$ 24,366
Avalon Santa Margarita	1,119	1.41	$ 23,570
Amberway	976	1.21	$ 21,260
Avalon at Laguna Niguel	1,193	1.15	$ 20,957
Avalon Newport	1,304	1.53	$ 10,102
Avalon Mission Viejo	1,097	1.42	$ 12,939

</TABLE>

PROFILE OF CURRENT AND DEVELOPMENT COMMUNITIES
(Dollars in thousands, except per apartment home data)

<TABLE>
<CAPTION>

<S> <C> <C> <C> <C>

	City and state	Number of homes	Approx. rentable area (Sq. Ft.)	Acres
SAN DIEGO, CA				
Avalon at Mission Bay	San Diego, CA	564	402,327	5.7
Avalon at Cortez Hill	San Diego, CA	294	224,840	1.2
Avalon at Mission Ridge	San Diego, CA	200	208,100	4.0
Avalon at Penasquitos Hills	San Diego, CA	176	141,120	8.8
DEVELOPMENT COMMUNITIES				
Avalon at Edgewater	Edgewater, NJ	408	405,144	7.1
Avalon at Freehold	Freehold, NJ	296	317,608	42.3
Avalon on Stamford Harbor	Stamford, CT	323	336,566	12.1
Avalon Towers on the Peninsula	Mountain View, CA	211	218,392	1.9
Avalon at Cahill Park	San Jose, CA	218	218,245	3.8
Avalon Riverview	Long Island City, NY	372	332,940	1.0
Avalon at Mission Bay North	San Francisco, CA	250	244,224	1.4
Avalon Oaks West	Wilmington, MA	120	123,960	27
Avalon Ledges	Weymouth, MA	304	315,554	58.0
Avalon Orchards	Marlborough, MA	156	186,500	23.0
Avalon at Arlington Square II	Arlington, VA	332	325,499	6.1

Avalon at Flanders Hill	Westborough, MA	280	299,978	62.0
Avalon New Canaan	New Canaan, CT	104	130,104	9.1
Avalon at Rock Spring	North Bethesda, MD	386	388,480	10.16
Avalon at Gallery Place I	Washington, DC	203	183,326	0.5

<CAPTION>

	Year of completion/ acquisition	Average size (Sq. Ft.)	Physical occupancy at 12/31/01	Average economic ocupancy 2001	Average economic ocupancy 2000
<S>	<C>	<C>	<C>	<C>	<C>
SAN DIEGO, CA					
Avalon at Mission Bay	1969/97	713	91.5%	97.1%	94.2% (2)
Avalon at Cortez Hill	1973/98	765	90.1%	84.0% (2)	80.9% (2)
Avalon at Mission Ridge	1960/97	1,041	98.5%	97.2%	98.0%
Avalon at Penasquitos Hills	1982/97	802	93.8%	95.9%	97.6%
DEVELOPMENT COMMUNITIES					
Avalon at Edgewater	N/A	993	N/A	N/A	N/A
Avalon at Freehold	N/A	1,073	N/A	N/A	N/A
Avalon on Stamford Harbor	N/A	1,042	N/A	N/A	N/A
Avalon Towers on the Peninsula	N/A	1,035	N/A	N/A	N/A
Avalon at Cahill Park	N/A	1,001	N/A	N/A	N/A
Avalon Riverview	N/A	895	N/A	N/A	N/A
Avalon at Mission Bay North	N/A	977	N/A	N/A	N/A
Avalon Oaks West	N/A	1,033	N/A	N/A	N/A
Avalon Ledges	N/A	1,023	N/A	N/A	N/A
Avalon Orchards	N/A	1,219	N/A	N/A	N/A
Avalon at Arlington Square II	N/A	980	N/A	N/A	N/A
Avalon at Flanders Hill	N/A	1,099	N/A	N/A	N/A
Avalon New Canaan	N/A	1,251	N/A	N/A	N/A
Avalon at Rock Spring	N/A	1,006	N/A	N/A	N/A
Avalon at Gallery Place I	N/A	903	N/A	N/A	N/A

<CAPTION>

	Average rental rate $ per Apt (4)	Average rental rate $ per Sq. Ft.	Financial reporting cost (5)
<S>	<C>	<C>	<C>
SAN DIEGO, CA			
Avalon at Mission Bay	1,217	1.66	$ 65,842
Avalon at Cortez Hill	1,198	1.32 (2)	$ 34,282
Avalon at Mission Ridge	1,351	1.26	$ 21,567
Avalon at Penasquitos Hills	1,067	1.28	$ 14,187
DEVELOPMENT COMMUNITIES			
Avalon at Edgewater	N/A	N/A	$ 72,383
Avalon at Freehold	N/A	N/A	$ 31,740
Avalon on Stamford Harbor	N/A	N/A	$ 36,479
Avalon Towers on the Peninsula	N/A	N/A	$ 56,177
Avalon at Cahill Park	N/A	N/A	$ 32,748
Avalon Riverview	N/A	N/A	$ 67,765

Avalon at Mission Bay North	N/A	N/A	$ 22,343
Avalon Oaks West	N/A	N/A	$ 13,824
Avalon Ledges	N/A	N/A	$ 22,134
Avalon Orchards	N/A	N/A	$ 14,312
Avalon at Arlington Square II	N/A	N/A	$ 24,119
Avalon at Flanders Hill	N/A	N/A	$ 11,150
Avalon New Canaan	N/A	N/A	$ 14,920
Avalon at Rock Spring	N/A	N/A	$ 5,171
Avalon at Gallery Place I	N/A	N/A	$ 17,711

</TABLE>

(1) For the purpose of this table, Current Communities excludes communities held by unconsolidated real estate joint ventures.

(2) Represents community which was under redevelopment during the year, resulting in lower average economic occupancy and average rental rate per square foot for the year.

(3) Represents community that completed development or was purchased during the year, which could result in lower average economic occupancy and average rental rate per square foot for the year.

(4) Represents the average rental revenue per occupied apartment home.

(5) Costs are presented in accordance with generally accepted accounting principles. For current Development Communities, cost represents total costs incurred through December 31, 2001.

FEATURES AND RECREATIONAL AMENITIES - CURRENT AND DEVELOPMENT COMMUNITIES

<TABLE>
<CAPTION>

	1 BR	2BR		3BR		
	1/1.5 BA	1/1.5 BA	2/2.5/3 BA	2/2.5 BA	3BA	Studios / efficiencies
<S>	<C>	<C>	<C>	<C>	<C>	<C>
CURRENT COMMUNITIES (1)						
NORTHEAST						
BOSTON, MA						
Avalon at Prudential Center	361	--	237	--	23	148
Longwood Towers	137	53	22	25	--	78
Avalon Summit	154	61	28	2	--	--
Avalon at Lexington	28	24	90	56	--	--
Avalon at Faxon Park	68	--	75	28	--	--
Avalon West	40	--	55	25	--	--
Avalon Oaks	60	24	96	24	--	--
Avalon Essex	50	--	62	--	--	--
Avalon at Center Place	103	--	111	5	--	6
Avalon Estates	66	16	80	--	--	--
FAIRFIELD-NEW HAVEN, CT						
Avalon Walk I & II	272	116	122	74	--	--
Avalon Glen	124	--	114	--	--	--
Avalon Gates	122	--	168	50	--	--
Avalon Springs	--	--	70	32	--	--
Avalon Valley	106	--	134	28	--	--
Avalon Lake	36	--	46	--	--	

24

Avalon Corners	118	--	77	--	--	--
Avalon Haven	44	60	--	24	--	--
LONG ISLAND, NY						
Avalon Commons	128	40	112	32	--	--
Avalon Towers	--	--	37	1	3	1
Avalon Court	172	54	194	44	30	--
NORTHERN NEW JERSEY						
Avalon Cove	190	--	190	46	2	--
The Tower at Avalon Cove	147	24	74	24	--	--
Avalon Crest	96	--	131	67	--	--
Avalon at Florham Park	46	--	107	117	--	--
CENTRAL NEW JERSEY						
Avalon Watch	252	36	142	82	--	--
Avalon Run East	64	--	106	36	--	--
NEW YORK, NY						
Avalon Gardens	208	48	144	104	--	--
Avalon View	115	47	62	64	--	--
Avalon Green	25	24	56	--	--	--
The Avalon	55	2	43	10	--	--
Avalon Willow	150	77	--	--	--	--
Avalon on the Sound	143	--	184	22	20	43
MID-ATLANTIC						
BALTIMORE, MD						
Avalon at Fairway Hills I & II	283	223	154	60	--	--
Avalon at Symphony Glen	86	14	54	20	--	--
Avalon Landing	65	18	57	--	--	--

<CAPTION>

<S>	Other <C>	Total <C>	Parking spaces <C>	Washer & dryer hook-ups or units <C>	Vaulted ceilings <C>	Lofts <C>	Fireplaces <C>
CURRENT COMMUNITIES (1)							
NORTHEAST							
BOSTON, MA							
Avalon at Prudential Center	12	781	142	None	None	None	None
Longwood Towers	19	334	210	Some	None	None	Some
Avalon Summit	--	245	328	None	None	None	None
Avalon at Lexington	--	198	355	All	Some	Some	Some
Avalon at Faxon Park	--	171	287	All	Some	Some	Some
Avalon West	--	120	145	All	Some	Some	Some
Avalon Oaks	--	204	355	All	Some	Some	Some
Avalon Essex	42	154	259	All	None	Some	Some
Avalon at Center Place	--	225	345	All	None	None	None

Avalon Estates	--	162	354	All	Some	Some	Some
FAIRFIELD-NEW HAVEN, CT							
Avalon Walk I & II	180	764	1,528	All	Some	Some	Half
Avalon Glen	--	238	400	Most	Some	Some	Some
Avalon Gates	--	340	580	All	Some	Some	None
Avalon Springs	--	102	153	All	Half	Half	Most
Avalon Valley	--	268	626	All	Some	Some	Some
Avalon Lake	29	135	382	All	Some	Some	Some
Avalon Corners	--	195	273	All	Some	Some	Some
Avalon Haven	--	128	256	All	None	Some	Some
LONG ISLAND, NY							
Avalon Commons	--	312	538	All	Some	Some	Some
Avalon Towers	67	109	198	All	None	None	None
Avalon Court	--	494	1,110	All	Some	Most	Some
NORTHERN NEW JERSEY							
Avalon Cove	76	504	464	All	Some	Some	Some
The Tower at Avalon Cove	--	269	263	All	None	None	None
Avalon Crest	57	351	364	All	Some	Some	Some
Avalon at Florham Park	--	270	611	All	Most	None	Some
CENTRAL NEW JERSEY							
Avalon Watch	--	512	768	Most	Some	None	Some
Avalon Run East	--	206	345	All	Some	Some	Some
NEW YORK, NY							
Avalon Gardens	--	504	1,008	All	Half	Half	Some
Avalon View	--	288	576	All	Some	Some	Some
Avalon Green	--	105	179	All	Some	Half	Some
The Avalon	--	110	167	All	Some	Some	Some
Avalon Willow	--	227	379	All	Some	Some	None
Avalon on the Sound	--	412	645	Most	None	Some	None
MID-ATLANTIC							
BALTIMORE, MD							
Avalon at Fairway Hills I & II	--	720	1,137	All	Some	None	Some
Avalon at Symphony Glen	--	174	266	All	Some	None	Most
Avalon Landing	18	158	257	All	None	None	Most

<CAPTION>

<S>	Large storage or walk-in closet <C>	Balcony, patio, deck or sunroom <C>	Built-in bookcases <C>	Carports <C>	Non-direct access garages <C>	Direct access garages <C>
CURRENT COMMUNITIES (1)						
NORTHEAST						
BOSTON, MA						
Avalon at Prudential Center	Most	Some	None	No	No	No

Longwood Towers	Most	Some	Some	No	No	No
Avalon Summit	None	All	None	No	Yes	No
Avalon at Lexington	Most	All	None	Yes	Yes	No
Avalon at Faxon Park	All	All	None	No	Yes	No
Avalon West	All	Half	None	No	Yes	Yes
Avalon Oaks	All	All	None	No	Yes	No
Avalon Essex	All	All	None	No	Yes	Yes
Avalon at Center Place	Half	Some	None	No	No	No
Avalon Estates	All	All	None	No	Yes	Yes
FAIRFIELD-NEW HAVEN, CT						
Avalon Walk I & II	All	All	Some	Yes	No	No
Avalon Glen	Half	Most	None	Yes	Yes	No
Avalon Gates	All	All	None	Yes	Yes	No
Avalon Springs	All	All	None	No	No	Yes
Avalon Valley	All	All	None	Yes	Yes	No
Avalon Lake	All	All	None	No	Yes	No
Avalon Corners	All	All	None	No	Yes	No
Avalon Haven	All	All	None	Yes	Yes	No
LONG ISLAND, NY						
Avalon Commons	All	All	None	No	Yes	No
Avalon Towers	All	Most	None	No	No	Yes
Avalon Court	All	All	None	No	Yes	Yes
NORTHERN NEW JERSEY						
Avalon Cove	All	Most	None	No	Yes	Some
The Tower at Avalon Cove	Half	Some	None	No	Yes	No
Avalon Crest	All	All	None	No	Yes	Yes
Avalon at Florham Park	All	Some	None	No	No	Yes
CENTRAL NEW JERSEY						
Avalon Watch	All	All	None	No	Yes	No
Avalon Run East	All	All	None	Yes	Yes	Yes
NEW YORK, NY						
Avalon Gardens	All	Most	None	Yes	Yes	Yes
Avalon View	Most	All	None	Yes	No	No
Avalon Green	All	All	None	Yes	No	No
The Avalon	Most	Half	None	No	Yes	No
Avalon Willow	Most	All	None	No	Yes	Yes
Avalon on the Sound	Most	Some	None	No	Yes	No
MID-ATLANTIC						
BALTIMORE, MD						
Avalon at Fairway Hills I & II	Some	All	Some	No	No	No
Avalon at Symphony Glen	All	All	Half	No	No	No
Avalon Landing	Most	All	None	Yes	No	No

<CAPTION>

	Homes w/ pre-wired security systems
<S>	<C>
CURRENT COMMUNITIES (1)	
NORTHEAST	
BOSTON, MA	
Avalon at Prudential Center	None
Longwood Towers	Some
Avalon Summit	None
Avalon at Lexington	All
Avalon at Faxon Park	All
Avalon West	All
Avalon Oaks	All
Avalon Essex	All
Avalon at Center Place	None
Avalon Estates	All
FAIRFIELD-NEW HAVEN, CT	
Avalon Walk I & II	Half
Avalon Glen	Most
Avalon Gates	All
Avalon Springs	All
Avalon Valley	All
Avalon Lake	All
Avalon Corners	All
Avalon Haven	All
LONG ISLAND, NY	
Avalon Commons	All
Avalon Towers	All
Avalon Court	All
NORTHERN NEW JERSEY	
Avalon Cove	All
The Tower at Avalon Cove	All
Avalon Crest	All
Avalon at Florham Park	All
CENTRAL NEW JERSEY	
Avalon Watch	None
Avalon Run East	All
NEW YORK, NY	
Avalon Gardens	All
Avalon View	None
Avalon Green	All
The Avalon	All
Avalon Willow	All
Avalon on the Sound	Some
MID-ATLANTIC	
BALTIMORE, MD	
Avalon at Fairway Hills I & II	None
Avalon at Symphony Glen	None
Avalon Landing	None

</TABLE>

FEATURES AND RECREATIONAL AMENITIES - CURRENT AND DEVELOPMENT COMMUNITIES

<TABLE>
<CAPTION>

	1 BR	2BR		3BR		
	1/1.5 BA	1/1.5 BA	2/2.5/3 BA	2/2.5 BA	3BA	Studios / efficiencies
<S>	<C>	<C>	<C>	<C>	<C>	<C>
WASHINGTON, DC						
Avalon at Ballston - Vermont & Quincy Towers	333	37	84	--	--	--
Avalon Crescent	186	26	346	--	--	--
Avalon at Ballston - Washington Towers	205	28	111	--	--	--
Avalon at Cameron Court	208	--	168	--	--	--

AutumnWoods	220	72	96	--	--	--
Avalon at Fair Lakes	45	12	125	26	26	--
Avalon at Dulles	104	40	76	--	16	--
Avalon at Providence Park	19	--	112	4	--	--
Avalon at Fox Mill	--	--	92	73	--	--
Avalon at Decoverly	156	--	104	64	44	--
Avalon Knoll	136	55	81	28	--	--
Avalon Fields I & II	74	32	84	32	--	--
Avalon Crossing	--	27	105	--	--	--
4100 Massachusetts Avenue	160	70	--	3	--	27
Avalon at Arlington Square I	211	20	226	53	--	--
MIDWEST						
CHICAGO, IL						
Avalon at Danada Farms	80	52	134	29	--	--
Avalon at West Grove	200	200	--	--	--	--
Avalon at Stratford Green	45	9	108	21	--	--
200 Arlington Place	142	89	148	--	--	30
MINNEAPOLIS, MN						
Avalon at Devonshire	194	--	304	--	--	--
Avalon at Edinburgh	56	--	114	26	--	2
Avalon at Town Centre	104	--	111	33	--	--
Avalon at Town Square	76	--	68	12	--	--
Avalon at Woodbury	41	--	147	36	--	--
PACIFIC NORTHWEST						
SEATTLE, WA						
Avalon at Bear Creek	55	40	110	59	--	--
Avalon Redmond Place	76	44	67	35	--	--
Avalon Greenbriar	16	19	217	169	--	--
Avalon HighGrove	84	119	124	56	8	--
Avalon ParcSquare	31	26	55	5	7	--
Avalon RockMeadow	28	48	86	28	16	--
Avalon WildReed	36	60	78	60	--	--
Avalon Bellevue	110	--	67	--	--	25
Avalon Belltown	64	--	20	--	--	16
Avalon Wynhaven	3	42	239	13	28	--
Avalon Brandemoor	88	109	149	78	--	--
Avalon Wildwood	5	--	211	--	17	--
NORTHERN CALIFORNIA						
OAKLAND-EAST BAY, CA						
Waterford	208	--	336	--	--	--
Avalon Fremont	130	81	176	--	56	--
Avalon Pleasanton	238	--	218	--	--	--
Avalon Dublin	72	8	60	48	--	--
Avalon at Willow Creek	99	--	136	--	--	

--
Avalon at Union Square 124 84 -- -- --
--

<CAPTION>

	Other	Total	Parking spaces	Washer & dryer hook-ups or units	Vaulted ceilings	Lofts	Fireplaces
WASHINGTON, DC							
Avalon at Ballston - Vermont & Quincy Towers	--	454	498	All	None	None	None
Avalon Crescent	--	558	662	All	Some	Some	Half
Avalon at Ballston - Washington Towers	--	344	415	All	None	None	Some
Avalon at Cameron Court	84	460	736	All	Some	Some	Some
AutumnWoods	32	420	727	All	Some	None	Some
Avalon at Fair Lakes	--	234	505	All	Half	None	Half
Avalon at Dulles	--	236	493	All	Some	None	Some
Avalon at Providence Park	6	141	287	All	None	None	Most
Avalon at Fox Mill	--	165	343	All	Most	None	Most
Avalon at Decoverly	--	368	584	All	Some	Some	Most
Avalon Knoll	--	300	482	All	Some	None	Half
Avalon Fields I & II	66	288	443	All	Some	Some	Half
Avalon Crossing	--	132	224	All	Some	Some	Half
4100 Massachusetts Avenue	48	308	330	All	None	None	Some
Avalon at Arlington Square I	--	510	949	All	Some	Some	Some
MIDWEST							
CHICAGO, IL							
Avalon at Danada Farms	--	295	714	All	None	None	Some
Avalon at West Grove	--	400	860	None	None	None	None
Avalon at Stratford Green	9	192	437	All	None	None	Some
200 Arlington Place	--	409	650	All	None	None	None
MINNEAPOLIS, MN							
Avalon at Devonshire	--	498	498	Most	Some	None	Some
Avalon at Edinburgh	--	198	210	All	None	None	Some
Avalon at Town Centre	--	248	250	All	Some	None	Some
Avalon at Town Square	4	160	162	All	Some	None	Some
Avalon at Woodbury	--	224	513	All	None	None	Some
PACIFIC NORTHWEST							
SEATTLE, WA							
Avalon at Bear Creek	--	264	470	All	All	None	Most
Avalon Redmond Place	--	222	384	All	Some	None	Most
Avalon Greenbriar	--	421	731	All	Some	None	Most
Avalon HighGrove	--	391	713	All	Some	None	Most
Avalon ParcSquare	--	124	196	All	No	None	None
Avalon RockMeadow	--	206	308	All	Some	None	Most
Avalon WildReed	--	234	462	All	Some	None	

							Most
Avalon Bellevue	--	202	304	All	None	Some	Some
Avalon Belltown	--	100	134	All	None	None	None
Avalon Wynhaven	8	333	260	All	Most	Some	Most
Avalon Brandemoor	--	424	732	All	Some	None	Most
Avalon Wildwood	5	238	16	All	Some	None	Most
NORTHERN CALIFORNIA							
OAKLAND-EAST BAY, CA							
Waterford	--	544	876	Some	Some	None	None
Avalon Fremont	--	443	830	All	Most	None	Some
Avalon Pleasanton	--	456	856	All	Some	None	Most
Avalon Dublin	16	204	427	Most	Some	None	Most
Avalon at Willow Creek	--	235	240	All	None	None	None
Avalon at Union Square	--	208	210	None	None	None	Most

<CAPTION>

<S>	Large storage or walk-in closet <C>	Balcony, patio, deck or sunroom <C>	Built-in bookcases <C>	Carports <C>	Non-direct access garages <C>	Direct access garages <C>
WASHINGTON, DC						
Avalon at Ballston - Vermont & Quincy Towers	Most	All	None	No	No	Yes
Avalon Crescent	Most	All	Some	No	Yes	Yes
Avalon at Ballston - Washington Towers	Most	All	None	No	No	Yes
Avalon at Cameron Court	All	Most	None	No	Yes	Yes
AutumnWoods	All	All	Some	Yes	No	No
Avalon at Fair Lakes	All	Most	None	No	Yes	Yes
Avalon at Dulles	All	All	Some	No	No	No
Avalon at Providence Park	All	All	None	No	No	No
Avalon at Fox Mill	All	All	None	No	No	Yes
Avalon at Decoverly	Most	All	None	No	No	No
Avalon Knoll	All	All	Some	No	No	No
Avalon Fields I & II	All	Most	None	No	Yes	No
Avalon Crossing	All	All	Some	No	Yes	Yes
4100 Massachusetts Avenue	Most	All	Some	No	Yes	No
Avalon at Arlington Square I	All	Some	Some	No	No	Yes
MIDWEST						
CHICAGO, IL						
Avalon at Danada Farms	All	Some	Some	No	No	Yes
Avalon at West Grove	None	All	None	Yes	No	No
Avalon at Stratford Green	Most	Some	Some	No	Yes	Yes
200 Arlington Place	All	Some	None	No	Yes	No
MINNEAPOLIS, MN						
Avalon at Devonshire	Most	Most	Some	No	Yes	Yes
Avalon at Edinburgh	Some	All	None	No	Yes	

						No
Avalon at Town Centre	Some	All	None	No	Yes	No
Avalon at Town Square	Some	All	None	No	Yes	No
Avalon at Woodbury	Some	Some	None	No	No	Yes
PACIFIC NORTHWEST						
SEATTLE, WA						
Avalon at Bear Creek	All	All	Some	Yes	Yes	Yes
Avalon Redmond Place	All	All	None	Yes	Yes	No
Avalon Greenbriar	All	All	Some	Yes	No	No
Avalon HighGrove	Most	All	Some	Yes	Yes	Yes
Avalon ParcSquare	All	All	None	No	No	No
Avalon RockMeadow	Most	All	Some	Yes	Yes	Yes
Avalon WildReed	Most	All	Some	Yes	Yes	No
Avalon Bellevue	All	All	None	No	No	No
Avalon Belltown	All	Some	None	No	No	No
Avalon Wynhaven	All	All	None	Yes	Yes	Yes
Avalon Brandemoor	All	All	Some	Yes	Yes	Yes
Avalon Wildwood	Some	Most	None	No	No	Yes
NORTHERN CALIFORNIA						
OAKLAND-EAST BAY, CA						
Waterford	All	All	None	Yes	No	No
Avalon Fremont	Most	All	None	Yes	Yes	No
Avalon Pleasanton	All	All	None	Yes	Yes	Yes
Avalon Dublin	All	All	None	No	Yes	No
Avalon at Willow Creek	All	All	None	Yes	No	No
Avalon at Union Square	All	All	None	Yes	No	No

<CAPTION>

<S>	Homes w/ pre-wired security systems <C>
WASHINGTON, DC	
Avalon at Ballston - Vermont & Quincy Towers	None
Avalon Crescent	All
Avalon at Ballston - Washington Towers	None
Avalon at Cameron Court	All
AutumnWoods	None
Avalon at Fair Lakes	None
Avalon at Dulles	None
Avalon at Providence Park	None
Avalon at Fox Mill	All
Avalon at Decoverly	None
Avalon Knoll	None
Avalon Fields I & II	All
Avalon Crossing	All
4100 Massachusetts Avenue	None
Avalon at Arlington Square I	All
MIDWEST	
CHICAGO, IL	
Avalon at Danada Farms	None
Avalon at West Grove	None
Avalon at Stratford Green	None
200 Arlington Place	None
MINNEAPOLIS, MN	
Avalon at Devonshire	None
Avalon at Edinburgh	None

Avalon at Town Centre	None
Avalon at Town Square	None
Avalon at Woodbury	None
PACIFIC NORTHWEST	
SEATTLE, WA	
Avalon at Bear Creek	All
Avalon Redmond Place	None
Avalon Greenbriar	None
Avalon HighGrove	All
Avalon ParcSquare	All
Avalon RockMeadow	All
Avalon WildReed	All
Avalon Bellevue	None
Avalon Belltown	Some
Avalon Wynhaven	All
Avalon Brandemoor	All
Avalon Wildwood	All
NORTHERN CALIFORNIA	
OAKLAND-EAST BAY, CA	
Waterford	None
Avalon Fremont	All
Avalon Pleasanton	None
Avalon Dublin	None
Avalon at Willow Creek	None
Avalon at Union Square	None

</TABLE>

FEATURES AND RECREATIONAL AMENITIES - CURRENT AND DEVELOPMENT COMMUNITIES

<TABLE>
<CAPTION>

	1 BR	2BR		3BR		
	1/1.5 BA	1/1.5 BA	2/2.5/3 BA	2/2.5 BA	3BA	Studios / efficiencies
SAN FRANCISCO, CA						
Crown Ridge	158	68	24	--	--	4
Avalon at Sunset Towers	183	20	20	--	--	20
Avalon at Nob Hill	114	--	25	--	--	46
Avalon at Diamond Heights	90	--	49	15	--	--
Avalon Towers by the Bay	103	--	120	--	3	--
Avalon at Cedar Ridge	117	33	24	--	--	21
Avalon Foster City	124	123	1	--	--	40
Avalon Pacifica	58	106	56	--	--	--
SAN JOSE, CA						
Avalon Silicon Valley	338	--	336	18	15	3
Avalon at Blossom Hill	90	--	210	--	24	--
Avalon Campbell	156	--	180	--	12	--
CountryBrook	108	--	252	--	--	--
Avalon at Pruneyard	212	40	--	--	--	--
Avalon at Creekside	158	128	--	--	--	8
Avalon at River Oaks	100	--	126	--	--	--
Avalon at Parkside	60	--	96	36	--	--
Avalon Mountain View	108	--	88	52	--	--
San Marino	103	--	145	--	--	--
Avalon Sunnyvale	112	10	54	--	--	

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Avalon at Foxchase	168	--	228	--	--	--
Fairway Glen	60	--	84	--	--	--
Avalon Cupertino	145	--	152	--	14	--
Avalon on the Alameda	113	--	164	--	28	--
Avalon Rosewalk I & II	168	--	264	--	24	--
SOUTHERN CALIFORNIA						
LOS ANGELES, CA						
Avalon Woodland Hills	222	--	441	--	--	--
Avalon at Media Center	296	102	117	12	--	221
Avalon Westside Terrace	126	--	102	--	--	135
Avalon at Warner Center	88	54	65	20	--	--
ORANGE COUNTY, CA						
Avalon Huntington Beach	--	36	324	40	--	--
Avalon at Pacific Bay	144	56	104	--	--	--
Avalon at South Coast	124	--	86	--	--	48
Avalon Santa Margarita	160	--	141	--	--	--
Amberway	114	48	48	--	--	62
Avalon at Laguna Niguel	--	--	176	--	--	--
Avalon Newport	44	54	--	35	--	12
Avalon Mission Viejo	94	28	44	--	--	--
SAN DIEGO, CA						
Avalon at Mission Bay	270	9	165	--	--	120
Avalon at Cortez Hill	114	--	83	--	--	97
Avalon at Mission Ridge	18	1	98	83	--	--
Avalon at Penasquitos Hills	48	48	80	--	--	--

<CAPTION>

<S>	Other <C>	Total <C>	Parking spaces <C>	Washer & dryer hook-ups or units <C>	Vaulted ceilings <C>	Lofts <C>	Fireplaces <C>
SAN FRANCISCO, CA							
Crown Ridge	--	254	377	Some	Some	None	Some
Avalon at Sunset Towers	--	243	244	None	None	None	None
Avalon at Nob Hill	--	185	104	None	None	None	None
Avalon at Diamond Heights	--	154	155	None	Some	None	None
Avalon Towers by the Bay	--	226	235	All	Some	None	Some
Avalon at Cedar Ridge	--	195	258	None	None	Some	None
Avalon Foster City	--	288	490	None	None	None	None
Avalon Pacifica	--	220	299	None	None	None	Some
SAN JOSE, CA							
Avalon Silicon Valley	--	710	1,400	All	Some	Some	Some
Avalon at Blossom Hill	--	324	562	All	Some	None	None
Avalon Campbell	--	348	588	All	Some	None	

							None
CountryBrook	--	360	694	All	Some	None	All
Avalon at Pruneyard	--	252	395	All	None	None	None
Avalon at Creekside	--	294	376	None	None	None	Some
Avalon at River Oaks	--	226	354	All	None	None	Most
Avalon at Parkside	--	192	192	All	Some	None	Half
Avalon Mountain View	--	248	248	All	Some	None	None
San Marino	--	248	436	All	Some	None	None
Avalon Sunnyvale	--	220	394	Some	None	None	None
Avalon at Foxchase	--	396	719	All	Some	None	None
Fairway Glen	--	144	226	All	Some	None	None
Avalon Cupertino	--	311	526	All	Some	None	Some
Avalon on the Alameda	--	305	558	All	Some	None	Some
Avalon Rosewalk I & II	--	456	648	All	Some	None	Some
SOUTHERN CALIFORNIA							
LOS ANGELES, CA							
Avalon Woodland Hills	--	663	1,300	Some	None	Some	None
Avalon at Media Center	--	748	838	Some	None	None	Some
Avalon Westside Terrace	--	363	487	None	None	None	None
Avalon at Warner Center	--	227	252	All	Some	None	Some
ORANGE COUNTY, CA							
Avalon Huntington Beach	--	400	790	None	None	None	None
Avalon at Pacific Bay	--	304	478	All	None	None	None
Avalon at South Coast		258	403	Some	Half	None	None
Avalon Santa Margarita	--	301	523	All	None	None	None
Amberway	--	272	454	None	Some	None	None
Avalon at Laguna Niguel	--	176	335	None	Some	None	All
Avalon Newport	--	145	235	Most	Some	None	Some
Avalon Mission Viejo	--	166	250	None	None	None	None
SAN DIEGO, CA							
Avalon at Mission Bay	--	564	695	None	None	None	None
Avalon at Cortez Hill	--	294	292	None	None	None	None
Avalon at Mission Ridge	--	200	384	Most	None	None	Most
Avalon at Penasquitos Hills	--	176	176	All	None	None	All

</TABLE>
<TABLE>
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<S>	Large storage or walk-in closet <C>	Balcony, patio, deck or sunroom <C>	Built-in bookcases <C>	Carports <C>	Non-direct access garages <C>	Direct access garages <C>
SAN FRANCISCO, CA						
Crown Ridge	None	All	None	Yes	No	Yes
Avalon at Sunset Towers	None	Some	None	No	No	Yes
Avalon at Nob Hill	None	Some	Most	No	Yes	

						No
Avalon at Diamond Heights	All	All	None	No	Yes	No
Avalon Towers by the Bay	Half	Most	None	No	No	Yes
Avalon at Cedar Ridge	Some	All	None	Yes	No	Yes
Avalon Foster City	Most	Most	None	Yes	No	No
Avalon Pacifica	Some	All	None	Yes	Yes	No
SAN JOSE, CA						
Avalon Silicon Valley	Most	All	Some	No	Yes	No
Avalon at Blossom Hill	Most	All	None	Yes	Yes	No
Avalon Campbell	All	All	None	Yes	Yes	No
CountryBrook	None	All	None	Yes	Yes	No
Avalon at Pruneyard	None	Half	None	Yes	Yes	No
Avalon at Creekside	None	Most	None	Yes	No	No
Avalon at River Oaks	All	All	None	No	No	Yes
Avalon at Parkside	All	All	Some	Yes	Yes	No
Avalon Mountain View	Some	All	None	Yes	No	No
San Marino	Most	All	None	Yes	No	No
Avalon Sunnyvale	All	All	None	No	No	Yes
Avalon at Foxchase	Some	All	None	Yes	No	No
Fairway Glen	None	All	None	Yes	No	No
Avalon Cupertino	Some	All	Some	No	Yes	No
Avalon on the Alameda	All	All	Some	No	Yes	No
Avalon Rosewalk I & II	Some	All	Most	Yes	Yes	No
SOUTHERN CALIFORNIA						
LOS ANGELES, CA						
Avalon Woodland Hills	Most	All	None	No	No	No
Avalon at Media Center	Some	Some	None	Yes	Yes	No
Avalon Westside Terrace	None	All	Some	No	No	No
Avalon at Warner Center	Some	All	None	Yes	No	No
ORANGE COUNTY, CA						
Avalon Huntington Beach	Most	Most	None	Yes	Yes	No
Avalon at Pacific Bay	Half	All	None	Yes	Yes	No
Avalon at South Coast	Half	All	None	Yes	Yes	No
Avalon Santa Margarita	None	All	None	Yes	Yes	No
Amberway	None	All	None	Yes	Yes	No
Avalon at Laguna Niguel	None	Most	None	Yes	No	No
Avalon Newport	Most	Most	Some	Yes	Yes	No
Avalon Mission Viejo	None	All	None	Yes	Yes	No
SAN DIEGO, CA						
Avalon at Mission Bay	Some	All	None	No	Yes	No
Avalon at Cortez Hill	None	All	None	No	No	Yes
Avalon at Mission Ridge	Most	Most	None	No	Yes	No
Avalon at Penasquitos Hills	Some	All	All	Yes	No	No

	Homes w/ pre-wired security systems
SAN FRANCISCO, CA	
Crown Ridge	None
Avalon at Sunset Towers	None
Avalon at Nob Hill	None
Avalon at Diamond Heights	None
Avalon Towers by the Bay	All
Avalon at Cedar Ridge	None
Avalon Foster City	None
Avalon Pacifica	None
SAN JOSE, CA	
Avalon Silicon Valley	None
Avalon at Blossom Hill	All
Avalon Campbell	All
CountryBrook	None
Avalon at Pruneyard	None
Avalon at Creekside	None
Avalon at River Oaks	None
Avalon at Parkside	None
Avalon Mountain View	None
San Marino	None
Avalon Sunnyvale	None
Avalon at Foxchase	None
Fairway Glen	Some
Avalon Cupertino	None
Avalon on the Alameda	All
Avalon Rosewalk I & II	All
SOUTHERN CALIFORNIA	
LOS ANGELES, CA	
Avalon Woodland Hills	None
Avalon at Media Center	None
Avalon Westside Terrace	None
Avalon at Warner Center	None
ORANGE COUNTY, CA	
Avalon Huntington Beach	None
Avalon at Pacific Bay	None
Avalon at South Coast	None
Avalon Santa Margarita	None
Amberway	None
Avalon at Laguna Niguel	None
Avalon Newport	None
Avalon Mission Viejo	None
SAN DIEGO, CA	
Avalon at Mission Bay	None
Avalon at Cortez Hill	None
Avalon at Mission Ridge	None
Avalon at Penasquitos Hills	None

FEATURES AND RECREATIONAL AMENITIES - CURRENT AND DEVELOPMENT COMMUNITIES

	1 BR	2BR		3BR		
	1/1.5 BA	1/1.5 BA	2/2.5/3 BA	2/2.5 BA	3BA	Studios / efficiencies
DEVELOPMENT COMMUNITIES						
Avalon at Edgewater	158	--	190	60	--	--
Avalon at Freehold	42	41	176	37	--	--
Avalon on Stamford Harbor	159	--	130	20	--	14
Avalon Towers on the Peninsula	90	--	115	--	6	--
Avalon at Cahill Park	118	--	94	--	6	

--

Avalon Riverview	184	--	114	--	31	43
Avalon at Mission Bay North	148	--	95	6	--	1
Avalon Oaks West	48	12	48	12	--	--
Avalon Ledges	124	--	152	28	--	--
Avalon Orchards	69	12	75	--	--	--
Avalon at Arlington Square II	172	--	116	44	--	--
Avalon at Flanders Hill	108	--	142	30	--	--
Avalon New Canaan	16	--	64	24	--	--
Avalon at Rock Spring	178	39	133	36	--	--
Avalon at Gallery Place I	111	77	--	4	--	11

<CAPTION>

	Other	Total	Parking spaces	Washer & dryer hook-ups or units	Vaulted ceilings	Lofts	Fireplaces
DEVELOPMENT COMMUNITIES							
Avalon at Edgewater	--	408	872	All	None	Some	Some
Avalon at Freehold	--	296	611	All	Some	Some	Some
Avalon on Stamford Harbor	--	323	543	All	Some	Some	Some
Avalon Towers on the Peninsula	--	211	512	All	None	None	None
Avalon at Cahill Park	--	218	283	All	Some	Some	Some
Avalon Riverview	--	372	128	All	None	None	None
Avalon at Mission Bay North	--	250	198	All	None	Some	None
Avalon Oaks West	--	120	233	All	Some	Some	Some
Avalon Ledges	--	304	610	All	None	Some	Some
Avalon Orchards	--	156	312	All	None	Half	Some
Avalon at Arlington Square II	--	332	563	All	Some	Some	Some
Avalon at Flanders Hill	--	280	569	All	None	Some	Some
Avalon New Canaan	--	104	202	All	None	Some	Some
Avalon at Rock Spring	--	386	678	All	Some	Some	Some
Avalon at Gallery Place I	--	203	125	All	Some	None	None

<CAPTION>

	Large storage or walk-in closet	Balcony, patio, deck or sunroom	Built-in bookcases	Carports	Non-direct access garages	Direct access garages
DEVELOPMENT COMMUNITIES						
Avalon at Edgewater	All	All	None	No	No	Yes
Avalon at Freehold	All	All	None	No	Yes	No
Avalon on Stamford Harbor	Most	All	None	No	No	No
Avalon Towers on the Peninsula	Most	All	None	No	Yes	

No

Avalon at Cahill Park	Most	All	None	No	Yes	No
Avalon Riverview	Most	Some	None	No	Yes	No
Avalon at Mission Bay North	All	Some	None	No	Yes	No
Avalon Oaks West	All	All	None	No	Yes	No
Avalon Ledges	All	Some	None	No	Yes	No
Avalon Orchards	Most	All	None	No	Yes	Yes
Avalon at Arlington Square II	Some	All	Some	No	No	No
Avalon at Flanders Hill	All	Some	None	No	Yes	Yes
Avalon New Canaan	All	All	None	No	Yes	Yes
Avalon at Rock Spring	Most	Most	Some	No	No	Yes
Avalon at Gallery Place I	All	Some	None	None	None	None

<CAPTION>

<S> <C>

	Homes w/ pre-wired security systems
DEVELOPMENT COMMUNITIES	
Avalon at Edgewater	Some
Avalon at Freehold	None
Avalon on Stamford Harbor	All
Avalon Towers on the Peninsula	No
Avalon at Cahill Park	No
Avalon Riverview	Some
Avalon at Mission Bay North	No
Avalon Oaks West	All
Avalon Ledges	Yes
Avalon Orchards	All
Avalon at Arlington Square II	Yes
Avalon at Flanders Hill	Yes
Avalon New Canaan	Yes
Avalon at Rock Spring	Yes
Avalon at Gallery Place I	None

</TABLE>

FEATURES AND RECREATIONAL AMENITIES - CURRENT AND DEVELOPMENT COMMUNITIES (CONTINUED)

<TABLE>
<CAPTION>

<S> <C> <C> <C>

	Buildings w/ security systems	Community entrance controlled access	Building entrance controlled access
CURRENT COMMUNITIES (1)			
NORTHEAST			
BOSTON, MA			
Avalon at Prudential Center	None	No	Yes
Longwood Towers	None	No	No
Avalon Summit	None	No	Yes
Avalon at Lexington	None	No	Yes
Avalon at Faxon Park	None	No	Yes
Avalon West	None	No	Yes
Avalon Oaks	None	No	Yes
Avalon Essex	None	No	Yes
Avalon at Center Place	None	Yes	Yes
Avalon Estates	None	No	No
FAIRFIELD-NEW HAVEN, CT			
Avalon Walk I & II	None	No	No
Avalon Glen	None	No	Yes
Avalon Gates	None	Yes	No
Avalon Springs	All	No	No
Avalon Valley	None	No	No
Avalon Lake	None	No	No
Avalon Corners	All	Yes	Yes
Avalon Haven	None	No	No

LONG ISLAND, NY			
Avalon Commons	All	No	Yes
Avalon Towers	All	No	No
Avalon Court	All	Yes	Yes
NORTHERN NEW JERSEY			
Avalon Cove	All	Yes	Yes
The Tower at Avalon Cove	All	No	Yes
Avalon Crest	All	Yes	Yes
Avalon at Florham Park	None	No	No
CENTRAL NEW JERSEY			
Avalon Watch	None	No	Yes
Avalon Run East	None	No	No
NEW YORK, NY			
Avalon Gardens	All	No	No
Avalon View	None	No	No
Avalon Green	All	No	No
The Avalon	All	No	Yes
Avalon Willow	All	Yes	Yes
Avalon on the Sound	All	Yes	Yes
MID-ATLANTIC			
BALTIMORE, MD			
Avalon at Fairway Hills I & II	None	No	No
Avalon at Symphony Glen	None	No	No
Avalon Landing	None	No	No

<CAPTION>

	Under-ground parking	Aerobics dance studio	Car wash	Picnic area
<S>	<C>	<C>	<C>	<C>
CURRENT COMMUNITIES (1)				
NORTHEAST				
BOSTON, MA				
Avalon at Prudential Center	Yes	No	No	Yes
Longwood Towers	No	Yes	No	Yes
Avalon Summit	No	No	No	Yes
Avalon at Lexington	No	No	No	Yes
Avalon at Faxon Park	No	No	No	Yes
Avalon West	No	No	No	Yes
Avalon Oaks	No	No	No	Yes
Avalon Essex	No	No	No	Yes
Avalon at Center Place	Yes	No	Yes	Yes
Avalon Estates	No	No	No	Yes
FAIRFIELD-NEW HAVEN, CT				
Avalon Walk I & II	No	Yes	No	Yes
Avalon Glen	Yes	No	No	No
Avalon Gates	No	No	No	Yes
Avalon Springs	No	No	No	Yes
Avalon Valley	No	No	No	Yes
Avalon Lake	No	No	No	Yes
Avalon Corners	Yes	No	No	Yes
Avalon Haven	No	No	No	Yes
LONG ISLAND, NY				
Avalon Commons	No	No	No	Yes
Avalon Towers	Yes	No	Yes	No
Avalon Court	No	No	Yes	Yes
NORTHERN NEW JERSEY				
Avalon Cove	No	No	No	Yes
The Tower at Avalon Cove	No	No	No	Yes
Avalon Crest	No	No	No	No
Avalon at Florham Park	No	No	No	No
CENTRAL NEW JERSEY				
Avalon Watch	No	No	No	Yes
Avalon Run East	No	No	No	Yes
NEW YORK, NY				
Avalon Gardens	No	No	No	Yes
Avalon View	No	No	No	Yes
Avalon Green	No	No	No	No
The Avalon	Yes	No	No	No
Avalon Willow	Yes	No	No	Yes
Avalon on the Sound	No	No	No	Yes
MID-ATLANTIC				
BALTIMORE, MD				

Avalon at Fairway Hills I & II	No	No	Yes	Yes
Avalon at Symphony Glen	No	No	Yes	Yes
Avalon Landing	No	No	Yes	Yes

	Walking / jogging trail	Pool	Sauna / whirlpool	Tennis court
CURRENT COMMUNITIES (1)				
NORTHEAST				
BOSTON, MA				
Avalon at Prudential Center	No	No	No	No
Longwood Towers	No	No	No	No
Avalon Summit	No	Yes	No	No
Avalon at Lexington	No	Yes	No	No
Avalon at Faxon Park	No	Yes	Yes	No
Avalon West	No	Yes	No	No
Avalon Oaks	No	Yes	Yes	No
Avalon Essex	No	Yes	Yes	No
Avalon at Center Place	No	Yes	No	No
Avalon Estates	Yes	Yes	Yes	No
FAIRFIELD-NEW HAVEN, CT				
Avalon Walk I & II	Yes	Yes	No	Yes
Avalon Glen	No	Yes	No	No
Avalon Gates	No	Yes	No	No
Avalon Springs	Yes	Yes	No	No
Avalon Valley	No	Yes	No	No
Avalon Lake	No	Yes	No	No
Avalon Corners	No	Yes	No	No
Avalon Haven	No	Yes	No	No
LONG ISLAND, NY				
Avalon Commons	No	Yes	No	No
Avalon Towers	No	Yes	No	No
Avalon Court	Yes	Yes	No	No
NORTHERN NEW JERSEY				
Avalon Cove	Yes	Yes	No	Yes
The Tower at Avalon Cove	Yes	Yes	No	Yes
Avalon Crest	No	Yes	No	No
Avalon at Florham Park	No	Yes	No	No
CENTRAL NEW JERSEY				
Avalon Watch	No	Yes	No	Yes
Avalon Run East	Yes	Yes	No	No
NEW YORK, NY				
Avalon Gardens	No	Yes	No	Yes
Avalon View	No	Yes	No	Yes
Avalon Green	No	Yes	No	

No

The Avalon	No	No	No	No
Avalon Willow	No	Yes	No	No
Avalon on the Sound	Yes	Yes	No	No
MID-ATLANTIC				
BALTIMORE, MD				
Avalon at Fairway Hills I & II	No	Yes	No	Yes
Avalon at Symphony Glen	Yes	Yes	No	No
Avalon Landing	Yes	Yes	No	No

<CAPTION>

<S>	Racquetball <C>	Fitness center <C>	Sand volleyball <C>	Indoor outdoor basketball <C>
CURRENT COMMUNITIES (1)				
NORTHEAST				
BOSTON, MA				
Avalon at Prudential Center	No	No	No	No
Longwood Towers	No	Yes	No	No
Avalon Summit	No	Yes	No	No
Avalon at Lexington	No	Yes	No	Yes
Avalon at Faxon Park	No	Yes	No	No
Avalon West	No	No	No	Yes
Avalon Oaks	No	Yes	No	No
Avalon Essex	No	Yes	No	No
Avalon at Center Place	No	Yes	No	No
Avalon Estates	No	Yes	No	No
FAIRFIELD-NEW HAVEN, CT				
Avalon Walk I & II	Yes	Yes	No	Yes
Avalon Glen	Yes	Yes	No	No
Avalon Gates	Yes	Yes	Yes	Yes
Avalon Springs	No	Yes	No	No
Avalon Valley	No	Yes	No	Yes
Avalon Lake	No	Yes	No	No
Avalon Corners	No	Yes	No	No
Avalon Haven	No	Yes	No	No
LONG ISLAND, NY				
Avalon Commons	No	Yes	No	Yes
Avalon Towers	No	Yes	No	No
Avalon Court	Yes	Yes	No	Yes
NORTHERN NEW JERSEY				
Avalon Cove	Yes	Yes	No	Yes
The Tower at Avalon Cove	Yes	Yes	No	Yes
Avalon Crest	No	Yes	No	Yes
Avalon at Florham Park	No	Yes	No	No
CENTRAL NEW JERSEY				
Avalon Watch	Yes	Yes	No	Yes
Avalon Run East	No	Yes	No	No
NEW YORK, NY				
Avalon Gardens	Yes	Yes	Yes	Yes
Avalon View	No	Yes	No	Yes
Avalon Green	No	No	Yes	No
The Avalon	No	Yes	No	No
Avalon Willow	Yes	Yes	No	No
Avalon on the Sound	No	Yes	No	Yes
MID-ATLANTIC				
BALTIMORE, MD				
Avalon at Fairway Hills I & II	Yes	Yes	No	No
Avalon at Symphony Glen	No	Yes	No	No
Avalon Landing	No	Yes	No	No

</TABLE>
<TABLE>
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<S>	Clubhouse / clubroom <C>	Business center <C>	Totlot <C>	Concierge <C>

CURRENT COMMUNITIES (1)

NORTHEAST				
BOSTON, MA				
Avalon at Prudential Center	Yes	No	No	Yes
Longwood Towers	Yes	No	Yes	Yes
Avalon Summit	No	No	No	No
Avalon at Lexington	Yes	No	Yes	No
Avalon at Faxon Park	Yes	No	Yes	No
Avalon West	Yes	No	Yes	No
Avalon Oaks	Yes	No	Yes	No
Avalon Essex	Yes	No	No	No
Avalon at Center Place	Yes	No	No	Yes
Avalon Estates	No	Yes	Yes	No
FAIRFIELD-NEW HAVEN, CT				
Avalon Walk I & II	Yes	No	Yes	No
Avalon Glen	Yes	No	No	Yes
Avalon Gates	Yes	No	Yes	No
Avalon Springs	Yes	No	Yes	No
Avalon Valley	Yes	No	Yes	No
Avalon Lake	No	No	No	No
Avalon Corners	Yes	Yes	No	Yes
Avalon Haven	Yes	No	Yes	No
LONG ISLAND, NY				
Avalon Commons	Yes	Yes	Yes	No
Avalon Towers	Yes	No	No	Yes
Avalon Court	Yes	Yes	Yes	No
NORTHERN NEW JERSEY				
Avalon Cove	Yes	Yes	Yes	Yes
The Tower at Avalon Cove	Yes	Yes	Yes	Yes
Avalon Crest	Yes	Yes	No	No
Avalon at Florham Park	Yes	No	No	No
CENTRAL NEW JERSEY				
Avalon Watch	Yes	No	Yes	No
Avalon Run East	Yes	No	Yes	No
NEW YORK, NY				
Avalon Gardens	Yes	Yes	Yes	Yes
Avalon View	Yes	No	Yes	No
Avalon Green	Yes	No	No	No
The Avalon	Yes	Yes	No	Yes
Avalon Willow	Yes	Yes	No	Yes
Avalon on the Sound	Yes	Yes	No	Yes
MID-ATLANTIC				
BALTIMORE, MD				
Avalon at Fairway Hills I & II	Yes	Yes	Yes	No
Avalon at Symphony Glen	Yes	No	Yes	No
Avalon Landing	Yes	No	No	No

</TABLE>

FEATURES AND RECREATIONAL AMENITIES - CURRENT AND DEVELOPMENT COMMUNITIES (CONTINUED)

<TABLE>
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	Buildings w/ security systems	Community entrance controlled access	Building entrance controlled access
<S>	<C>	<C>	<C>
WASHINGTON, DC			
Avalon at Ballston - Vermont & Quincy Towers	None	Yes	Yes
Avalon Crescent	None	Yes	No
Avalon at Ballston - Washington Towers	None	Yes	Yes
Avalon at Cameron Court	All	Yes	No
AutumnWoods	None	No	No
Avalon at Fair Lakes	None	Yes	No
Avalon at Dulles	None	No	No
Avalon at Providence Park	None	No	No
Avalon at Fox Mill	None	No	No
Avalon at Decoverly	None	No	No
Avalon Knoll	None	No	Yes
Avalon Fields I & II	All	No	No
Avalon Crossing	None	Yes	No
4100 Massachusetts Avenue	None	Yes	Yes
Avalon at Arlington Square I	None	No	Yes
MIDWEST			

CHICAGO, IL			
Avalon at Danada Farms	None	No	No
Avalon at West Grove	None	No	Yes
Avalon at Stratford Green	None	No	No
200 Arlington Place	None	No	Yes
MINNEAPOLIS, MN			
Avalon at Devonshire	None	No	Yes
Avalon at Edinburgh	None	No	Yes
Avalon at Town Centre	None	No	Yes
Avalon at Town Square	None	No	Yes
Avalon at Woodbury	None	No	No
PACIFIC NORTHWEST			
SEATTLE, WA			
Avalon at Bear Creek	All	Yes	No
Avalon Redmond Place	None	No	No
Avalon Greenbriar	None	No	Yes
Avalon HighGrove	None	No	No
Avalon ParcSquare	None	Yes	Yes
Avalon RockMeadow	None	No	No
Avalon WildReed	None	No	No
Avalon Bellevue	None	No	Yes
Avalon Belltown	None	Yes	Yes
Avalon Wynhaven	None	No	Yes
Avalon Brandemoor	All	No	No
Avalon Wildwood	All	No	No
NORTHERN CALIFORNIA			
OAKLAND-EAST BAY, CA			
Waterford	Some	Yes	No
Avalon Fremont	All	No	No
Avalon Pleasanton	None	No	No
Avalon Dublin	None	No	No
Avalon at Willow Creek	Some	Yes	No
Avalon at Union Square	None	Yes	No

<CAPTION>

<S>	Under-ground parking <C>	Aerobics dance studio <C>	Car wash <C>	Picnic area <C>
WASHINGTON, DC				
Avalon at Ballston - Vermont & Quincy Towers	Yes	No	No	Yes
Avalon Crescent	No	Yes	Yes	Yes
Avalon at Ballston - Washington Towers	Yes	No	No	Yes
Avalon at Cameron Court	No	Yes	Yes	Yes
AutumnWoods	No	No	Yes	Yes
Avalon at Fair Lakes	No	No	Yes	Yes
Avalon at Dulles	No	No	Yes	No
Avalon at Providence Park	No	No	Yes	No
Avalon at Fox Mill	No	No	Yes	Yes
Avalon at Decoverly	No	No	Yes	Yes
Avalon Knoll	No	No	Yes	Yes
Avalon Fields I & II	No	No	Yes	Yes
Avalon Crossing	No	No	Yes	Yes
4100 Massachusetts Avenue	Yes	No	No	No
Avalon at Arlington Square I	No	No	No	Yes
MIDWEST				
CHICAGO, IL				
Avalon at Danada Farms	No	No	No	No
Avalon at West Grove	No	No	No	Yes
Avalon at Stratford Green	No	No	Yes	Yes
200 Arlington Place	No	No	No	No
MINNEAPOLIS, MN				
Avalon at Devonshire	Yes	No	Yes	Yes
Avalon at Edinburgh	Yes	No	Yes	Yes
Avalon at Town Centre	Yes	No	Yes	Yes
Avalon at Town Square	Yes	No	Yes	Yes
Avalon at Woodbury	No	No	No	No
PACIFIC NORTHWEST				
SEATTLE, WA				
Avalon at Bear Creek	No	No	No	Yes
Avalon Redmond Place	No	No	Yes	No
Avalon Greenbriar	No	No	No	Yes
Avalon HighGrove	No	No	No	No
Avalon ParcSquare	Yes	No	No	No
Avalon RockMeadow	No	No	No	Yes
Avalon WildReed	No	No	No	Yes
Avalon Bellevue	Yes	No	No	No

Avalon Belltown	Yes	No	No	No
Avalon Wynhaven	Yes	No	No	Yes
Avalon Brandemoor	No	No	No	Yes
Avalon Wildwood	No	No	No	No
NORTHERN CALIFORNIA				
OAKLAND-EAST BAY, CA				
Waterford	No	No	Yes	No
Avalon Fremont	Yes	Yes	Yes	No
Avalon Pleasanton	No	No	Yes	No
Avalon Dublin	No	No	Yes	Yes
Avalon at Willow Creek	No	No	Yes	Yes
Avalon at Union Square	No	No	No	No

<CAPTION>

	Walking / jogging trail	Pool	Sauna / whirlpool	Tennis court
<S>	<C>	<C>	<C>	<C>
WASHINGTON, DC				
Avalon at Ballston - Vermont & Quincy Towers	No	Yes	Yes	No
Avalon Crescent	Yes	Yes	No	No
Avalon at Ballston - Washington Towers	No	Yes	No	Yes
Avalon at Cameron Court	No	Yes	Yes	No
AutumnWoods	Yes	Yes	No	Yes
Avalon at Fair Lakes	No	Yes	No	Yes
Avalon at Dulles	Yes	Yes	Yes	Yes
Avalon at Providence Park	No	Yes	No	No
Avalon at Fox Mill	No	Yes	No	No
Avalon at Decoverly	Yes	Yes	No	Yes
Avalon Knoll	Yes	Yes	No	Yes
Avalon Fields I & II	No	Yes	No	No
Avalon Crossing	No	Yes	No	No
4100 Massachusetts Avenue	Yes	Yes	No	No
Avalon at Arlington Square I	No	Yes	No	No
MIDWEST				
CHICAGO, IL				
Avalon at Danada Farms	No	Yes	No	No
Avalon at West Grove	No	Yes	Yes	No
Avalon at Stratford Green	Yes	Yes	No	No
200 Arlington Place	No	Yes	No	No
MINNEAPOLIS, MN				
Avalon at Devonshire	Yes	Yes	No	Yes
Avalon at Edinburgh	Yes	Yes	Yes	No
Avalon at Town Centre	Yes	Yes	Yes	Yes
Avalon at Town Square	Yes	Yes	Yes	Yes
Avalon at Woodbury	Yes	Yes	No	No
PACIFIC NORTHWEST				
SEATTLE, WA				
Avalon at Bear Creek	Yes	Yes	Yes	No
Avalon Redmond Place	Yes	Yes	Yes	No
Avalon Greenbriar	No	Yes	Yes	No

Avalon HighGrove	No	Yes	Yes	No
Avalon ParcSquare	Yes	No	No	No
Avalon RockMeadow	No	Yes	Yes	No
Avalon WildReed	Yes	Yes	Yes	No
Avalon Bellevue	No	No	No	No
Avalon Belltown	No	No	No	No
Avalon Wynhaven	Yes	Yes	Yes	No
Avalon Brandemoor	No	Yes	Yes	No
Avalon Wildwood	Yes	Yes	Yes	No
NORTHERN CALIFORNIA				
OAKLAND-EAST BAY, CA				
Waterford	No	Yes	Yes	No
Avalon Fremont	No	Yes	Yes	No
Avalon Pleasanton	No	Yes	Yes	No
Avalon Dublin	No	Yes	Yes	No
Avalon at Willow Creek	No	Yes	Yes	No
Avalon at Union Square	No	Yes	No	No

<CAPTION>

	Racquetball	Fitness center	Sand volleyball	Indoor outdoor basketball
<S>	<C>	<C>	<C>	<C>
WASHINGTON, DC				
Avalon at Ballston - Vermont & Quincy Towers	No	Yes	No	No
Avalon Crescent	No	Yes	No	No
Avalon at Ballston - Washington Towers	No	Yes	No	No
Avalon at Cameron Court	No	Yes	Yes	Yes
AutumnWoods	No	Yes	Yes	Yes
Avalon at Fair Lakes	No	Yes	No	No
Avalon at Dulles	No	Yes	No	No
Avalon at Providence Park	No	Yes	No	No
Avalon at Fox Mill	No	Yes	No	No
Avalon at Decoverly	Yes	Yes	No	Yes
Avalon Knoll	No	Yes	No	Yes
Avalon Fields I & II	No	Yes	No	No
Avalon Crossing	No	Yes	No	No
4100 Massachusetts Avenue	No	Yes	No	No
Avalon at Arlington Square I	No	Yes	No	Yes
MIDWEST				
CHICAGO, IL				
Avalon at Danada Farms	No	Yes	No	No
Avalon at West Grove	Yes	Yes	No	No
Avalon at Stratford Green	No	No	No	No
200 Arlington Place	No	Yes	No	No
MINNEAPOLIS, MN				
Avalon at Devonshire	No	Yes	No	No
Avalon at Edinburgh	No	Yes	No	No
Avalon at Town Centre	No	Yes	Yes	No
Avalon at Town Square	No	Yes	Yes	No
Avalon at Woodbury	No	Yes	No	No
PACIFIC NORTHWEST				
SEATTLE, WA				
Avalon at Bear Creek	No	Yes	No	No
Avalon Redmond Place	No	Yes	No	No
Avalon Greenbriar	No	Yes	No	Yes
Avalon HighGrove	No	Yes	No	No
Avalon ParcSquare	No	Yes	No	No
Avalon RockMeadow	No	Yes	No	No
Avalon WildReed	No	Yes	No	No
Avalon Bellevue	No	Yes	No	No
Avalon Belltown	No	Yes	No	No
Avalon Wynhaven	No	Yes	No	Yes

Avalon Brandemoor	No	Yes	No	No
Avalon Wildwood	No	Yes	No	No
NORTHERN CALIFORNIA				
OAKLAND-EAST BAY, CA				
Waterford	No	Yes	No	Yes
Avalon Fremont	No	Yes	No	No
Avalon Pleasanton	No	Yes	No	Yes
Avalon Dublin	No	Yes	Yes	Yes
Avalon at Willow Creek	No	Yes	No	No
Avalon at Union Square	No	Yes	No	No

<CAPTION>

	Clubhouse / clubroom	Business center	Totlot	Concierge
WASHINGTON, DC				
Avalon at Ballston - Vermont & Quincy Towers	Yes	No	No	No
Avalon Crescent	Yes	Yes	Yes	Yes
Avalon at Ballston - Washington Towers	Yes	No	No	Yes
Avalon at Cameron Court	Yes	Yes	No	No
AutumnWoods	Yes	No	Yes	No
Avalon at Fair Lakes	Yes	Yes	No	No
Avalon at Dulles	Yes	No	No	No
Avalon at Providence Park	Yes	Yes	No	No
Avalon at Fox Mill	Yes	No	Yes	No
Avalon at Decoverly	Yes	No	Yes	No
Avalon Knoll	No	No	Yes	No
Avalon Fields I & II	Yes	No	Yes	No
Avalon Crossing	Yes	No	Yes	No
4100 Massachusetts Avenue	Yes	No	No	No
Avalon at Arlington Square I	Yes	Yes	Yes	No
MIDWEST				
CHICAGO, IL				
Avalon at Danada Farms	Yes	Yes	No	Yes
Avalon at West Grove	Yes	Yes	Yes	No
Avalon at Stratford Green	Yes	No	No	Yes
200 Arlington Place	Yes	No	No	No
MINNEAPOLIS, MN				
Avalon at Devonshire	Yes	No	No	No
Avalon at Edinburgh	Yes	No	No	No
Avalon at Town Centre	Yes	No	Yes	No
Avalon at Town Square	Yes	No	Yes	No
Avalon at Woodbury	No	No	No	No
PACIFIC NORTHWEST				
SEATTLE, WA				
Avalon at Bear Creek	Yes	Yes	Yes	No
Avalon Redmond Place	Yes	No	Yes	No
Avalon Greenbriar	Yes	No	Yes	No
Avalon HighGrove	Yes	Yes	Yes	No
Avalon ParcSquare	Yes	Yes	No	No
Avalon RockMeadow	Yes	Yes	Yes	No
Avalon WildReed	Yes	Yes	Yes	No
Avalon Bellevue	Yes	Yes	No	Yes
Avalon Belltown	Yes	No	No	No
Avalon Wynhaven	Yes	Yes	Yes	No
Avalon Brandemoor	Yes	Yes	Yes	No
Avalon Wildwood	Yes	Yes	Yes	No
NORTHERN CALIFORNIA				
OAKLAND-EAST BAY, CA				
Waterford	No	No	Yes	No
Avalon Fremont	Yes	No	No	No
Avalon Pleasanton	No	Yes	Yes	No
Avalon Dublin	No	Yes	No	No
Avalon at Willow Creek	No	No	No	No
Avalon at Union Square	No	No	No	No

</TABLE>

FEATURES AND RECREATIONAL AMENITIES - CURRENT AND DEVELOPMENT COMMUNITIES
(CONTINUED)

<TABLE>
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	Buildings w/ security systems	Community entrance controlled access	Building entrance controlled access

-
<S> <C> <C> <C>

SAN FRANCISCO, CA			
Crown Ridge	None	No	No
Avalon at Sunset Towers	All	Yes	Yes
Avalon at Nob Hill	None	Yes	Yes
Avalon at Diamond Heights	None	No	Yes
Avalon Towers by the Bay	None	Yes	Yes
Avalon at Cedar Ridge	None	No	No
Avalon Foster City	Some	No	No
Avalon Pacifica	None	No	No
SAN JOSE, CA			
Avalon Silicon Valley	Some	Yes	Yes
Avalon at Blossom Hill	None	Yes	Yes
Avalon Campbell	Some	Yes	Yes
CountryBrook	None	Yes	No
Avalon at Pruneyard	None	No	No
Avalon at Creekside	Some	No	No
Avalon at River Oaks	None	No	No
Avalon at Parkside	None	No	No
Avalon Mountain View	None	No	No
San Marino	None	Yes	No
Avalon Sunnyvale	None	No	No
Avalon at Foxchase	None	No	No
Fairway Glen	Some	No	No
Avalon Cupertino	None	Yes	Yes
Avalon on the Alameda	All	Yes	Yes
Avalon Rosewalk I & II	None	Yes	No
SOUTHERN CALIFORNIA			
LOS ANGELES, CA			
Avalon Woodland Hills	None	Yes	No
Avalon at Media Center	None	No	Yes
Avalon Westside Terrace	None	Yes	Yes
Avalon at Warner Center	None	Yes	Yes
ORANGE COUNTY, CA			
Avalon Huntington Beach	None	Yes	No
Avalon at Pacific Bay	None	Yes	No
Avalon at South Coast	None	Yes	No
Avalon Santa Margarita	None	No	No
Amberway	None	Yes	No
Avalon at Laguna Niguel	None	No	No
Avalon Newport	None	No	No
Avalon Mission Viejo	None	Yes	No
SAN DIEGO, CA			
Avalon at Mission Bay	None	Yes	Yes
Avalon at Cortez Hill	All	Yes	Yes
Avalon at Mission Ridge	Some	No	No
Avalon at Penasquitos Hills	None	No	No

<CAPTION>

<S> <C> <C> <C> <C>

	Under-ground parking	Aerobics dance studio	Car wash	Picnic area
SAN FRANCISCO, CA				
Crown Ridge	Yes	No	No	No
Avalon at Sunset Towers	Yes	No	Yes	Yes
Avalon at Nob Hill	Yes	No	No	Yes
Avalon at Diamond Heights	Yes	No	No	No
Avalon Towers by the Bay	Yes	No	No	No
Avalon at Cedar Ridge	No	No	No	No
Avalon Foster City	No	No	Yes	No
Avalon Pacifica	No	No	No	No
SAN JOSE, CA				
Avalon Silicon Valley	Yes	Yes	No	Yes
Avalon at Blossom Hill	No	No	Yes	No
Avalon Campbell	Yes	Yes	No	Yes
CountryBrook	No	No	Yes	No
Avalon at Pruneyard	No	No	No	Yes
Avalon at Creekside	No	No	No	Yes
Avalon at River Oaks	No	No	No	Yes
Avalon at Parkside	Yes	No	No	Yes
Avalon Mountain View	Yes	No	Yes	Yes
San Marino	No	No	Yes	No
Avalon Sunnyvale	Yes	Yes	Yes	Yes
Avalon at Foxchase	Yes	No	Yes	No
Fairway Glen	No	No	Yes	Yes
Avalon Cupertino	Yes	No	No	No
Avalon on the Alameda	Yes	No	No	No
Avalon Rosewalk I & II	No	Yes	No	Yes

SOUTHERN CALIFORNIA				
LOS ANGELES, CA				
Avalon Woodland Hills	Yes	No	No	No
Avalon at Media Center	No	No	No	Yes
Avalon Westside Terrace	Yes	No	No	No
Avalon at Warner Center	No	No	No	No
ORANGE COUNTY, CA				
Avalon Huntington Beach	No	No	No	Yes
Avalon at Pacific Bay	No	No	No	No
Avalon at South Coast	No	No	Yes	No
Avalon Santa Margarita	No	No	No	Yes
Amberway	No	No	No	No
Avalon at Laguna Niguel	Yes	No	No	No
Avalon Newport	No	No	Yes	No
Avalon Mission Viejo	No	No	No	No
SAN DIEGO, CA				
Avalon at Mission Bay	Yes	Yes	Yes	No
Avalon at Cortez Hill	No	No	No	No
Avalon at Mission Ridge	No	No	No	Yes
Avalon at Penasquitos Hills	No	No	No	Yes

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	Walking / jogging trail	Pool	Sauna / whirlpool	Tennis court
<S>	<C>	<C>	<C>	<C>
SAN FRANCISCO, CA				
Crown Ridge	Yes	Yes	Yes	No
Avalon at Sunset Towers	No	No	No	No
Avalon at Nob Hill	No	No	No	No
Avalon at Diamond Heights	No	Yes	Yes	No
Avalon Towers by the Bay	No	No	Yes	No
Avalon at Cedar Ridge	No	Yes	Yes	No
Avalon Foster City	Yes	Yes	No	No
Avalon Pacifica	No	Yes	No	No
SAN JOSE, CA				
Avalon Silicon Valley	No	Yes	Yes	Yes
Avalon at Blossom Hill	No	Yes	Yes	No
Avalon Campbell	Yes	Yes	Yes	No
CountryBrook	No	Yes	Yes	No
Avalon at Pruneyard	No	Yes	Yes	No
Avalon at Creekside	Yes	Yes	No	Yes
Avalon at River Oaks	No	Yes	Yes	No
Avalon at Parkside	No	Yes	Yes	No
Avalon Mountain View	No	Yes	No	No
San Marino	No	Yes	Yes	No
Avalon Sunnyvale	No	Yes	Yes	No
Avalon at Foxchase	No	Yes	Yes	No
Fairway Glen	No	Yes	Yes	No
Avalon Cupertino	No	Yes	Yes	No
Avalon on the Alameda	No	Yes	Yes	No
Avalon Rosewalk I & II	Yes	Yes	Yes	No

SOUTHERN CALIFORNIA				
LOS ANGELES, CA				
Avalon Woodland Hills	No	Yes	Yes	No
Avalon at Media Center	No	Yes	No	No
Avalon Westside Terrace	No	Yes	Yes	Yes
Avalon at Warner Center	No	Yes	Yes	Yes
ORANGE COUNTY, CA				
Avalon Huntington Beach	No	Yes	Yes	No
Avalon at Pacific Bay	No	Yes	Yes	No
Avalon at South Coast	No	Yes	Yes	Yes
Avalon Santa Margarita	Yes	Yes	Yes	No
Amberway	No	Yes	Yes	No
Avalon at Laguna Niguel	No	Yes	Yes	No
Avalon Newport	No	Yes	Yes	No
Avalon Mission Viejo	Yes	Yes	Yes	No
SAN DIEGO, CA				
Avalon at Mission Bay	No	Yes	Yes	Yes
Avalon at Cortez Hill	Yes	Yes	Yes	Yes
Avalon at Mission Ridge	No	Yes	Yes	No
Avalon at Penasquitos Hills	Yes	Yes	Yes	Yes

<CAPTION>

	Racquetball	Fitness center	Sand volleyball	Indoor outdoor basketball
<S>	<C>	<C>	<C>	<C>
SAN FRANCISCO, CA				
Crown Ridge	No	Yes	No	No
Avalon at Sunset Towers	No	No	No	No
Avalon at Nob Hill	No	Yes	No	No
Avalon at Diamond Heights	No	Yes	No	No
Avalon Towers by the Bay	No	Yes	No	No
Avalon at Cedar Ridge	No	Yes	No	No
Avalon Foster City	No	No	No	No
Avalon Pacifica	No	Yes	No	No
SAN JOSE, CA				
Avalon Silicon Valley	No	Yes	No	Yes
Avalon at Blossom Hill	No	Yes	No	No
Avalon Campbell	No	Yes	Yes	No
CountryBrook	No	Yes	No	No
Avalon at Pruneyard	No	Yes	Yes	Yes
Avalon at Creekside	No	Yes	Yes	Yes
Avalon at River Oaks	No	Yes	No	No
Avalon at Parkside	No	Yes	No	Yes
Avalon Mountain View	No	Yes	No	No
San Marino	No	Yes	No	No
Avalon Sunnyvale	No	Yes	No	No
Avalon at Foxchase	No	Yes	No	No
Fairway Glen	No	Yes	No	No
Avalon Cupertino	No	Yes	No	No
Avalon on the Alameda	No	Yes	No	No
Avalon Rosewalk I & II	No	Yes	No	No
SOUTHERN CALIFORNIA				
LOS ANGELES, CA				
Avalon Woodland Hills	No	Yes	No	No
Avalon at Media Center	No	Yes	No	No
Avalon Westside Terrace	No	Yes	No	Yes
Avalon at Warner Center	No	Yes	No	No
ORANGE COUNTY, CA				
Avalon Huntington Beach	No	Yes	No	No
Avalon at Pacific Bay	No	Yes	No	No
Avalon at South Coast	No	Yes	Yes	No

Avalon Santa Margarita	No	Yes	No	No
Amberway	No	Yes	No	No
Avalon at Laguna Niguel	No	Yes	No	No
Avalon Newport	No	Yes	No	No
Avalon Mission Viejo	No	Yes	No	No
SAN DIEGO, CA				
Avalon at Mission Bay	No	Yes	Yes	Yes
Avalon at Cortez Hill	No	Yes	No	No
Avalon at Mission Ridge	No	Yes	No	No
Avalon at Penasquitos Hills	Yes	Yes	Yes	No

<CAPTION>

<S> <C> <C> <C> <C>

	Clubhouse / clubroom	Business center	Totlot	Concierge
SAN FRANCISCO, CA				
Crown Ridge	No	Yes	No	No
Avalon at Sunset Towers	No	No	No	No
Avalon at Nob Hill	No	No	No	Yes
Avalon at Diamond Heights	Yes	No	No	No
Avalon Towers by the Bay	Yes	Yes	No	Yes
Avalon at Cedar Ridge	Yes	No	No	No
Avalon Foster City	Yes	No	Yes	No
Avalon Pacifica	No	No	No	No
SAN JOSE, CA				
Avalon Silicon Valley	Yes	Yes	Yes	Yes
Avalon at Blossom Hill	No	Yes	No	No
Avalon Campbell	No	Yes	Yes	No
CountryBrook	No	No	No	No
Avalon at Pruneyard	No	Yes	No	No
Avalon at Creekside	Yes	Yes	No	No
Avalon at River Oaks	No	Yes	No	No
Avalon at Parkside	Yes	Yes	Yes	No
Avalon Mountain View	No	Yes	Yes	No
San Marino	No	No	Yes	No
Avalon Sunnyvale	No	Yes	Yes	No
Avalon at Foxchase	No	No	No	No
Fairway Glen	No	No	Yes	No
Avalon Cupertino	No	Yes	No	No
Avalon on the Alameda	No	No	No	No
Avalon Rosewalk I & II	No	Yes	No	No
SOUTHERN CALIFORNIA				
LOS ANGELES, CA				
Avalon Woodland Hills	No	Yes	No	No
Avalon at Media Center	No	Yes	No	No
Avalon Westside Terrace	Yes	Yes	Yes	No
Avalon at Warner Center	No	Yes	No	No
ORANGE COUNTY, CA				
Avalon Huntington Beach	Yes	Yes	Yes	No
Avalon at Pacific Bay	No	Yes	Yes	No
Avalon at South Coast	Yes	Yes	No	No
Avalon Santa Margarita	No	No	Yes	No
Amberway	No	No	No	No
Avalon at Laguna Niguel	No	No	Yes	No
Avalon Newport	No	Yes	No	No
Avalon Mission Viejo	No	Yes	No	No
SAN DIEGO, CA				
Avalon at Mission Bay	Yes	Yes	No	No
Avalon at Cortez Hill	Yes	Yes	No	No
Avalon at Mission Ridge	No	No	Yes	No
Avalon at Penasquitos Hills	No	Yes	Yes	No

</TABLE>

FEATURES AND RECREATIONAL AMENITIES - CURRENT AND DEVELOPMENT COMMUNITIES
(CONTINUED)

<TABLE>
<CAPTION>

<S> <C> <C> <C>

	Buildings w/ security systems	Community entrance controlled access	Building entrance controlled access
DEVELOPMENT COMMUNITIES			
Avalon at Edgewater	All	Yes	Yes

Avalon at Freehold	None	No	No
Avalon on Stamford Harbor	All	Yes	Yes
Avalon Towers on the Peninsula	Yes	Yes	Yes
Avalon at Cahill Park	Yes	Yes	Yes
Avalon Riverview	All	Yes	Yes
Avalon at Mission Bay North	Yes	Yes	Yes
Avalon Oaks West	All	No	Yes
Avalon Ledges	Yes	No	Yes
Avalon Orchards	No	No	No
Avalon at Arlington Square II	Yes	No	Yes
Avalon at Flanders Hill	Yes	No	Yes
Avalon New Canaan	Yes	No	Yes
Avalon at Rock Spring	No	No	Yes
Avalon at Gallery Place I	All	Yes	Yes

<CAPTION>

	Under-ground parking	Aerobics dance studio	Car wash	Picnic area
<S>	<C>	<C>	<C>	<C>
DEVELOPMENT COMMUNITIES				
Avalon at Edgewater	Yes	No	No	No
Avalon at Freehold	No	No	No	Yes
Avalon on Stamford Harbor	Yes	No	No	Yes
Avalon Towers on the Peninsula	Yes	No	Yes	Yes
Avalon at Cahill Park	Yes	Yes	No	No
Avalon Riverview	No	No	No	Yes
Avalon at Mission Bay North	Yes	Yes	No	No
Avalon Oaks West	No	No	No	Yes
Avalon Ledges	No	No	No	Yes
Avalon Orchards	No	No	No	Yes
Avalon at Arlington Square II	No	No	No	Yes
Avalon at Flanders Hill	No	No	No	Yes
Avalon New Canaan	No	No	No	Yes
Avalon at Rock Spring	No	No	No	Yes
Avalon at Gallery Place I	Yes	No	No	No

<CAPTION>

	Walking / jogging trail	Pool	Sauna / whirlpool	Tennis court
<S>	<C>	<C>	<C>	<C>
DEVELOPMENT COMMUNITIES				
Avalon at Edgewater	No	Yes	No	No
Avalon at Freehold	No	Yes	No	No
Avalon on Stamford Harbor	Yes	Yes	No	No
Avalon Towers on the Peninsula	No	Yes	Yes	No
Avalon at Cahill Park	No	Yes	Yes	No
Avalon Riverview	Yes	No	No	No
Avalon at Mission Bay North	No	No	No	No
Avalon Oaks West	No	Yes	Yes	No
Avalon Ledges	No	Yes	Yes	No
Avalon Orchards	Yes	Yes	Yes	No
Avalon at Arlington Square II	No	Yes	No	No
Avalon at Flanders Hill	No	Yes	Yes	No
Avalon New Canaan	Yes	Yes	No	No
Avalon at Rock Spring	No	Yes	No	No
Avalon at Gallery Place I	No	No	No	No

<CAPTION>

	Racquetball	Fitness center	Sand volleyball	Indoor outdoor basketball
<S>	<C>	<C>	<C>	<C>

DEVELOPMENT COMMUNITIES				
Avalon at Edgewater	No	Yes	No	No
Avalon at Freehold	No	Yes	No	No
Avalon on Stamford Harbor	Yes	Yes	No	Yes
Avalon Towers on the Peninsula	No	Yes	No	No
Avalon at Cahill Park	No	Yes	No	No
Avalon Riverview	No	Yes	No	No
Avalon at Mission Bay North	No	Yes	No	No
Avalon Oaks West	No	Yes	No	No
Avalon Ledges	No	Yes	No	Yes
Avalon Orchards	No	Yes	No	No
Avalon at Arlington Square II	No	Yes	No	Yes
Avalon at Flanders Hill	No	Yes	No	Yes
Avalon New Canaan	No	Yes	No	No
Avalon at Rock Spring	No	Yes	No	No
Avalon at Gallery Place I	No	Yes	No	No

<CAPTION>

<S>	Clubhouse / clubroom <C>	Business center <C>	Totlot <C>	Concierge <C>
DEVELOPMENT COMMUNITIES				
Avalon at Edgewater	Yes	Yes	No	Yes
Avalon at Freehold	Yes	Yes	Yes	No
Avalon on Stamford Harbor	Yes	Yes	No	Yes
Avalon Towers on the Peninsula	No	No	No	Yes
Avalon at Cahill Park	Yes	Yes	No	No
Avalon Riverview	Yes	Yes	No	Yes
Avalon at Mission Bay North	Yes	No	No	Yes
Avalon Oaks West	Yes	No	Yes	No
Avalon Ledges	Yes	No	Yes	No
Avalon Orchards	Yes	No	Yes	No
Avalon at Arlington Square II	Yes	Yes	Yes	No
Avalon at Flanders Hill	Yes	No	Yes	No
Avalon New Canaan	Yes	Yes	Yes	No
Avalon at Rock Spring	Yes	Yes	Yes	No
Avalon at Gallery Place I	No	Yes	No	Yes

</TABLE>

(1) For the purpose of this table, Current Communities excludes communities held by unconsolidated real estate joint ventures.

Development Communities

As of March 1, 2002, we had 15 Development Communities under construction. We expect these Development Communities, when completed, to add a total of 3,963 apartment homes to our portfolio for a total capitalized cost, including land acquisition costs, of approximately $750,300,000. Statements regarding the future development or performance of the Development Communities are forward-looking statements. We cannot assure you that:

- we will complete the Development Communities;
- our budgeted costs or estimates of occupancy rates will be realized;
- our schedule of leasing start dates or construction completion dates will be achieved; or
- future developments will realize returns comparable to our past developments.

You should carefully review the discussion under "Risks of Development and Redevelopment" included elsewhere in this Item 2.

The following table presents a summary of the Development Communities. We hold a direct or indirect fee simple ownership interest in these communities except where noted.

<TABLE>
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	Number of apartment homes	Budgeted cost (1) ($ millions)	Construction start	Initial occupancy (2)	Estimated completion date	Estimated stabilization date (3)

-

<S>	<C>	<C>	<C>	<C>	<C>	<C>
1. Avalon at Edgewater Edgewater, NJ	408	$ 75.6	Q3 1999	Q2 2001	Q2 2002	Q4 2002
2. Avalon at Freehold Freehold, NJ	296	$ 33.1	Q2 2000	Q3 2001	Q1 2002	Q3 2002
3. Avalon on Stamford Harbor Stamford, CT	323	$ 60.7	Q3 2000	Q1 2002	Q4 2002	Q2 2003
4. Avalon Towers on the Peninsula Mountain View, CA	211	$ 65.9	Q3 2000	Q1 2002	Q2 2002	Q4 2002
5. Avalon at Cahill Park San Jose, CA	218	$ 50.5	Q4 2000	Q4 2001	Q3 2002	Q1 2003
6. Avalon Riverview Long Island City, NY	372	$ 102.5	Q4 2000	Q2 2002	Q4 2002	Q2 2003
7. Avalon at Mission Bay North San Francisco, CA	250	$ 79.5	Q1 2001	Q4 2002	Q1 2003	Q3 2003
8. Avalon Oaks West Wilmington, MA	120	$ 17.7	Q1 2001	Q4 2001	Q2 2002	Q4 2002
9. Avalon Ledges Weymouth, MA	304	$ 37.7	Q2 2001	Q2 2002	Q1 2003	Q3 2003
10. Avalon Orchards Marlborough, MA	156	$ 21.7	Q2 2001	Q1 2002	Q4 2002	Q2 2003
11. Avalon at Arlington Square II Arlington, VA	332	$ 43.9	Q3 2001	Q3 2002	Q1 2003	Q3 2003
12. Avalon at Flanders Hill Westborough, MA	280	$ 38.4	Q3 2001	Q3 2002	Q2 2003	Q4 2003
13. Avalon New Canaan (4) New Canaan, CT	104	$ 27.2	Q3 2001	Q3 2002	Q4 2002	Q2 2003
14. Avalon at Rock Spring (4) North Bethesda, MD	386	$ 45.9	Q4 2001	Q1 2003	Q3 2003	Q1 2004
15. Avalon at Gallery Place I (5) Washington, DC	203	$ 50.0	Q4 2001	Q3 2003	Q4 2003	Q2 2004
Total	3,963	$ 750.3				

</TABLE>

(1) Total budgeted cost includes all capitalized costs projected to be incurred to develop the respective Development Community, including land acquisition costs, construction costs, real estate taxes, capitalized interest and loan fees, permits, professional fees, allocated development overhead and other regulatory fees determined in accordance with generally accepted accounting principles.

(2) Future initial occupancy dates are estimates.

(3) Stabilized operations is defined as the first full quarter of 95% or greater occupancy after completion of construction.

(4) The land for this community is currently owned by a limited partnership in which we are a majority partner. It is currently anticipated that the land seller will retain a minority limited partner interest. The budgeted cost reflected above excludes construction and management fees due to AvalonBay.

(5) The total budgeted cost for this community excludes approximately $4 million of proceeds that the Company estimates it will receive upon a sale of transferable development rights associated with the development of the community. These rights do not become transferable until construction completion and there can be no assurance that the projected amount of proceeds will be achieved.

Redevelopment Communities

As of March 1, 2002, we had three communities under redevelopment. We expect the total budgeted cost to complete these Redevelopment Communities, including the cost of acquisition and redevelopment, to be approximately $290,800,000, of which approximately $64,100,000 is the additional capital invested or expected to be invested above the original purchase cost. Statements regarding the future redevelopment or performance of the Redevelopment Communities are forward-looking statements. We have found that the cost to redevelop an existing apartment community is more difficult to budget and estimate than the cost to develop a new community. Accordingly, we expect that actual costs may vary from our budget by a wider range than for a new development community. We cannot assure you that we will meet our schedules for reconstruction completion, or that we will meet our budgeted costs, either individually or in the aggregate. See the discussion under "Risks of Development and Redevelopment" indcluded elsewhere in this Item 2.

The following presents a summary of Redevelopment Communities:

<TABLE>
<CAPTION>

	Number of apartment homes	Budgeted Cost ($ millions) Acquisition cost	Budgeted Cost ($ millions) Total cost (1)	Reconstruction start	Reconstruction completion (2)	Estimated restabilized operations (3)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
1. Avalon at Media Center Burbank, CA	748	$ 55.3	$ 75.3	Q1 2000	Q1 2002	Q2 2002
2. Avalon at Prudential Center Boston, MA	781	$ 133.9	$ 154.5	Q4 2000	Q4 2002	Q2 2003
3. Avalon Terrace (4) Stamford, CT	367	$ 37.5	$ 61.0	Q4 2000	Q2 2002	Q4 2002
Total	1,896	$ 226.7	$ 290.8			

</TABLE>

(1) Total budgeted cost includes all capitalized costs projected to be incurred to redevelop the respective Redevelopment Community, including costs to acquire the community, reconstruction costs, real estate taxes, capitalized interest and loan fees, permits, professional fees, allocated redevelopment overhead and other regulatory fees determined in accordance with GAAP.

(2) Reconstruction completion dates are estimates.

(3) Restabilized operations is defined as the first full quarter of 95% or greater occupancy after completion of reconstruction.

(4) This community is being redeveloped in a joint venture structure with third party financing. Our portion of the equity contribution for this unconsolidated joint venture is projected to be $9.6 million.

Development Rights

As of March 1, 2002, we are considering the development of 30 new apartment communities on land that is either owned by us, under contract, subject to a leasehold interest, or for which we hold a purchase option. These Development Rights range from those beginning design and architectural planning to those that have completed site plans and drawings and can begin construction almost immediately. We estimate that the successful completion of all of these communities would ultimately add 8,918 upscale apartment homes to our portfolio. At December 31, 2001, the cumulative capitalized costs incurred in pursuit of the 30 Development Rights was approximately $29,800,000, net of land acquisition costs associated with nine of the Development Rights. Substantially all of these apartment homes will offer features like those offered by the communities we currently own.

We generally hold Development Rights through options to acquire land. The properties comprising the Development Rights are in different stages of the due diligence and regulatory approval process. The decisions as to which of the Development Rights to pursue, if any, or to continue to pursue once an investment in a Development Right is made, are business judgments that we make after we perform financial, demographic and other analyses. Finally, we currently intend to limit the percentage of debt used to finance new developments in order to maintain our general historical practice with respect to the proportion of debt in our capital structure. Therefore, other financing alternatives may be required to finance the development of those Development Rights scheduled to start construction after January 1, 2002. Although the development of any particular Development Right cannot be

assured, we believe that the Development Rights, in the aggregate, present attractive potential opportunities for future development and growth of our long-term stockholder value.

Statements regarding the future development of the Development Rights are forward-looking statements. We cannot assure you that:

- we will succeed in obtaining zoning and other necessary governmental approvals or the financing required to develop these communities, or that we will decide to develop any particular community; or

- if we undertake construction of any particular community, that we will complete construction at the total budgeted cost assumed in the financial projections below.

The following presents a summary of the 30 Development Rights we are currently pursuing:

	Location		Estimated number of homes	Estimated budgeted cost ($ millions)
1.	North Bethesda, MD	(1)	499	$85
2.	Newton, MA		294	58
3.	Lawrence, NJ		312	43
4.	Los Angeles, CA	(2)	309	59
5.	Darien, CT	(2)	189	39
6.	Danbury, CT	(2)	253	36
7.	Glen Cove, NY	(2)	256	71
8.	Coram, NY		450	65
9.	Orange, CT	(2)	168	21
10.	Bedford, MA		139	21
11.	North Potomac, MD		520	61
12.	New Rochelle, NY Phase II and III		588	144
13.	Washington, D.C.	(2)	144	30
14.	Hingham, MA		270	44
15.	Oakland, CA	(2)	180	40
16.	Seattle, WA	(2)	154	50
17.	Bellevue, WA		347	63
18.	Long Island City, NY Phase II and III		539	162
19.	Glendale, CA		223	49
20.	Cohasset, MA		240	38
21.	Kirkland, WA		215	50
22.	Milford, CT		284	35
23.	Greenburgh, NY Phase II and III		766	139
24.	Stratford, CT		146	18
25.	Andover, MA		136	21
26.	College Park, MD		320	44
27.	Wilton, CT		106	24
28.	San Francisco, CA		303	106
29.	Hopewell, NJ Phase I		280	40
30.	Hopewell, NJ Phase II		288	43
	Totals		8,918	$1,699

(1) This develoment right is owned by a DownREIT partnership. The partnership owns the land, but construction has not yet begun.

(2) Land is owned, but construction has not begun.

Risks of Development and Redevelopment

We intend to continue to pursue the development and redevelopment of apartment home communities. Our development and redevelopment activities may be exposed to the following:

- we may abandon opportunities we have already begun to explore based on further review of, or changes in, financial, demographic, environmental or other factors;

- we may encounter liquidity constraints, including the unavailability of financing on favorable terms for the development or redevelopment of a community;

- we may be unable to obtain, or we may experience delays in obtaining, all necessary zoning, land-use, building, occupancy, and other required governmental permits and authorizations;

- we may incur construction or reconstruction costs for a community that exceed our original estimates due to increased materials, labor or other expenses, which could make completion or redevelopment of the community uneconomical;

- occupancy rates and rents at a newly completed or redevelopment community may fluctuate depending on a number of factors, including market and general economic conditions, and may not be sufficient to make the community profitable; and

- we may be unable to complete construction and lease-up on schedule, resulting in increased debt service expense and construction costs.

The occurrence of any of the events described above could adversely affect our ability to achieve our projected yields on communities under development or redevelopment and could affect our payment of distributions to our stockholders.

Construction costs are projected by us based on market conditions prevailing in the community's market at the time our budgets are prepared and reflect changes to those market conditions that we anticipated at that time. Although we attempt to anticipate changes in market conditions, we cannot predict with certainty what those changes will be. Construction costs have been increasing and, for some of our Development Communities, the total construction costs have been or are expected to be higher than the original budget. Total budgeted cost includes all capitalized costs projected to be incurred to develop the respective Development or Redevelopment Community, including:

- land and/or property acquisition costs;

- construction or reconstruction costs;

- real estate taxes;

- capitalized interest;

- loan fees;

- permits;

- professional fees;

- allocated development or redevelopment overhead; and

- other regulatory fees determined in accordance with generally accepted accounting principles.

We believe that, in the aggregate, we will still achieve our targeted projected yield (i.e., return on invested capital) for those communities experiencing costs in excess of the original budget because of increases in prevailing market rents. Costs to redevelop communities that have been acquired have, in some cases, exceeded our original estimates and similar increases in costs may be experienced in the future. We cannot assure you that market rents in effect at the time new development communities or redeveloped communities complete lease-up will be sufficient to fully offset the effects of any increased construction or reconstruction costs.

Capitalized Interest

In accordance with generally accepted accounting principles, we capitalize interest expense during construction or reconstruction until a community or portion of a community obtains a certificate of occupancy. Thereafter, the interest allocated to that community or portion of a community is expensed. Capitalized interest during the years ended December 31, 2001 and 2000 totaled $27,635,000 and $18,328,000, respectively.

Acquisition Activities and Other Recent Developments

Acquisitions of Existing Communities. We have acquired three communities containing 995 apartment homes since January 1, 2001 for an acquisition price of approximately $129,300,000. Each of these communities was acquired pursuant to a forward purchase contract agreed to in 1997 with an unaffiliated party.

One DownREIT partnership was formed since January 1, 2001 in conjunction with the acquisition of land by that partnership.

Sales of Existing Communities. We seek to increase our geographical concentration in selected high barrier-to-entry markets where we believe we can:

- apply sufficient market and management presence to enhance revenue growth;

- reduce operating expenses; and

- leverage management talent.

To achieve this increased concentration, we sell assets that do not meet our long term investment criteria and redeploy the proceeds from those sales to develop and redevelop communities. Pending such redeployment, we will generally use the proceeds from the sale of these communities to reduce amounts outstanding under our variable rate unsecured credit facility. On occasion, we will set aside the proceeds from the sale of communities into a cash escrow account to facilitate a nontaxable like-kind exchange transaction. Accordingly, we sold seven communities, totaling 2,551 apartment homes, since January 1, 2001. Net proceeds from the sales of these assets totaled $230,400,000.

Land Acquisitions and Leases for New Developments. We carefully select land for development and follow established procedures that we believe minimize both the cost and the risks of development. During 2001, we acquired the following land parcels for future development:

<TABLE>
<CAPTION>

	Gross acres	Estimated number of apartment homes	Budgeted cost (1) ($ millions)	Date acquired	Construction start (2)	Construction completion (2)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
1. Grosvenor Village North Bethesda, MD	10.0	499	$85.0	December 2001	Q1 2002	Q2 2004
2. Avalon del Ray Los Angeles, CA	4.5	309	$59.0	January 2001	Q2 2002	Q1 2004
3. Avalon at Mountain Terrace Danbury, CT	36.0	253	$36.0	November 2001	Q3 2002	Q1 2004
4. Avalon Glen Cove Glen Cove, NY	3.5	256	$71.0	November 2001	Q2 2002	Q1 2004
5. Avalon Madison (3) Seattle, WA	0.7	154	$50.0	August 2001	n/a	n/a
6. Gallery Place II Washington, DC	0.3	144	$30.0	February 2001	Q4 2002	Q4 2004
Total	55	1,615	$331.0			

</TABLE>

(1) Total budgeted cost includes all capitalized costs projected to be incurred to develop the respective Development Community, including land acquisition costs, construction costs, real estate taxes, capitalized interest and loan fees, permits, professional fees allocated development overhead and other regulatory fees determined in accordance with generally accepted accounting principles.

(2) Future construction start and completion dates are estimates.

(3) In October 2001, the Company annnounced that it was deferring development of Avalon Madison until economic conditions improve.

Natural Disasters

Many of our West Coast communities are located in the general vicinity of active earthquake faults. A large concentration of AvalonBay communities lies near, and thus is susceptible to, the major fault lines in the San Francisco Bay Area, including the San Andreas fault and Hayward fault. We cannot assure you that an earthquake would not cause damage or losses greater than insured levels.

In November 2001, we renewed our earthquake insurance. For any single occurrence, and in the aggregate, we have in place with respect to communities located in California, $67,000,000 of coverage with a deductible per building equal to five percent of the value of that building. The five percent deductible is subject to a minimum of $100,000 per occurrence. Earthquake coverage outside of California, with the exception of Washington State, is subject to a $100,000,000 limit and a $100,000 deductible per location. In addition, up to an aggregate of $2,000,000, the next $400,000 of loss per occurrence will be treated as an additional deductible. Coverage in Washington State is subject to a $65,000,000 limit, with the same deductible. Our general liability and property insurance program provides coverage for public liability and fire damage. In the event an uninsured disaster or a loss in excess of insured limits were to occur, we could lose our capital invested in the affected community, as well as anticipated future revenue from that community. We would also continue to be obligated to repay any mortgage indebtedness or other obligations related to the community. Any such loss could materially and adversely affect our business and our financial condition and results of operations.

Americans with Disabilities Act

The apartment communities we own and any apartment communities that we acquire must comply with Title III of the Americans with Disabilities Act to the extent that such properties are "public accommodations" and/or "commercial facilities" as defined by the Americans with Disabilities Act. Compliance with the Americans with Disabilities Act requirements could require removal of structural barriers to handicapped access in certain public areas of our properties

where such removal is readily achievable. The Americans with Disabilities Act does not, however, consider residential properties, such as apartment communities, to be public accommodations or commercial facilities, except to the extent portions of such facilities, such as leasing offices, are open to the public. We believe our properties comply in all material respects with all present requirements under the Americans with Disabilities Act and applicable state laws. Noncompliance could result in imposition of fines or an award of damages to private litigants.

ITEM 3. LEGAL PROCEEDINGS

AvalonBay is from time to time subject to claims and administrative proceedings arising in the ordinary course of business. Some of these claims and proceedings are expected to be covered by liability insurance. The following matter, for which we believe we have meritorious defenses and are therefore vigorously defending against, is not covered by liability insurance. However, outstanding litigation matters, individually and in the aggregate, including the matter described below, are not expected to have a material adverse effect on our business or financial condition.

AvalonBay is currently involved in litigation with York Hunter Construction, Inc. and National Union Fire Insurance Company. The action arises from our October 1999 termination of York Hunter as construction manager under a contract relating to construction of the Avalon Willow community in Mamaroneck, New York, because of alleged failures and deficiencies by York Hunter and its subcontractors in performing under the contract. York Hunter initiated the litigation in October 1999 by filing a complaint against us and other defendants claiming more than $15,000,000 in damages. We have filed counterclaims against York Hunter seeking more than $9,000,000 in compensatory damages, including lost rental income and costs to complete the community. We have also filed a claim against National Union Fire Insurance, which furnished construction and performance bonds to us on behalf of York Hunter. We believe that we have meritorious defenses against all of York Hunter's claims and are vigorously contesting those claims. We also intend to pursue our counterclaims against York Hunter and National Union Fire Insurance aggressively. The litigation is pending in the Supreme Court of the State of New York, County of Westchester. A trial date has not been set.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF STOCKHOLDERS

No matter was submitted to a vote of our security holders during the fourth quarter of 2001.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our common stock is traded on the New York Stock Exchange (NYSE) and the Pacific Exchange (PCX) under the ticker symbol AVB. The following table sets forth the quarterly high and low sales prices per share of our common stock on the NYSE for the years 2001 and 2000, as reported by the NYSE. On March 1, 2002 there were 617 holders of record of an aggregate of 68,780,976 shares of our outstanding common stock. The number of holders does not include individuals or entities who beneficially own shares but whose shares are held of record by a broker or clearing agency, but does include each such broker or clearing agency as one recordholder.

<TABLE>
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	2001	2000

	Sales Price High	Sales Price Low	Dividends declared	Sales Price High	Sales Price Low	Dividends declared
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Quarter ended March 31	$ 50.000	$45.200	$ 0.64	$36.688	$ 32.625	$ 0.56
Quarter ended June 30	$ 47.450	$42.450	$ 0.64	$43.125	$ 36.125	$ 0.56
Quarter ended September 30	$ 51.900	$43.800	$ 0.64	$48.250	$ 42.000	$ 0.56
Quarter ended December 31	$ 49.700	$44.010	$ 0.64	$50.625	$ 44.000	$ 0.56

</TABLE>

We expect to continue our policy of paying regular quarterly cash dividends. However, dividend distributions will be declared at the discretion of the Board of Directors and will depend on actual cash from operations, our financial condition, capital requirements, the annual distribution requirements under the REIT provisions of the Internal Revenue Code and other factors as the Board of Directors may consider relevant. The Board of Directors may modify our dividend policy from time to time.

ITEM 6. SELECTED FINANCIAL DATA

The following table provides historical consolidated financial, operating and other data for AvalonBay Communities, Inc. You should read the table with our Consolidated Financial Statements and the Notes included in this report. Dollars in thousands, except per share information.

<TABLE>
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	Years ended 12-31-01	12-31-00	12-31-99	12-31-98	12-31-97
<S>	<C>	<C>	<C>	<C>	<C>
Revenue:					
Rental income	$ 637,379	$ 571,943	$ 504,567	$ 369,945	$ 169,442
Management fees	1,325	1,051	1,176	1,377	1,029
Other income	2,953	401	236	81	633
Total revenue	641,657	573,395	505,979	371,403	171,104
Expenses:					
Operating expenses, excluding property taxes	161,887	142,664	135,517	104,346	47,279
Property taxes	52,201	46,958	42,701	31,775	14,429
Interest expense	103,203	83,609	74,699	54,650	16,977
Depreciation	130,079	122,610	109,759	77,374	29,113
General and administrative	15,224	13,013	9,592	9,124	5,093
Non-recurring items	--	--	16,782	--	--
Total expenses	462,594	408,854	389,050	277,269	112,891
Equity in income of unconsolidated entities	856	2,428	2,867	2,638	5,689
Interest income	6,823	4,764	7,362	3,508	1,346
Minority interest in consolidated partnerships	(597)	(1,908)	(1,975)	(1,770)	174
Income before gain on sale of communities and extraordinary item	186,145	169,825	125,183	98,510	65,422
Gain on sale of communities	62,852	40,779	47,093	25,270	677
Income before extraordinary item	248,997	210,604	172,276	123,780	66,099
Extraordinary item	--	--	--	(245)	(1,183)
Net income	248,997	210,604	172,276	123,535	64,916
Dividends attributable to preferred stock	(32,497)	(39,779)	(39,779)	(28,132)	(19,656)
Net income available to common stockholders	$ 216,500	$ 170,825	$ 132,497	$ 95,403	$ 45,260

PER COMMON SHARE AND SHARE INFORMATION:					
Per common share - basic					
Income before extraordinary item (net of preferred dividends)	$ 3.19	$ 2.58	$ 2.05	$ 1.89	$ 1.64
Extraordinary item	$ --	$ --	$ --	$ --	$ (0.04)
Net income available to common stockholders	$ 3.19	$ 2.58	$ 2.05	$ 1.89	$ 1.60
Weighted average common shares outstanding	67,842,752	66,309,707	64,724,799	50,387,258	28,244,845
Per common share - diluted					
Income before extraordinary item (net of preferred dividends)	$ 3.12	$ 2.53	$ 2.03	$ 1.88	$ 1.63
Extraordinary item	$ --	$ --	$ --	$ --	$ (0.04)
Net income available to common stockholders	$ 3.12	$ 2.53	$ 2.03	$ 1.88	$ 1.59
Weighted average common shares and units outstanding	69,781,719	68,140,998	66,110,664	51,771,247	28,431,823
Cash dividends declared	$ 2.56	$ 2.24	$ 2.06	$ 2.04	$ 2.00

</TABLE>

<TABLE>
<CAPTION>

	Years ended				
	12-31-01	12-31-00	12-31-99	12-31-98	12-31-97
<S>	<C>	<C>	<C>	<C>	<C>
OTHER INFORMATION:					
Net income	$ 248,997	$ 210,604	$ 172,276	$ 123,535	$ 64,916
Depreciation	130,079	122,610	109,759	77,374	29,113
Interest expense	103,203	83,609	74,699	54,650	16,977
Interest income	(6,823)	(4,764)	(7,362)	(3,508)	(1,346)
Non-recurring items	--	--	16,782	--	--
Gain on sale of communities	(62,852)	(40,779)	(47,093)	(25,270)	(677)
Extraordinary item	--	--	--	245	1,183
Gross EBITDA (1)	$ 412,604	$ 371,280	$ 319,061	$ 227,026	$ 110,166
Funds from Operations (2)	$ 283,293	$ 252,013	$ 196,058	$ 148,487	$ 73,525
Number of current communities (3)	126	126	122	127	64
Number of apartment homes	37,228	37,147	36,008	37,911	19,318
BALANCE SHEET INFORMATION:					
Real estate, before accumulated depreciation	$ 4,837,869	$ 4,535,969	$ 4,266,426	$ 4,006,456	$ 1,534,986
Total assets	$ 4,664,289	$ 4,397,255	$ 4,154,662	$ 4,005,013	$ 1,529,703
Notes payable and unsecured credit facilities	$ 2,082,769	$ 1,729,924	$ 1,593,647	$ 1,484,371	$ 506,129
CASH FLOW INFORMATION:					
Net cash flows provided by operating activities	$ 308,723	$ 296,462	$ 251,779	$ 192,339	$ 93,584
Net cash flows used in investing activities	$ (259,391)	$ (252,534)	$ (236,687)	$ (566,516)	$ (421,355)
Net cash flows provided by (used in) financing activities	$ (33,580)	$ 5,685	$ (16,361)	$ 376,345	$ 320,252

</TABLE>

Notes to Selected Financial Data

(1) Gross EBITDA represents earnings before interest, income taxes, depreciation and amortization, non-recurring items, gain on sale of communities and extraordinary items. Gross EBITDA is relevant to an understanding of the economics of AvalonBay because it is one indication of cash flow available from continuing operations to service fixed obligations. Gross EBITDA should not be considered as an alternative to operating income (as determined in accordance with generally accepted accounting principles, or "GAAP"), as an indicator of our operating performance, or to cash flows from operating activities (as determined in accordance with GAAP) as a measure of liquidity. Our calculation of gross EBITDA may not be comparable to gross EBITDA as calculated by other companies.

(2) We generally consider Funds from Operations, or FFO, to be an appropriate measure of our operating performance because it helps investors understand our ability to incur and service debt and to make capital expenditures. We believe that to gain a clear understanding of our operating results, FFO should be examined with net income as presented in the Consolidated Statements of Operations included elsewhere in this report. FFO is determined based on a definition adopted by the Board of Governors of the National Association of Real Estate Investment Trusts(R) and is defined as:

- net income or loss computed in accordance with GAAP, except that excluded from net income or loss are gains or losses on sales of property and extraordinary (as defined by GAAP) gains and losses on debt restructuring;

- plus depreciation of real estate assets; and

- after adjustments for unconsolidated partnerships and joint ventures.

FFO does not represent cash generated from operating activities in accordance with GAAP. Therefore it should not be considered as an alternative to net income as an indication of performance. FFO should also not be considered an alternative to net cash flows from operating activities, as determined by GAAP, or as a measure of liquidity. Additionally, it is not necessarily indicative of cash available to fund cash needs. Further, FFO as calculated by other REITs may not be comparable to our calculation of FFO. Calculations for FFO are presented below:

<TABLE>
<CAPTION>

	Years ended				
	12-31-01	12-31-00	12-31-99	12-31-98	12-31-97
<S>	<C>	<C>	<C>	<C>	<C>
Net income available to common stockholders	$ 216,500	$ 170,825	$ 132,497	$ 95,403	$ 45,260
Depreciation (real estate related)	126,984	119,416	107,928	75,614	27,360
Joint venture adjustments	1,102	792	751	725	399
Minority interest	1,559	1,759	1,975	1,770	--
Gain on sale of communities	(62,852)	(40,779)	(47,093)	(25,270)	(677)
Extraordinary items	--	--	--	245	1,183
Funds from Operations	$ 283,293	$ 252,013	$ 196,058	$ 148,487	$ 73,525
Net cash provided by operating activities	$ 308,723	$ 296,462	$ 251,779	$ 192,339	$ 93,584
Net cash used in investing activities	$(259,391)	$(252,534)	$ (236,687)	$(566,516)	$(421,355)
Net cash provided by (used in) financing activities	$ (33,580)	$ 5,685	$ (16,361)	$ 376,345	$ 320,252

</TABLE>

(3) Current Communities consist of all communities other than those which are still under construction and have not received a final certificate of occupancy.

ITEM 7. MANAGMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

This Form 10-K, including the footnotes to our Consolidated Financial Statements which immediately follows, contains "forward-looking statements" as that term is defined under the Private Securities Litigation Reform Act of 1995. You can identify forward-looking statements by our use of the words "believe," "expect," "anticipate," "intend," "estimate," "assume," "project," and other similar expressions in this Form 10-K, that predict or indicate future events and trends or that do not report historical matters. In addition, information concerning the following are forward-looking statements:

- the timing and cost of completion of apartment communities under construction, reconstruction, development or redevelopment;

- the timing of lease-up and occupancy of apartment communities;

- the pursuit of land on which we are considering future development;

- cost, yield and earnings estimates; and

- the development of management information systems by companies in which we have an investment and our implementation and use of those systems.

We cannot assure the future results or outcome of the matters described in these statements; rather, these statements merely reflect our current expectations of the approximate outcomes of the matters discussed. You should not rely on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, some of which are beyond our control. These risks, uncertainties and other factors may cause our actual results, performance or achievements to differ materially from the anticipated future results, performance or achievements expressed or implied by these forward-looking statements. Some of the factors that could cause our actual results, performance or achievements to differ materially from those expressed or implied by these forward-looking statements include, but are not limited to, the following:

- we may fail to secure development opportunities due to an inability to reach agreements with third parties or to obtain desired zoning and other local approvals;

- we may abandon or defer development opportunities for a number of reasons, including changes in local market conditions which make development less desirable, increases in costs of development and increases in the cost of capital;

- construction costs of a community may exceed our original estimates;

- we may not complete construction and lease-up of communities under development or redevelopment on schedule, resulting in increased interest expense and construction costs and reduced rental revenues;

- occupancy rates and market rents may be adversely affected by local economic and market conditions which are beyond our control;

- financing may not be available on favorable terms or at all, and our cash flow from operations and access to cost effective capital may be insufficient for the development of our pipeline and could limit our pursuit of opportunities;

- our cash flow may be insufficient to meet required payments of principal and interest, and we may be unable to refinance existing indebtedness or the terms of such refinancing may not be as favorable as the terms of existing indebtedness;

- we may be unsuccessful in managing our current growth in the number of apartment communities; and

- software applications and ancillary services being developed by companies in which we have invested may be unsuccessful in achieving their business plans or unsuccessful in obtaining additional funding, which could lead to a partial or complete loss of our investment in these companies.

You should read our Consolidated Financial Statements and notes included in this report in conjunction with the following discussion. These forward-looking statements represent our estimates and assumptions only as of the date of this report. We do not undertake to update these forward-looking statements, and you should not rely upon them after the date of this report.

Business Description and Community Information

AvalonBay is a Maryland corporation that has elected to be treated as a real estate investment trust, or REIT, for federal income tax purposes. We focus on the ownership and operation of upscale apartment communities (which generally command among the highest rents in their submarkets) in high barrier-to-entry markets of the United States. This is because we believe that, long term, the limited new supply of upscale apartment homes in these markets will result in larger increases in cash flows relative to other markets. These barriers-to-entry generally include a difficult and lengthy entitlement process with local jurisdictions and dense in-fill locations where zoned and entitled land is in limited supply. These markets are located in the Northeast, Mid-Atlantic, Midwest, Pacific Northwest, and Northern and Southern California regions of the United States.

We are a fully-integrated real estate organization with in-house expertise in the following areas:

- development and redevelopment;
- construction and reconstruction;
- leasing and management;
- acquisition and disposition;
- financing;
- marketing; and
- information technologies.

We believe apartment communities present an attractive investment opportunity compared to other real estate investments because a broad potential resident base results in relatively stable demand during all phases of a real estate cycle. With our expertise and in-house capabilities, we believe we are well-positioned to continue to pursue opportunities to develop and acquire upscale apartment homes in our target markets. Our ability to identify or pursue attractive opportunities, however, is affected by capital market conditions, including prevailing interest rates, and by the availability of attractively priced opportunities. Given current capital market and real estate market conditions, we are carefully considering the appropriate allocation of capital investment among development and redevelopment communities as well as the acquisition of established communities. We intend to pursue these investments in markets where constraints to new supply exist and where new household formations have out-paced multifamily permit activity in recent years.

Our real estate investments consist primarily of current operating apartment communities, communities in various stages of development, and development rights (i.e., land or land options held for development). Our current operating communities are further distinguished as Established, Other Stabilized, and Redevelopment. A description of these categories and operating performance information can be found in Note 9, "Segment Reporting," in our Consolidated Financial Statements included in this report.

On December 31, 2001, we owned or had an ownership interest in these categories as follows:

<TABLE>
<CAPTION>

<S>	Number of communities <C>	Number of apartment homes <C>
Current Communities		
Established Communities:		
Northeast	20	5,416
Mid-Atlantic	18	5,297

Midwest	6	1,591
Pacific Northwest	2	486
Northern California	27	7,851
Southern California	11	3,112
Total Established	84	23,753
Other Stabilized Communities:		
Northeast	16	4,313
Mid-Atlantic	3	1,125
Midwest	3	1,033
Pacific Northwest	10	2,673
Northern California	3	1,038
Southern California	4	1,397
Total Other Stabilized	39	11,579
Redevelopment Communities	3	1,896
Total Current Communities	126	37,228
Development Communities	15	3,963
Development Rights	30	8,918

</TABLE>

Results of Operations and Funds From Operations

A comparison of our operating results for the years 2001, 2000, and 1999 follows (dollars in thousands):

<TABLE>
<CAPTION>

			Change		
	2001	2000	$	%	2000
<S>	<C>	<C>	<C>	<C>	<C>
Revenue:					
Rental income	$ 637,379	$571,943	$ 65,436	11.4%	$571,943
Management fees	1,325	1,051	274	26.1%	1,051
Other income	2,953	401	2,552	636.4%	401
Total revenue	641,657	573,395	68,262	11.9%	573,395
Expenses:					
Operating, excluding property taxes	161,887	142,664	19,223	13.5%	142,664
Property taxes	52,201	46,958	5,243	11.2%	46,958
Total operating expenses	214,088	189,622	24,466	12.9%	189,622
Net operating income	427,569	383,773	43,796	11.4%	383,773
Interest expense	103,203	83,609	19,594	23.4%	83,609
Depreciation expense	130,079	122,610	7,469	6.1%	122,610

General and administrative	15,224	13,013	2,211	17.0%	13,013
Non-recurring charges	--	--	--	--	--
Total other expenses	248,506	219,232	29,274	13.4%	219,232
Equity in income of unconsolidated entities	856	2,428	(1,572)	(64.7%)	2,428
Interest income	6,823	4,764	2,059	43.2%	4,764
Minority interest of unitholders in consolidated partnerships	(597)	(1,908)	1,311	(68.7%)	(1,908)
Income before gain on sale of communities	186,145	169,825	16,320	9.6%	169,825
Gain on sale of communities	62,852	40,779	22,073	54.1%	40,779
Net income	248,997	210,604	38,393	18.2%	210,604
Preferred dividends	(32,497)	(39,779)	7,282	(18.3%)	(39,779)
Net income available to common stockholders	$216,500	$170,825	$ 45,675	26.7%	$170,825

</TABLE>

<TABLE>
<CAPTION>

<S>	1999 <C>	Change $ <C>	Change % <C>
Revenue:			
Rental income	$ 504,567	$ 67,376	13.4%
Management fees	1,176	(125)	(10.6%)
Other income	236	165	69.9%
Total revenue	505,979	67,416	13.3%
Expenses:			
Operating, excluding property taxes	135,517	7,147	5.3%
Property taxes	42,701	4,257	10.0%
Total operating expenses	178,218	11,404	6.4%
Net operating income	327,761	56,012	17.1%
Interest expense	74,699	8,910	11.9%
Depreciation expense	109,759	12,851	11.7%
General and administrative	9,592	3,421	35.7%
Non-recurring charges	16,782	(16,782)	(100.0%)
Total other expenses	210,832	8,400	4.0%
Equity in income of unconsolidated entities	2,867	(439)	(15.3%)
Interest income	7,362	(2,598)	(35.3%)
Minority interest of unitholders in consolidated partnerships	(1,975)	67	(3.4%)
Income before gain on sale of communities	125,183	44,642	35.7%
Gain on sale of communities	47,093	(6,314)	(13.4%)

Net income	172,276	38,328	22.2%
Preferred dividends	(39,779)	--	0.0%
Net income available to common stockholders	$132,497	$ 38,328	28.9%

</TABLE>

Net income available to common stockholders increases in 2001 and 2000 over the prior years are primarily attributable to gain on sale of communities, additional net operating income from newly developed and redeveloped communities as well as growth in operating income from Established Communities. Net operating income from newly developed and redeveloped communities exceeded the corresponding cost of capital (primarily debt) used to develop or redevelop these communities.

During each of the last three years, we have funded a portion of our development and redevelopment activities through the sale of assets that did not meet our long-term investment criteria. The short-term effect of a sale of a community is that net operating income will be negatively impacted because that community's contribution to net operating income has been eliminated and the development or redevelopment community in which the proceeds from the sale are being invested is not yet complete. There will also be less interest expense than would otherwise be incurred as the proceeds from the sale of communities are initially used to repay amounts outstanding on our unsecured credit facility. We believe that, once stabilized, the net operating income generated by the newly developed and redeveloped communities will be higher than the net operating income from the assets sold.

Net operating income increases generated in 2001 and 2000 over the prior years resulted from changes in the following categories:

<TABLE>
<CAPTION>

<S>	2001 Increase <C>	2000 Increase <C>
Established Communities	$ 21,783,000	$ 22,162,000
Other Stabilized Communities	27,922,000	39,575,000
Communities sold	(14,649,000)	(19,629,000)
Development and Redevelopment Communities	13,596,000	19,228,000
Central operating overhead	(4,856,000)	(5,324,000)
Total net operating income increase	$ 43,796,000	$ 56,012,000

</TABLE>

These net operating income increases were largely due to the relatively high occupancy and market rents experienced in 2000, which were carried into 2001. As we begin to experience the full effects of the recession, we expect net operating income from Established Communities to decline during the first half of 2002, while total net operating income will increase modestly. If the economy recovers as anticipated in the second half of 2002, we expect to experience modest net operating income growth from Established Communities during that period.

Rental income increases in 2001 and 2000 over the prior year are primarily due to an increase in the weighted average monthly rental income per occupied apartment home and an increase in the weighted average number of occupied apartment homes.

Overall Portfolio - The weighted average number of occupied apartment homes increased to 34,417 apartment homes for 2001 compared to 33,976 apartment homes for 2000 and 33,726 in 1999. These changes are primarily the result of development, redevelopment and acquisition of new communities partially offset by (i) the sale of communities and (ii) for 2001, occupancy declines related to the national recession and softening conditions in certain of our markets. The weighted average monthly revenue per occupied apartment home increased to $1,543 in 2001 compared to $1,402 in 2000 and $1,242 in 1999. Monthly revenue per occupied apartment home and occupancy levels may decline in 2002 as our portfolio is affected by the national recession.

Established Communities - Rental revenue increased $26,268,000 (6.6%) in 2001 and $25,911,000 (8.9%) in 2000. The increase in 2001 is due to market conditions during the past year that allowed for higher average rents partially offset by lower economic occupancy levels. Economic occupancy takes into account the fact that apartment homes of different sizes and locations have different economic impacts on a community's gross revenue and measures the percentage impact on gross revenue that the vacant apartments would have if the community were otherwise fully leased at current market rents. For 2001, the weighted average monthly revenue per occupied apartment home increased $130 (9.1%) to $1,558 compared to $1,432 for 2000. The average economic occupancy decreased from 97.6% in 2000 to 95.4% for 2001.

Although most of our markets have been affected by the current recession, we have observed the most volatility in market rents and occupancy in certain Northern California sub-markets over the past two years, which accounts for approximately 37.2% of current Established Community rental revenue. This volatility in rents and occupancy was partially related to volatility in the technology sector that comprises a significant portion of the Northern California economy. While market rental rates increased substantially in 2000, we have experienced a 22.0% decline in market rental rates for that region during 2001. Economic occupancy decreased in the Northern California region, from 97.8% for 2000 to 93.9% for 2001. We could see further declines in occupancy and market rents as this market resets to more sustainable levels. Also in 2001, we experienced greater volatility in occupancy related to our corporate and furnished

apartment homes throughout our portfolio, partially due to reduced business travel. Our exposure to these homes fell from a peak of approximately 7.0% to approximately 4.5% of our current portfolio at year end.

Operating expenses, excluding property taxes increased primarily due to the addition of newly developed, redeveloped and acquired apartment homes. In 2001, separation costs of $2,493,000 due to the departure of a senior executive during the first quarter contributed to the increase for that year. Maintenance, insurance and other costs associated with Development and Redevelopment Communities go from being capitalized when the community is under construction to expensed when and as homes within the community receive a certificate of occupancy. Insurance expense has increased over the past two years, particularly during 2001 as the insurance and reinsurance markets deteriorated, resulting in higher insurance costs for the entire real estate sector. We renewed our general liability policy on August 1, 2001 and our property coverage on November 1, 2001. While the terms of our insurance coverage has not materially changed, the level of our deductible and premium costs increased significantly. We expect that our insurance costs will increase in 2002 by approximately $9.2 million (of which $4 million is for the primary layer of property coverage) including the cost of deductible allocations, which now represents uninsured losses that previously would have been covered by insurance. The remaining $5.2 million increase is for the upper layers of property coverage and casualty coverage.

For Established Communities, 2001 operating expenses, excluding property taxes and unallocated overhead expenses, increased $3,559,000 (4.8%) to $76,995,000 due to increases in insurance, utilities, marketing and office and administration expenses. During 2000, operating expenses increased $2,754,000 (4.7%) due to higher payroll, insurance, decorating and maintenance costs which were partially offset by lower utility and marketing costs.

Property taxes increased due to higher assessments and the addition of newly developed, redeveloped or acquired apartment homes, partially offset by the sale of communities. Property taxes on Development and Redevelopment Communities are capitalized while the community is under construction. We begin to expense these costs as homes within the community receive a certificate of occupancy.

For Established Communities, the increase in property taxes in 2001 of $969,000 was primarily due to higher assessments throughout all regions. The increase in 2000 was primarily due to an adjustment made in 1999 to eliminate accrued but unassessed taxes and payments made in 2000 to settle prior year assessments.

Interest expense increased in 2001 primarily due to the issuance of

$350,000,000 of unsecured notes during the second half of 2000 and the issuance of $300,000,000 of unsecured notes in September 2001. The increase in interest expense in 2000 compared to 1999 was due to the issuance of unsecured notes, an increase in short term interest rates and a decrease in capitalized interest. We expect to issue $200,000,000 or more of unsecured debt in 2002, of which $100,000,000 will be used to refinance maturing unsecured debt.

Depreciation expense changes are primarily related to the timing of asset sales, acquisitions and completion of development or redevelopment activities. Depreciation expense increased $7,469,000 and $12,851,000 in 2001 and 2000, respectively. We expect that depreciation expense will continue to increase during 2002 as we anticipate a reduction in asset sales compared to prior years.

General and administrative expense increased in 2001 primarily due to an increase in office personnel and related payroll costs and compensation expense of $784,000 related to the retirement of a senior executive. Contributing to the increase in 2000, there was an increase in compensation expense for a senior officer, whose salary was expensed in 2000 but capitalized in 1999 while he served the company in a different capacity and consulting costs related to services provided by a former senior officer.

Equity in income of unconsolidated joint ventures represents our share of net income or loss from joint ventures. The decrease in 2001 related primarily to our pro rata share of net losses from a technology investment accounted for under the equity method as well as a valuation allowance of $934,000 for an investment in a technology company accounted for under the cost method.

Interest income during 2001 increased due to higher average cash balances invested. The decrease in interest income during 2000 related primarily to the sale of the Fairlane Woods participating mortgage note in the fourth quarter of 1999.

Gain on sale of communities of $62,852,000, $40,779,000, and $47,093,000 were realized in 2001, 2000, and 1999, respectively. These gains are the result of our strategy to sell communities that do not meet our long-term strategic objectives and redeploy the proceeds to current Development and Redevelopment Communities. The amount of gains realized depend on many factors, including the number of communities sold, the size and carrying value of those communities, and the market conditions in the local area. In 2002, we expect to decrease our disposition activity compared to recent years.

Funds from Operations

We consider Funds from Operations ("FFO") to be an appropriate measure of our operating performance because it helps investors understand our ability to incur and service debt and to make capital expenditures. We believe that to understand our operating results, FFO should be examined with net income as presented in the Consolidated Statements of Operations and Comprehensive Income included elsewhere in this report. FFO is determined in accordance with a definition adopted by the Board of Governors of the National Association of Real Estate Investment Trusts(R), and is defined as:

- net income or loss computed in accordance with generally accepted accounting principles ("GAAP"), except that excluded from net income or loss are gains or losses on sales of property and extraordinary (as defined by GAAP) gains or losses on debt restructuring;
- plus depreciation of real estate assets; and
- after adjustments for unconsolidated partnerships and joint ventures.

FFO does not represent cash generated from operating activities in accordance with GAAP. Therefore it should not be considered an alternative to net income as an indication of our performance. FFO should also not be considered an alternative to net cash flows from operating activities, as determined by GAAP, or as a measure of liquidity. Additionally, it is not necessarily indicative of cash available to fund cash needs. Further, FFO as calculated by other REITs may not be comparable to our calculation of FFO. The following is a reconciliation of net income to FFO and a presentation of GAAP based cash flow metrics (dollars in thousands):

<TABLE>
<CAPTION>

	Years ended		
	2001	2000	1999
<S>	<C>	<C>	<C>

Funds from Operations			
Net income	$ 248,997	$ 210,604	$ 172,276
Preferred dividends	(32,497)	(39,779)	(39,779)
Depreciation - real estate assets	126,984	119,416	107,928
Joint venture adjustments	1,102	792	751
Minority interest expense	1,559	1,759	1,975
Gain on sale of communities	(62,852)	(40,779)	(47,093)
Funds from Operations	$ 283,293	$ 252,013	$ 196,058
GAAP based Cash Flow Metrics			
Net cash provided by operating activities	$ 308,723	$ 296,462	$ 251,779
Net cash used in investing activities	$(259,391)	$(252,534)	$(236,687)
Net cash provided by (used in) financing activities	$ (33,580)	$5,685	$ (16,361)

</TABLE>

Capitalization of Fixed Assets and Community Improvements

Our policy with respect to capital expenditures is generally to capitalize only non-recurring expenditures. We capitalize improvements and upgrades only if the item:

- exceeds $15,000;
- extends the useful life of the asset; and
- is not related to making an apartment home ready for the next resident.

Under this policy, virtually all capitalized costs are non-recurring, as recurring make-ready costs are expensed as incurred. Recurring make-ready costs include the following:

- carpet and appliance replacements;
- floor coverings;
- interior painting; and
- other redecorating costs.

We capitalize purchases of personal property, such as computers and furniture, only if the item is a new addition and the item exceeds $2,500. We generally expense purchases of personal property made for replacement purposes. For Established and Other Stabilized Communities, we recorded non-revenue generating capitalized expenditures of approximately $251 per apartment home in 2001 and $225 per apartment home in 2000. The average maintenance expense, including carpet and appliance replacements, related to these communities was $1,196 per apartment home in 2001 and $1,145 in 2000. We anticipate that capitalized costs per apartment home will gradually increase as the average age of our communities increases.

Liquidity and Capital Resources

Liquidity. The primary source of liquidity is our cash flows from operations. Operating cash flows have historically been determined by:

- the number of apartment homes;
- rental rates;
- occupancy levels; and
- our expenses with respect to these apartment homes.

The timing, source and amount of cash flows provided by financing activities and used in investing activities are sensitive to the capital markets environment, particularly to changes in interest rates. Changes in the capital markets environment affect our plans for undertaking construction and development as well as acquisition activity.

Cash and cash equivalents totaled $72,986,000 on December 31, 2001, an increase of $15,752,000 for the year. The following discussion relates to changes in cash due to operating, investing and financing activities, which are presented in our Consolidated Statements of Cash Flows included in this report.

Operating Activities - Net cash provided by operating activities increased to $308,723,000 in 2001 from $296,462,000 in 2000 primarily due to additional operating income from newly developed and redeveloped communities as well as growth in operating income from Established Communities, partially offset by the loss of operating income from communities sold.

Investing Activities - Net cash used in investing activities of $259,391,000 in 2001 related to investments in assets through development and redevelopment of apartment communities partially offset by proceeds from the sales of apartment communities.

During 2001, we invested $484,604,000 in the purchase and development of real estate.

- We began the development of nine new communities. These communities are expected to contain a total of 2,135 apartment homes upon completion, and the total investment, including land acquisition costs, is projected to be approximately $362,000,000. Also, we completed the development of six new communities containing a total of 1,656 apartment homes for a total investment of $274,000,000.

- We acquired six land parcels during 2001 on which construction has not yet commenced. If developed in the manner expected, we expect that the six new communities developed on these parcels would contain a total of 1,615 apartment homes at an investment, including land acquisition costs of $52,110,000, of approximately $331,000,000. In addition, we continue to hold three parcels of land purchased prior to January 2001 that if developed in the manner expected would contain three new communities with a total of 537 apartment homes. Total land held for future development, including carrying cost, totals $66,608,000.

- We completed the redevelopment of one community containing 294 apartment homes during 2001 for a total investment in redevelopment (i.e. excluding acquisition costs) of $24,400,000.

- We acquired three communities, containing 995 apartment homes, for approximately $129,300,000. We acquired these communities in connection with a fixed price forward purchase agreement signed in 1997 with an unaffiliated party.

The development and redevelopment of communities involves risks that the investment will fail to perform in accordance with expectations. See "Risks of Development and Redevelopment" in Item 2 of this report for our discussion of these and other risks inherent in developing or redeveloping communities.

We sold seven apartment communities during 2001 as we seek to optimize the level of our geographical concentration in selected high barrier-to-entry markets when market conditions are favorable. The net proceeds of $238,545,000 generated by these sales are being used to develop and redevelop communities currently under construction or reconstruction. We deposited the proceeds from two of these sales into a cash escrow account to facilitate a like-kind exchange transaction. The remaining proceeds were invested or used to reduce amounts outstanding under our variable rate unsecured credit facility until needed to fund development or redevelopment activities.

Financing Activities - Net cash used in financing activities totaled $33,580,000 for the year ended December 31, 2001, primarily due to dividends paid and the redemption of our Series F and Series G Preferred Stock, partially offset by the proceeds from the issuance of $300,000,000 of unsecured notes in September 2001. See Note 3 "Notes Payable, Unsecured Notes and Credit Facility" and Note 4 "Stockholders Equity" in our Consolidated Financial Statements, for additional information.

We regularly review our short and long-term liquidity needs, the adequacy of Funds from Operations, as defined above, and other expected liquidity sources to meet these needs. We believe our principal short-term liquidity needs are to fund:

- normal recurring operating expenses;

- debt service payments;

- the distributions required with respect to preferred stock;

- the minimum dividend payments required to maintain our REIT qualification under the Internal Revenue Code of 1986;

- opportunities for the acquisition of improved property; and

- development and redevelopment activity in which we are currently engaged.

We anticipate that we can fully satisfy these needs from a combination of cash flows provided by operating activities and capacity under the unsecured credit facility.

One of our principal long-term liquidity needs is the repayment of medium and long-term debt at the time at which such debt matures. For unsecured senior notes, we anticipate that no significant portion of the principal of these notes will be repaid prior to maturity. If we do not have funds on hand sufficient to repay our indebtedness, it will be necessary for us to refinance this debt. This refinancing may be accomplished by additional debt financing that is collateralized by mortgages on individual communities or groups of communities, by uncollateralized private or public debt offerings or by additional equity offerings. We also anticipate having significant retained cash flow in each year so that when a debt obligation matures, some or all of each maturity can be satisfied from this retained cash. Although we believe we will have the capacity to meet our long-term liquidity needs, we cannot assure you that additional debt financing or debt or equity offerings will be available or, if available, that they will be on terms we consider satisfactory.

Capital Resources. We intend to match the long-term nature of our real estate assets with long-term cost effective capital to the extent permitted by prevailing market conditions. Since January 1, 2000, external sources of debt capital used to fund investment activities totaled $650,000,000, representing issuances of ten year unsecured debt. During this same two year period, cash flow from operating activities exceeded dividends paid by $216,000,000. We expect both sources of capital to remain available to meet our capital needs for the foreseeable future.

Variable Rate Unsecured Credit Facility

Our unsecured revolving credit facility is furnished by a consortium of banks and provides $500,000,000 in short-term credit. Under the terms of the credit facility, if the Company elects to increase the facility up to $650,000,000, the consortium of banks cannot prohibit such an increase of the facility and the increased lending commitment could be provided by one or more banks (from the consortium or otherwise) to the extent they choose to commit to lend additional funds. We pay participating banks an annual facility fee of $750,000 in equal quarterly installments. The unsecured credit facility bears interest at varying levels tied to the London Interbank Offered Rate (LIBOR) based on ratings levels achieved on our unsecured notes and on a maturity schedule selected by us. The current stated pricing is LIBOR plus 0.60% per annum (2.5% on March 1, 2002). A competitive bid option is available for borrowings of up to $400,000,000. This option allows banks that are part of the lender consortium to bid to provide us loans at a rate that is lower than the stated pricing provided by the unsecured credit facility. The competitive bid option may result in lower pricing if market conditions allow. Pricing under the competitive bid option resulted in average pricing of LIBOR plus 0.43% for amounts most recently borrowed under the competitive bid option. At March 1, 2002, zero was outstanding, $85,820,000 was used to provide letters of credit and $414,180,000 was available for borrowing under the unsecured credit facility.

Interest Rate Protection Agreements

We are not a party to any long-term interest rate agreements, other than interest rate protection and swap agreements on approximately $167,000,000 of our variable rate tax-exempt indebtedness. We intend, however, to evaluate the need for long-term interest rate protection agreements as interest rate market conditions dictate, and we have engaged a consultant to assist in managing our interest rate risks and exposure.

Future Financing and Capital Needs

As of December 31, 2001, we had 15 new communities under construction. Also, one additional community is being built by an unaffiliated third party with whom we have entered into a fixed price forward purchase commitment. As of December 31, 2001, a total estimated cost of $404,682,000 remained to be invested in these communities. In addition, we had three other communities under reconstruction, for which an estimated $10,191,000 remained to be invested.

Substantially all of the capital expenditures necessary to complete the communities currently under construction and reconstruction will be funded from:

- the remaining capacity under our current $500,000,000 unsecured credit facility;

- the net proceeds from sales of existing communities;

- retained operating cash; and/or

- the issuance of debt or equity securities.

We expect to continue to fund development costs related to pursuing Development Rights from retained operating cash and borrowings under the unsecured credit facility. We believe these sources of capital will be adequate to take the proposed communities to the point in the development cycle where construction can begin. Before planned reconstruction activity or the construction of a Development Right begins, we intend to arrange adequate financing to complete these undertakings, although we cannot assure you that we will be able to obtain such financing. In the event that financing cannot be obtained, we may have to abandon Development Rights, write-off associated pursuit costs that were capitalized and/or forego reconstruction activity. In such instances, we will not realize the increased revenues and earnings that we expected from such pursuits, and the related write-off of costs will increase current period expenses.

Our liquidity could be adversely impacted by expanding development and acquisition activities and/or reduced capital (as compared to prior years) available from asset sales. To meet the balance of our liquidity needs under such conditions, we would need to arrange additional capacity under our existing unsecured credit facility, sell additional existing communities and/or issue additional debt or equity securities. While we believe we have the financial position to expand our short-term credit capacity and support our capital markets activity, we cannot assure you that we will be successful in completing these arrangements, sales or offerings. The failure to complete these transactions on a cost-effective basis could have a material adverse impact on our operating results and financial condition, including the abandonment of development pursuits and a resulting charge to earnings.

It is our policy to sell assets that do not meet our long-term investment criteria when market conditions are favorable, and to redeploy the proceeds. Under our disposition program, we solicit competing bids from unrelated parties for these individual assets and consider the sales price and tax ramifications of each proposal. We intend to actively seek buyers for communities that we determine to hold for sale. However, we cannot assure you that the assets can be sold on terms that we consider satisfactory. We expect to significantly curtail our disposition program in 2002 in response to anticipated real estate and capital markets conditions.

We have minority interest investments in five technology companies, including Constellation Real Technologies LLC, an entity formed by a number of real estate investment trusts and real estate operating companies for the purpose of investing in multi-sector real estate technology opportunities. Our original commitment to Constellation was $4 million. Constellation has proposed a reduction in the aggregate amount of capital commitments from its members. If that proposal is accepted, our revised commitment would fall to $2.6 million. As of March 1, 2002, we have contributed approximately $959,000. In January 2002, we invested an additional $2.3 million in Realeum, Inc., a company involved in the development and deployment of a property management and leasing automation system. Pursuant to an agreement with Realeum, Inc., we will utilize the property management and leasing automation system in exchange for

payments under a licensing arrangement. Realeum, Inc. is negotiating licensing arrangements with other real estate companies unaffiliated with AvalonBay. As of March 1, 2002, the total remaining carrying value of our investments in the five technology companies was $4.8 million. We have no obligation to contribute additional funds, other than the commitment to Constellation described above.

Debt Maturities

The following table details debt maturities for the next five years, excluding the unsecured credit facility:

<TABLE>
<CAPTION>

COMMUNITY	ALL-IN INTEREST RATE (1)	PRINCIPAL MATURITY DATE	BALANCE OUTSTANDING 12-31-00	BALANCE OUTSTANDING 12-31-01	SCHEDULED MATURITIES 2002	SCHEDULED MATURITIES 2003	SCHEDULED MATURITIES 2004
TAX-EXEMPT BONDS							
FIXED RATE							
Avalon at Foxchase I	5.88%	Nov-2007	$ 16,800	$ 16,800(2)	$ --	$ --	$ --
Avalon at Foxchase II	5.88%	Nov-2007	9,600	9,600(2)	--	--	--
Fairway Glen	5.88%	Nov-2007	9,580	9,580(2)	--	--	--
CountryBrook	7.87%	Mar-2012	18,934	18,577	386	417	451
Waterford	5.88%	Aug-2014	33,100	33,100(2)	--	--	--
Avalon at Mountain View	5.88%	Mar-2017	18,300	18,300(2)	--	--	--
Avalon at Dulles	7.04%	Jul-2024	12,360	12,360	--	--	--
Avalon at Symphony Glen	7.00%	Jul-2024	9,780	9,780	--	--	--
Avalon View	7.55%	Aug-2024	18,465	18,115	373	397	425
Avalon at Lexington	6.56%	Feb-2025	14,347	14,073	289	307	326
Avalon at Nob Hill	5.80%	Jun-2025	20,013	19,745(2)	288	308	331
Avalon at Mission Viejo	5.50%	Jun-2025	7,354	7,256(2)	105	112	121
Avalon Campbell	6.48%	Jun-2025	36,981	36,386(2)	637	684	733
Avalon Pacifica	6.48%	Jun-2025	16,775	16,505(2)	289	310	332
Crossbrook	6.48%	Jun-2025	8,156	--(3)	--	--	--
Avalon Knoll	6.95%	Jun-2026	13,393	13,193	214	230	246
Avalon Landing	6.85%	Jun-2026	6,626	6,525	108	116	124
Avalon Fields	7.05%	May-2027	11,609	11,454	169	180	193
Avalon West	7.73%	Dec-2036	8,579	8,522	61	65	70
Avalon Oaks	6.95%	Feb-2041	--	17,718	91	97	104
			290,752	297,589	3,010	3,223	3,456
VARIABLE RATE							
Avalon Devonshire		Dec-2025	27,305	27,305	--	--	--
Avalon at Fairway Hills I		Jun-2026	11,500	11,500	--	--	--
Avalon at Laguna Niguel		Mar-2009	10,400	10,400	--	--	--
Avalon Greenbriar		May-2026	18,755	18,755	--	--	--
			67,960	67,960	--	--	--
CONVENTIONAL LOANS							
FIXED RATE							
$100 Million unsecured notes	7.375%	Sep-2002	100,000	100,000	100,000	--	

							--
$50 Million unsecured notes	6.25%	Jan-2003	50,000	50,000	--	50,000	--
$100 Million unsecured notes	6.50%	Jul-2003	100,000	100,000	--	100,000	--
$125 Million medium-term notes	6.58%	Feb-2004	125,000	125,000	--	--	125,000
$100 Million unsecured notes	6.625	Jan-2005	100,000	100,000	--	--	--
$50 Million unsecured notes	6.50%	Jan-2005	50,000	50,000	--	--	--
$150 Million unsecured notes	6.80%	Jul-2006	150,000	150,000	--	--	--
$110 Million unsecured notes	6.875%	Dec-2007	110,000	110,000	--	--	--
$50 Million unsecured notes	6.625%	Jan-2008	50,000	50,000	--	--	--
$150 Million medium-term notes	8.25%	Jul-2008	150,000	150,000	--	--	--
$150 Million medium-term notes	7.50%	Aug-2009	150,000	150,000	--	--	--
$200 Million medium-term notes	7.50%	Dec-2010	200,000	200,000	--	--	--
$300 Million medium-term notes	6.625%	Sep-2011	--	300,000	--	--	--
Avalon Redmond Place	7.31%	May-2001	11,042	--	--	--	--
Avalon at Pruneyard	7.25%	May-2004	12,870	12,870	--	--	12,870
Avalon Walk II	8.93%	Aug-2004	12,300	12,036	288	315	11,433
			1,371,212	1,659,906	100,288	150,315	149,303
VARIABLE RATE							
Avalon on the Sound		2002	--	57,314	57,314	--	--
TOTAL INDEBTEDNESS - EXCLUDING UNSECURED CREDIT FACILITY			$1,729,924	$2,082,769	$160,612	$153,538	$152,759

</TABLE>

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COMMUNITY	SCHEDULED MATURITIES 2005	2006	THEREAFTER
<S>	<C>	<C>	<C>
TAX-EXEMPT BONDS			
FIXED RATE			
Avalon at Foxchase I	$ --	$ --	$ 16,800
Avalon at Foxchase II	--	--	9,600
Fairway Glen	--	--	9,580
CountryBrook	488	528	16,307
Waterford	--	--	33,100
Avalon at Mountain View	--	--	18,300
Avalon at Dulles	--	--	12,360
Avalon at Symphony Glen	--	--	9,780
Avalon View	455	485	15,980
Avalon at Lexington	347	368	12,436
Avalon at Nob Hill	355	380	18,083
Avalon at Mission Viejo	129	139	6,650
Avalon Campbell	786	843	32,703
Avalon Pacifica	356	382	14,836
Crossbrook	--	--	--
Avalon Knoll	263	282	11,958
Avalon Landing	132	142	5,903
Avalon Fields	207	222	10,483
Avalon West	75	80	8,171
Avalon Oaks	112	120	17,194
	3,705	3,971	280,224
VARIABLE RATE			
Avalon Devonshire	--	--	27,305
Avalon at Fairway Hills I	--	--	11,500
Avalon at Laguna Niguel	--	--	10,400
Avalon Greenbriar	--	--	18,755

	--	--	67,960
CONVENTIONAL LOANS			
FIXED RATE			
$100 Million unsecured notes	--	--	--
$50 Million unsecured notes	--	--	--
$100 Million unsecured notes	--	--	--
$125 Million medium-term notes	--	--	--
$100 Million unsecured notes	100,000	--	--
$50 Million unsecured notes	50,000	--	--
$150 Million unsecured notes	--	150,000	--
$110 Million unsecured notes	--	--	110,000
$50 Million unsecured notes	--	--	50,000
$150 Million medium-term notes	--	--	150,000
$150 Million medium-term notes	--	--	150,000
$200 Million medium-term notes	--	--	200,000
$300 Million medium-term notes	--	--	300,000
Avalon Redmond Place	--	--	--
Avalon at Pruneyard	--	--	--
Avalon Walk II	--	--	--
	150,000	150,000	960,000
VARIABLE RATE			
Avalon on the Sound	--	--	--
TOTAL INDEBTEDNESS - EXCLUDING UNSECURED CREDIT FACILITY	$153,705	$153,971	$1,308,184

</TABLE>

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(1) Includes credit enhancement fees, facility fees, trustees, etc.

(2) Financed by variable rate tax exempt debt, but interest rate is effectively fixed at the rate indicated through a swap agreement. The weighted average maturity of these swap agreements is 4.5 years.

(3) The remaining loan balance was repaid in connection with the disposition of the community during 2001.

Redemption of Preferred Stock

In June 2001, we redeemed all 4,455,000 outstanding shares of our 9.00% Series F Cumulative Redeemable Preferred Stock at a price of $25.00 per share, plus $0.1625 in accrued and unpaid dividends, for an aggregate redemption price of $25.1625 per share. In October 2001, we redeemed all 4,300,000 outstanding shares of our 8.96% Series G Cumulative Redeemable Preferred Stock at a price of $25.00 per share, plus $0.4418 in accrued and unpaid dividends, for an aggregate redemption price of $25.4418 per share. We currently have other series of redeemable preferred stock outstanding having an aggregate stated value of $239,192,500. These series become redeemable at our option at various times over the next seven years. As such series become redeemable, we will evaluate the requirements necessary for such redemptions as well as the cost-effectiveness based on the existing market conditions. The following preferred stock series remain outstanding:

<TABLE>
<CAPTION>

Series	Shares outstanding March 1, 2002	Payable quarterly	Annual rate	Liquidation preference	Non-redeemable prior to
C	2,300,000	March, June, September, December	8.50%	$25	June 20, 2002
D	3,267,700	March, June, September, December	8.00%	$25	December 15, 2002
H	4,000,000	March, June, September, December	8.70%	$25	October 15, 2008

</TABLE>

Inflation

Substantially all of our leases are for a term of one year or less. This may enable us to realize increased rents upon renewal of existing leases or the beginning of new leases. Short-term leases generally minimize our risk from the adverse effects of inflation, although these leases generally permit residents to leave at the end of the lease term without penalty. We believe that short-term leases, combined with relatively consistent demand, results in rents and cash flow which provide an attractive inflation hedge.

Critical Accounting Policies

Our accounting policies are in conformity with GAAP. The preparation of financial statements in conformity with GAAP requires management to use judgment in the application of accounting policies, including making estimates and assumptions. These judgments affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. If our judgment or interpretation of the facts and circumstances relating to various transactions had been different, it is possible that different accounting policies would have been applied resulting in a different presentation of our financial statements. Below is a discussion of accounting policies which we consider critical in that they may require complex judgment in their application or require estimates about matters which are inherently uncertain. Additional discussion of accounting policies which we consider significant, including further discussion of the critical accounting policies described below, can be found in the notes to our Consolidated Financial Statements.

Real Estate Development Rights

With few exceptions, we capitalize pre-development costs incurred in pursuit of new development opportunities. These costs include legal fees, design fees and related overhead costs. The accompanying Consolidated Financial Statements include a charge to expense to provide an allowance for unrecoverable

capitalized pre-development costs that may be written off if we determine that a pre-development community is unlikely to be developed.

Real Estate

If there is an event or change in circumstance that indicates an impairment in the value of a community, our policy is to assess the impairment by making a comparison of the current and projected operating cash flows of the community over its remaining useful life, on an undiscounted basis, to the carrying amount of the community. If the carrying amount is in excess of the estimated projected operating cash flows of the community, we would recognize an impairment loss equivalent to an amount required to adjust the carrying amount to its estimated fair market value. We have not recognized an impairment loss in 2001, 2000 or 1999 on any real estate.

Investments in Technology Companies

The Company has minority interest investments in five technology companies. As of March 1, 2002, the total remaining carrying value of these investments, net of an allowance of $934,000, was $4,819,000. If there is an event or change in circumstance that indicates a loss in the value of an investment, our policy is to record the loss and reduce the value of the investment to its fair value. A loss in value would be indicated if we could not recover the carrying value of the investment or if the investee could not sustain an earnings capacity that would justify the carrying amount of the investment. Due to the nature of these investments, an impairment in value can be difficult to determine.

Legal Contingencies

We are subject to various legal proceedings and claims that arise in the ordinary course of business. These matters are frequently covered by insurance. While the resolution of these matters cannot be predicted with certainty, we believe the final outcome of such matters will not have a material adverse effect on our financial position or the results of operations. Once it has been determined that a loss is probable to occur, the estimated amount of the loss is recorded in the financial statements. Both the amount of the loss and the point at which its occurrence is considered probable can be difficult to determine.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to certain financial market risks, the most predominant being fluctuations in interest rates. Interest rate fluctuations are monitored by us as an integral part of our overall risk management program, which recognizes the unpredictability of financial markets and seeks to reduce the potentially adverse effect on our results of operations. The effect of interest rate fluctuations historically has been small relative to other factors affecting operating results, such as rental rates and occupancy. The specific market risks and the potential impact on our operating results are described below.

Our operating results are affected by changes in interest rates as a result of borrowings under our variable rate unsecured credit facility as well as outstanding bonds with variable interest rates. We had $125,274,000 and $67,960,000 in variable rate debt outstanding as of December 31, 2001 and 2000, respectively. If interest rates on the variable rate debt had been 100 basis points higher throughout 2001 and 2000, our annual interest costs would have increased by approximately $1,500,000 and $2,500,000, respectively, based on balances outstanding during the applicable years.

We currently use interest rate swap agreements to reduce the impact of interest rate fluctuations on certain variable rate indebtedness. Under swap agreements,

- we agree to pay to a counterparty the interest that would have been incurred on a fixed principal amount at a fixed interest rate (generally, the interest rate on a particular treasury bond on the date the agreement is entered into, plus a fixed increment), and

- the counterparty agrees to pay to us the interest that would have been incurred on the same principal amount at an assumed floating interest rate tied to a particular market index.

As of December 31, 2001, the effect of swap agreements is to fix the interest rate on approximately $167,272,000 of our variable rate tax-exempt debt. Furthermore, swap agreements fix the interest rate on approximately $23,500,000 of unconsolidated variable rate debt as of December 31, 2001. The swap agreements were not electively entered into by us but, rather, were a requirement of either the bond issuer or the credit enhancement provider related to certain of our tax-exempt bond financings. Because the counterparties providing the swap agreements are major financial institutions which have an A+ or better credit rating by the Standard & Poor's Ratings Group and the interest rates fixed by the swap agreements are significantly higher than current market rates for such agreements, we do not believe there is exposure at this time to a default by a counterparty provider.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The response to this Item 8 is included as a separate section of this Annual Report on Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF REGISTRANT

Information pertaining to directors and executive officers of the registrant is incorporated herein by reference to the registrant's Proxy Statement to be filed with the Securities and Exchange Commission within 120 days after the end of the year covered by this Form 10-K with respect to the Annual Meeting of Stockholders to be held on May 7, 2002.

ITEM 11. EXECUTIVE COMPENSATION

Information pertaining to executive compensation is incorporated herein by reference to the registrant's Proxy Statement to be filed with the Securities and Exchange Commission within 120 days after the end of the year covered by this Form 10-K with respect to the Annual Meeting of Stockholders to be held on May 7, 2002.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information pertaining to security ownership of management and certain beneficial owners of the registrant's Common Stock is incorporated herein by reference to the registrant's Proxy Statement to be filed with the Securities and Exchange Commission within 120 days after the end of the year covered by this Form 10-K with respect to the Annual Meeting of Stockholders to be held on May 7, 2002.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information pertaining to certain relationships and related transactions is incorporated herein by reference to the registrant's Proxy Statement to be filed with the Securities and Exchange Commission within 120 days after the end of the year covered by this Form 10-K with respect to the Annual Meeting of Stockholders to be held on May 7, 2002.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULE AND REPORTS ON FORM 8-K

14(a)(1) FINANCIAL STATEMENTS

INDEX TO FINANCIAL STATEMENTS

Consolidated Financial Statements and Financial Statement Schedule:

14(a)(2) FINANCIAL STATEMENT SCHEDULE

14(a)(3) EXHIBITS

The exhibits listed on the accompanying Index to Exhibits are filed as a part of this report.

14(b) REPORTS ON FORM 8-K

On October 9, 2001, the Company filed a Report on Form 8-K for the purpose of disclosing a letter sent to holders of the Company's common and preferred stock to announce the suspension of the Company's Dividend Reinvestment and Stock Purchase Plan until further notice.

INDEX TO EXHIBITS

EXHIBIT NO.		DESCRIPTION
3(i).1	-	Articles of Amendment and Restatement of Articles of Incorporation of the Company, dated as of June 4, 1998. (Incorporated by reference to Exhibit 3(i).1 to Form 10-Q of the Company filed August 14, 1998.)
3(i).2	-	Articles of Amendment, dated as of October 2, 1998. (Incorporated by reference to Exhibit 3.1(ii) to the Company's Current Report on Form 8-K filed October 6, 1998.)
3(i).3	-	Articles Supplementary, dated as of October 13, 1998, relating to the 8.70% Series H Cumulative Redeemable Preferred Stock. (Incorporated by reference to Exhibit 1 to Form 8-A of the Company filed October 14, 1998.)

3(ii).1	-	Bylaws of the Company, as amended and restated, dated as of July 24, 1998. (Incorporated by reference to Exhibit 3(ii).1 to Form 10-Q of the Company filed August 14, 1998.)
3(ii).2	-	Amendment to Bylaws of the Company, dated February 10, 1999. (Incorporated by reference to Exhibit 3(ii).2 to Form 10-K of the Company filed March 31, 1999.)
3(ii).3	-	Amendment to Bylaws of the Company, dated May 5, 1999. (Incorporated by reference to Exhibit 3(ii).3 to Form 10-Q of the Company filed August 16, 1999.)
4.1	-	Indenture of Avalon Properties, Inc. (hereinafter referred to as "Avalon Properties") dated as of September 18, 1995. (Incorporated by reference to Avalon Properties' Registration Statement on Form S-3(33-95412), filed on August 4, 1995.)
4.2	-	First Supplemental Indenture of Avalon Properties dated as of September 18, 1995. (Filed herewith.)
4.3	-	Second Supplemental Indenture of Avalon Properties dated as of December 16, 1997. (Incorporated by reference to Avalon Properties' Current Report on Form 8-K filed January 26, 1998.)
4.4	-	Third Supplemental Indenture of Avalon Properties dated as of January 22, 1998. (Incorporated by reference to Avalon Properties' Current Report on Form 8-K filed January 26, 1998.)

EXHIBIT NO.		DESCRIPTION
4.5	-	Indenture, dated as of January 16, 1998, between the Company and State Street Bank and Trust Company, as Trustee. (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed January 21, 1998.)
4.6	-	First Supplemental Indenture, dated as of January 20, 1998, between the Company and the Trustee. (Incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed January 21, 1998.)
4.7	-	Second Supplemental Indenture, dated as of July 7, 1998, between the Company and the Trustee. (Incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed July 9, 1998.)
4.8	-	Third Supplemental Indenture, dated as of December 21, 1998 between the Company and the Trustee, including forms of Floating Rate Note and Fixed Rate Note (Incorporated by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K filed December 21, 1998.)
4.9	-	Amended and Restated Third Supplemental Indenture, dated as of July 10, 2000 between the Company and the Trustee, including forms of Floating Rate Note and Fixed Rate Note. (Incorporated by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K filed July 11, 2000.)
4.10	-	Dividend Reinvestment and Stock Purchase Plan of the Company filed September 14, 1999. (Incorporated by reference to Form S-3 of the Company, File No. 333-87063.)
4.11	-	Amendment to the Company's Dividend Reinvestment and Stock Purchase Plan filed on December 17, 1999. (Incorporated by reference to the Prospectus Supplement filed pursuant to Rule 424(b)(2) of the Securities Act of 1933 on December 17, 1999.)
4.12	-	Shareholder Rights Agreement, dated March 9, 1998 (the "Rights Agreement"), between the Company and First Union National Bank (as successor to American Stock Transfer and Trust Company) as Rights Agent (including the form of Rights Certificate as Exhibit B). (Incorporated by reference to Exhibit 4.1 to Form 8-A of the Company filed March 11, 1998.)
4.13	-	Amendment No. 1 to the Rights Agreement, dated as of February 28, 2000, between the Company and the Rights Agent. (Incorporated by reference to Exhibit 4.2 to Form 8-A/A of the Company filed February 28, 2000.)
4.14	-	Amendment No.2 to the Rights Agreement, dated January 4, 2002, between the Company and the Rights Agent. (Incorporated by reference to Exhibit 4.3 to Form 8-K of the Company filed January 7, 2002.)

10.1 - Distribution Agreement, dated December 21, 1998, among AvalonBay Communities, Inc. (the "Company") and the Agents, including Administrative Procedures, relating to the MTNs. (Incorporated by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K filed December 21, 1998.)

10.2 - First Amendment, dated as of June 27, 2000, to Distribution Agreement, dated December 21, 1998, among the Company and the Agents. (Incorporated by reference to Exhibit 1.2 to the Company's Current Report on Form 8-K filed July 11, 2000.)

10.3 - Second Amendment, dated as of August 31, 2001, to Distribution Agreement, dated December 21, 1998, among the Company and the Agents. (Incorporated by reference to Exhibit 1.3 to the Company's Current Report on Form 8-K filed September 4, 2001.)

10.4+ - Employment Agreement, dated as of March 9, 1998, between the Company and Richard L. Michaux (Incorporated by reference to Exhibit 10.1 to Form 10-Q of the Company filed August 14, 1998) and Amendment, dated as of July 30, 1999, to Employment Agreement, dated as of March 9, 1998, between the Company and Richard L. Michaux. (Incorporated by reference to Exhibit 10.1 to Form 10-Q of the Company filed August 16, 1999.)

10.5+ - Employment Agreement, dated as of March 9, 1998, between the Company and Thomas J. Sargeant. (Incorporated by reference to Exhibit 10.4 to Form 10-Q of the Company filed August 14, 1998.)

10.6+ - Employment Agreement, dated as of March 9, 1998, between the Company and Bryce Blair (Incorporated by reference to Exhibit 10.5 to Form 10-Q of the Company filed August 14, 1998)

<TABLE>
<CAPTION>

EXHIBIT NO.		DESCRIPTION
<S>		<C>
		and Amendment, dated as of July 30, 1999, to Employment Agreement, dated as of March 9, 1998, between the Company and Bryce Blair. (Incorporated by reference to Exhibit 10.2 to Form 10-Q of the Company filed August 16, 1999.)
10.7+	--	Employment Agreement, dated as of February 26, 2001, between the Company and Timothy J. Naughton. (Incorporated by reference to Exhibit 10.5 to Form 10-K of the Company filed March 29, 2001.)
10.8+	--	Employment Agreement, dated as of September 10, 2001, between the Company and Leo S. Horey. (Incorporated by reference to Exhibit 10.1 to Form 10-Q of the Company filed November 14, 2001.)
10.9+	--	Employment Agreement, dated as of December 31, 2001, between the Company and Samuel B. Fuller. (Filed herewith.)
10.10+	--	Letters of clarification, dated as of July 30, 1999, to the Employment Agreements of Messrs. Michaux, Blair and Slater. (Incorporated by reference to Exhibit 10.4 to Form 10-Q of the Company filed August 16, 1999.)
10.11+	--	Letter Agreement regarding departure, dated February 26, 2001, by and between the Company and Robert H. Slater. (Incorporated by reference to Exhibit 10.8 to Form 10-K of the Company filed March 29, 2001.)
10.12+	--	Mutual Release and Separation Agreement, dated as of March 24, 2000, between the Company and Gilbert M. Meyer. (Incorporated by reference to Exhibit 10.1 to Form 10-Q of the Company filed May 15, 2000.)
10.13+	--	Retirement Agreement, dated as of March 24, 2000, between the Company and Gilbert M. Meyer. (Incorporated by reference to Exhibit 10.2 to Form 10-Q of the Company filed May 15, 2000.)
10.14+	--	Consulting Agreement, dated as of March 24, 2000, between the Company and Gilbert M. Meyer. (Incorporated by reference to Exhibit 10.3 to Form 10-Q of the Company filed May 15, 2000.)
10.15+	--	Avalon Properties, Inc. 1993 Stock Option and Incentive Plan. (Incorporated by reference to Exhibit 10.14 to Form 10-K of the Company filed March 29, 2001.)
10.16+	--	Avalon Properties, Inc. 1995 Equity Incentive Plan. (Incorporated by reference to Exhibit 10.15 to Form 10-K of the Company filed March 29, 2001.)
10.17+	--	Amendment, dated May 6, 1999, to the Avalon Properties Amended and Restated 1995 Equity Incentive Plan. (Incorporated by reference to Exhibit 10.7 to Form 10-Q of the Company filed August 16, 1999.)
10.18+	--	AvalonBay Communities, Inc. 1994 Stock Incentive Plan, as amended and restated on April 13, 1998, and subsequently amended on July 24, 1998 (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed November 16, 1998) and amendment thereto, dated May 6, 1999

(Incorporated by reference to Exhibit 10.8 to Form 10-Q of the Company filed August 16, 1999).
</TABLE>

<TABLE>
<CAPTION>

EXHIBIT NO.		DESCRIPTION
<S>		<C>
10.19+	--	1996 Non-Qualified Employee Stock Purchase Plan, dated June 26, 1997, as amended and restated. (Incorporated by reference to Exhibit 99.1 to Post-effective Amendment No. 1 to Form S-8 of the Company filed June 26, 1997, File No. 333-16837.)
10.20+	--	1996 Non-Qualified Employee Stock Purchase Plan - Plan Information Statement dated June 26, 1997. (Incorporated by reference to Exhibit 99.2 to Form S-8 of the company, File No. 333-16837.)
10.21+	--	Promissory Note and Pledge and Security Agreement between the Company and Samuel B. Fuller, dated June 15, 2000. (Incorporated by reference to Exhibit 10.23 to Form 10-K of the Company filed March 29, 2001.)
10.22+	--	Indemnification Agreements between the Company and the Directors of the Company. (Incorporated by reference to Exhibit 10.39 to Form 10-K of the Company filed March 31, 1999.)
10.23+	--	The Company's Officer Severance Plan. (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed July 11, 2000.)
10.24	--	Revolving Loan Agreement, dated as of May 24, 2001, among the Company, as Borrower, The Chase Manhattan Bank, as a Bank, Co-Agent and Syndication Agent, Fleet National Bank, as a Bank and Co-Agent, Bank of America, N.A., First Union National Bank and Citicorp Real Estate, Inc., each as a Bank and Documentation Agent, the other banks signatory thereto, each as a Bank, J.P. Morgan Securities, Inc., as Sole Bookrunner and Lead Arranger, and Fleet National Bank, as Administrative Agent. (Incorporated by reference to Exhibit 10.1 to Form 10-Q of the Company filed August 14, 2001.)
12.1	--	Statements re: Computation of Ratios. (Filed herewith.)
21.1	--	Schedule of Subsidiaries of the Company. (Filed herewith.)
23.1	--	Consent of Arthur Andersen LLP. (Filed herewith.)
99.1	--	Letter to Securities and Exchange Commission from the Company with respect to representations made by Arthur Andersen LLP. (Filed herewith.)

</TABLE>

+ Management contract or compensatory plan or arrangement required to be filed or incorporated by reference as an exhibit to this Form 10-K pursuant to Item 14(c) of Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

<TABLE>

<S>	<C>
	AVALONBAY COMMUNITIES, INC.
Date: March 21, 2002	By:/s/ BRYCE BLAIR
	Bryce Blair, Chairman of the Board, President and Chief Executive Officer

</TABLE>

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<TABLE>

<S>	<C>
Date: March 21, 2002	By:/s/ BRYCE BLAIR
	Bryce Blair, Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)
Date: March 21, 2002	By:/s/ THOMAS J. SARGEANT

	Thomas J. Sargeant, Chief Financial Officer and Executive VP (Principal Financial and Accounting Officer)
Date: March 21, 2002	By:/s/ BRUCE A. CHOATE
	Bruce A. Choate, Director
Date: March 21, 2002	By:/s/ JOHN J. HEALY, JR.
	John J. Healy, Jr., Director
Date: March 21, 2002	By:/s/ GILBERT M. MEYER
	Gilbert M. Meyer, Director
Date: March 21, 2002	By:/s/ RICHARD L. MICHAUX
	Richard L. Michaux, Director
Date: March 21, 2002	By:/s/ CHARLES D. PEEBLER, JR.
	Charles D. Peebler, Jr., Director
Date: March 21, 2002	By:/s/ LANCE R. PRIMIS
	Lance R. Primis, Director
Date: March 21, 2002	By:/s/ ALLAN D. SCHUSTER
	Allan D. Schuster, Director
Date: March 21, 2002	By:/s/ AMY P. WILLIAMS
	Amy P. Williams, Director

</TABLE>

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors and Stockholders of
AvalonBay Communities, Inc.:

We have audited the accompanying consolidated balance sheets of AvalonBay Communities, Inc. (a Maryland corporation, the "Company") and subsidiaries as of December 31, 2001 and 2000, and the related consolidated statements of operations and comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2001. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of AvalonBay Communities, Inc. and subsidiaries as of December 31, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001 in conformity with accounting principles generally accepted in the United States.

As explained in Note 5 to the financial statements, effective January 1, 2001, the Company changed its method of accounting for derivative instruments and hedging activities.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Real Estate and Accumulated Depreciation is presented for purposes of complying with the rules of the

Securities and Exchange Commission and is not a required part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ ARTHUR ANDERSEN LLP

Vienna, Virginia
January 22, 2002

AVALONBAY COMMUNITIES, INC.
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except per share data)

	12-31-01	12-31-00
ASSETS		
Real estate:		
Land	$ 825,118	$ 742,863
Buildings and improvements	3,465,166	3,047,560
Furniture, fixtures and equipment	113,278	98,880
	4,403,562	3,889,303
Less accumulated depreciation	(447,026)	(316,045)
Net operating real estate	3,956,536	3,573,258
Construction in progress (including land)	434,307	418,583
Communities held for sale, net	--	208,118
Total real estate, net	4,390,843	4,199,959
Cash and cash equivalents	72,986	57,234
Cash in escrow	49,965	16,733
Resident security deposits	20,370	18,281
Investments in unconsolidated real estate joint ventures	15,066	12,215
Deferred financing costs, net	20,357	15,265
Deferred development costs, net	26,038	16,359
Participating mortgage notes	21,483	21,483
Prepaid expenses and other assets	47,181	39,696
Total assets	$ 4,664,289	$ 4,397,225
LIABILITIES AND STOCKHOLDERS' EQUITY		
Unsecured notes	$ 1,635,000	$

		1,335,000
Variable rate unsecured credit facility	--	--
Mortgage notes payable	447,769	394,924
Dividends payable	49,007	47,572
Payables for construction	43,656	19,997
Accrued expenses and other liabilities	51,052	46,771
Accrued interest payable	38,841	32,829
Resident security deposits	29,216	28,138
Total liabilities	2,294,541	1,905,231
Minority interest of unitholders in consolidated partnerships	55,193	49,501
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $.01 par value; $25 liquidation preference; 50,000,000 shares authorized at both December 31, 2001 and December 31, 2000; 9,567,700 and 18,322,700 shares outstanding at December 31, 2001 and December 31, 2000, respectively.	96	183
Common stock, $.01 par value; 140,000,000 shares authorized at both December 31, 2001 and December 31, 2000; 68,713,384 and 67,191,542 shares both issued and outstanding at December 31, 2001 and December 31, 2000, respectively.	687	672
Additional paid-in capital	2,333,241	2,493,033
Deferred compensation	(7,489)	(3,550)
Dividends in excess of accumulated earnings	(3,497)	(47,845)
Accumulated other comprehensive loss	(8,483)	--
Total stockholders' equity	2,314,555	2,442,493
Total liabilities and stockholders' equity	$ 4,664,289	$ 4,397,225

</TABLE>

See accompanying notes to Consolidated Financial Statements.

AVALONBAY COMMUNITIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME
(Dollars in thousands, except per share data)

<TABLE>
<CAPTION>

	Year ended		
	12/31/01	12/31/00	12/31/99
<S>	<C>	<C>	<C>
Revenue:			
Rental income	$ 637,379	$ 571,943	$ 504,567
Management fees	1,325	1,051	1,176
Other income	2,953	401	236
Total revenue	641,657	573,395	505,979
Expenses:			

Operating expenses, excluding property taxes	161,887	142,664	135,517
Property taxes	52,201	46,958	42,701
Interest expense	103,203	83,609	74,699
Depreciation expense	130,079	122,610	109,759
General and administrative	15,224	13,013	9,592
Non-recurring charges	--	--	16,782
Total expenses	462,594	408,854	389,050
Equity in income of unconsolidated entities	856	2,428	2,867
Interest income	6,823	4,764	7,362
Minority interest in consolidated partnerships	(597)	(1,908)	(1,975)
Income before gain on sale of communities	186,145	169,825	125,183
Gain on sale of communities	62,852	40,779	47,093
Net income	248,997	210,604	172,276
Dividends attributable to preferred stock	(32,497)	(39,779)	(39,779)
Net income available to common stockholders	$ 216,500	$ 170,825	$ 132,497
Other comprehensive loss:			
Cumulative effect of change in accounting principle	(6,412)	--	--
Unrealized loss on cash flow hedges	(2,071)	--	--
Other comprehensive loss	(8,483)	--	--
Comprehensive income	$ 208,017	$ 170,825	$ 132,497
Net income available to common stockholders:			
Per common share - basic	$ 3.19	$ 2.58	$ 2.05
Per common share - diluted	$ 3.12	$ 2.53	$ 2.03

</TABLE>

See accompanying notes to Consolidated Financial Statements.

AVALONBAY COMMUNITIES, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Dollars in thousands, except share data)

<TABLE>
<CAPTION>

	Shares issued		Amount		
	Preferred Stock	Common Stock	Preferred Stock	Common Stock	Additional paid-in capital
<S>	<C>	<C>	<C>	<C>	<C>
Balance at December 31, 1998	18,322,700	63,887,126	$ 183	$ 639	$ 2,386,087
Net income	--	--	--	--	--
Dividends declared to common and preferred stockholders	--	--	--	--	--
Issuance of Common Stock	--	1,870,883	--	19	56,423
Amortization of deferred compensation	--	--	--	--	--
Balance at December 31, 1999	18,322,700	65,758,009	183	658	2,442,510
Net income	--	--	--	--	--
Dividends declared to common and preferred stockholders	--	--	--	--	--
Issuance of Common Stock	--	1,433,533	--	14	50,523
Amortization of deferred compensation	--	--	--	--	--
Balance at December 31, 2000	18,322,700	67,191,542	183	672	2,493,033
Cumulative effect of change in accounting principle	--	--	--	--	--
Net income	--	--	--	--	--
Unrealized loss on cash flow hedges	--	--	--	--	--
Dividends declared to common and preferred stockholders	--	--	--	--	--

Redemption of Series F and G Preferred Stock	(8,755,000)	--	(87)	--	(218,908)
Issuance of Common Stock	--	1,521,842	--	15	59,116
Amortization of deferred compensation	--	--	--	--	--
Stockholders' equity, December 31, 2001	9,567,700	68,713,384	$ 96	$ 687	$ 2,333,241

</TABLE>

<TABLE>
<CAPTION>

<S>	Deferred compensation <C>	Dividends in excess of accumulated earnings <C>	Accumulated other comprehensive loss <C>	Stockholders' equity <C>
Balance at December 31, 1998	$ (4,356)	$ (68,116)	$ --	$ 2,314,437
Net income	--	172,276	--	172,276
Dividends declared to common and preferred stockholders	--	(173,667)	--	(173,667)
Issuance of Common Stock	(3,167)	--	--	53,275
Amortization of deferred compensation	3,964	--	--	3,964
Balance at December 31, 1999	(3,559)	(69,507)	--	2,370,285
Net income	--	210,604	--	210,604
Dividends declared to common and preferred stockholders	--	(188,942)	--	(188,942)
Issuance of Common Stock	(3,408)	--	--	47,129
Amortization of deferred compensation	3,417	--	--	3,417
Balance at December 31, 2000	(3,550)	(47,845)	--	2,442,493
Cumulative effect of change in accounting principle	--	--	(6,412)	(6,412)
Net income	--	248,997	--	248,997
Unrealized loss on cash flow hedges	--	--	(2,071)	(2,071)
Dividends declared to common and preferred stockholders	--	(204,649)	--	(204,649)
Redemption of Series F and G Preferred Stock	--	--	--	(218,995)
Issuance of Common Stock	(7,545)	--	--	51,586
Amortization of deferred compensation	3,606	--	--	3,606
Stockholders' equity, December 31, 2001	$ (7,489)	$ (3,497)	$ (8,483)	$ 2,314,555

</TABLE>

See accompanying notes to Consolidated Financial Statements.

AVALONBAY COMMUNITIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)

<TABLE>
<CAPTION>

<S>	For the year ended 12-31-01 <C>	12-31-00 <C>	12-31-99 <C>
Cash flows from operating activities:			
Net income	$ 248,997	$ 210,604	$ 172,276
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation expense	130,079	122,610	109,759
Amortization of deferred financing costs	3,716	2,924	2,668
Amortization of deferred compensation	3,606	3,417	3,964

Income allocated to minority interest in consolidated partnerships	597	1,908	1,975
Gain on sale of communities	(62,852)	(40,779)	(47,093)
Decrease (increase) in cash in operating escrows	41	1,144	(348)
Increase in resident security deposits, accrued interest receivable on participating mortgage notes, prepaid expenses and other assets	(20,386)	(21,059)	(2,775)
Increase in accrued expenses, other liabilities and accrued interest payable	4,925	15,693	11,353
Net cash provided by operating activities	308,723	296,462	251,779
Cash flows used in investing activities:			
Purchase and development of real estate	(484,604)	(435,332)	(516,261)
Proceeds from sale of communities, net of selling costs	238,545	156,086	285,263
Increase (decrease) in payables for construction	23,656	1,123	(29,276)
Sale of participating mortgage note	--	--	25,097
Increase in cash in section 1031 exchange escrows	(33,273)	(9,076)	--
Decrease (increase) in investments in unconsolidated real estate joint ventures	(2,851)	1,280	(1,510)
Proceeds received from real estate joint venture partner	--	33,385	--
Redemption of operating units in DownREIT partnerships	(864)	--	--
Net cash used in investing activities	(259,391)	(252,534)	(236,687)
Cash flows from financing activities:			
Issuance of common stock	50,912	36,203	53,275
Redemption of preferred stock and related costs	(218,995)	--	--
Dividends paid	(203,214)	(185,509)	(172,333)
Net repayments of unsecured credit facility	--	(178,600)	(150,400)
Issuance of secured mortgage notes payable	75,110	--	--
Proceeds from sale of unsecured notes	300,000	350,000	275,000
Repayments of notes payable	(22,265)	(35,123)	(33,579)
Payment of deferred financing costs	(8,808)	(4,428)	(3,654)
Contributions from (distributions to) minority partners	(6,320)	23,142	(3,425)
Refinancings of notes payable	--	--	18,755
Net cash provided by (used in) financing activities	(33,580)	5,685	(16,361)
Net increase (decrease) in cash and cash equivalents	15,752	49,613	(1,269)
Cash and cash equivalents, beginning of year	57,234	7,621	8,890
Cash and cash equivalents, end of year	$ 72,986	$ 57,234	

			$ 7,621
Cash paid during year for interest, net of amount capitalized	$ 88,996	$ 72,712	$ 60,705

</TABLE>

See accompanying notes to Consolidated Financial Statements.

Supplemental disclosures of non-cash investing and financing activities (dollars in thousands):

During the year ended December 31, 2001:

- 762 units of limited partnership, valued at $36, were presented for redemption to the DownREIT partnership that issued such units and were acquired by the Company in exchange for an equal number of shares of the Company's common stock.

- the Company issued 619 units of limited partnership in DownREIT partnerships valued at $30 as consideration for acquisitions of apartment communities that were acquired pursuant to the terms of a forward purchase contract agreed to in 1997 with an unaffiliated party. In addition, the Company issued 256,940 units of limited partnership in a DownREIT partnership valued at $12,274 in connection with the formation of a DownREIT partnership and the acquisition by that partnership of land.

- 186,877 shares of restricted common stock were issued at a value of $8,570 and 19,646 shares of restricted stock were forfeited at a value of $235.

- $67 of deferred stock units were converted into 1,803 shares of common stock.

- the Company recorded a liability and a corresponding charge to Other comprehensive loss of $8,483 to adjust the Company's Swap Agreements (as defined in Note 5 of the notes to the Consolidated Financial Statements) to their fair value.

- Common and preferred dividends declared but not paid were $49,007.

During the year ended December 31, 2000:

- 1,520 units of limited partnership in DownREIT partnerships, valued at $60, were issued in connection with an acquisition for cash and units pursuant to a forward purchase contract agreed to in 1997 with an unaffiliated party.

- 304,602 units of limited partnership in DownREIT partnerships, valued at $10,926, were exchanged for an equal number of shares of the Company's common stock.

- 139,336 shares of restricted common stock were issued at a value of $4,703 and 50,310 shares of restricted stock were forfeited at a value of $1,668.

- Real estate assets valued at $5,394 were contributed to a limited liability company in exchange for a 25% membership interest.

- Common and preferred dividends declared but not paid totaled $47,572.

During the year ended December 31, 1999:

- 117,178 units of limited partnership in DownREIT partnerships, valued at $4,614, were issued in connection with an acquisition for cash and units pursuant to a forward purchase contract agreed to in 1997 with an unaffiliated party.

- 22,623 units of limited partnership in DownREIT partnerships, valued at $868, were exchanged for an equal number of shares of the Company's common stock.

- 97,456 shares of restricted common stock were issued at a value of $3,167.

- Common and preferred dividends declared but not paid totaled $44,139.

1. Organization and Significant Accounting Policies

Organization

AvalonBay Communities, Inc. (the "Company," which term, unless the context otherwise requires, refers to AvalonBay Communities, Inc. together with its subsidiaries) is a Maryland corporation that has elected to be taxed as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended. The Company focuses on the ownership and operation of upscale apartment communities in high barrier-to-entry markets of the United States. These markets are located in the Northeast, Mid-Atlantic, Midwest, Pacific Northwest, and Northern and Southern California regions of the country.

At December 31, 2001, the Company owned or held a direct or indirect ownership interest in 126 operating apartment communities containing 37,228 apartment homes in eleven states and the District of Columbia, of which three communities containing 1,896 apartment homes were under reconstruction. In addition, the Company owned 15 communities with 3,963 apartment homes under construction and rights to develop an additional 30 communities that, if developed as expected, will contain an estimated 8,918 apartment homes.

Principles of Consolidation

The Company is the surviving corporation from the merger (the "Merger") of Bay Apartment Communities, Inc. ("Bay") and Avalon Properties, Inc. ("Avalon") on June 4, 1998, where Avalon shareholders received a 0.7683 share of common stock of the Company for each share owned of Avalon common stock. The Merger was accounted for under the purchase method of accounting, with the historical financial statements for Avalon presented prior to the Merger. At that time, Avalon ceased to legally exist, and Bay as the surviving legal entity adopted the historical financial statements of Avalon. Consequently, Bay's assets were recorded in the historical financial statements of Avalon at an amount equal to Bay's debt outstanding at that time plus the value of capital stock retained by the Bay stockholders, which approximates fair value. In connection with the Merger, the Company changed its name from Bay Apartment Communities, Inc. to AvalonBay Communities, Inc.

The accompanying Consolidated Financial Statements include the accounts of the Company and its wholly-owned partnerships and certain joint venture partnerships in addition to subsidiary partnerships structured as DownREITs. All significant intercompany balances and transactions have been eliminated in consolidation.

In each of the partnerships structured as DownREITs, either the Company or one of the Company's wholly-owned subsidiaries is the general partner, and there are one or more limited partners whose interest in the partnership is represented by units of limited partnership interest. For each DownREIT partnership, limited partners are entitled to receive distributions before any distribution is made to the general partner. Although the partnership agreements for each of the DownREITs are different, generally the distributions per unit paid to the holders of units of limited partnership interests have approximated the Company's current common stock dividend per share. Each DownREIT partnership has been structured so that it is unlikely the limited partners will be entitled to a distribution greater than the initial distribution provided for in the partnership agreement. The holders of units of limited partnership interest have the right to present each unit of limited partnership interest for redemption for cash equal to the fair market value of a share of the Company's common stock on the date of redemption. In lieu of a cash redemption of a limited partner's unit, the Company may elect to acquire any unit presented for redemption for one share of common stock.

The Company has minority interest investments in five technology companies. The Company accounts for these unconsolidated entities in accordance with Accounting Principles Board ("APB") Opinion No. 18, "The Equity Method of Accounting for Investments in Common Stock." In 2001, the Company applied the equity method of accounting to its investment in Realeum, Inc., a company involved in the development and deployment of a property management and leasing automation system. The remaining investments are accounted for under the cost

method of accounting. As of December 31, 2001, the aggregate carrying value of our investment in these five companies, net of an allowance of $934, was $2,519. If there is an event or change in circumstance that indicates a loss in the value of an investment, the Company's policy is to record the loss and reduce the value of the investment to its fair value. A loss in value would be indicated if the Company could not recover the carrying value of the investment or if the investee could not sustain an earnings capacity that would justify the carrying amount of the investment.

Revenue Recognition

Rental income related to leases is recognized on an accrual basis when due from residents in accordance with SEC Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements." In accordance with the Company's standard lease terms, rental payments are generally due on a monthly basis. Any cash concessions given at the inception of the lease are amortized over the life of the lease - generally one year.

The following reconciles total revenue in conformity with generally accepted accounting principles ("GAAP") to total revenue adjusted to state concessions on a cash basis for the years ended December 31, 2001, 2000 and 1999:

<TABLE>
<CAPTION>

	Year ended		
	12-31-01	12-31-00	12-31-99
<S>	<C>	<C>	<C>
Total revenue (GAAP basis)	$ 641,657	$ 573,395	$ 505,979
Concessions amortized	4,036	3,043	4,828
Concessions granted	(6,431)	(2,349)	(6,528)
Total revenue adjusted to state concessions on a cash basis	$ 639,262	$ 574,089	$ 504,279

</TABLE>

Real Estate

Significant expenditures which improve or extend the life of an asset are capitalized. The operating real estate assets are stated at cost and consist of land, buildings and improvements, furniture, fixtures and equipment, and other costs incurred during their development, redevelopment and acquisition. Expenditures for maintenance and repairs are charged to operations as incurred.

The Company's policy with respect to capital expenditures is generally to capitalize only non-recurring expenditures. Improvements and upgrades are capitalized only if the item exceeds $15, extends the useful life of the asset and is not related to making an apartment home ready for the next resident. Purchases of personal property, such as computers and furniture, are capitalized only if the item is a new addition. The Company generally expenses purchases of personal property made for replacement purposes.

The capitalization of costs during the development of assets (including interest and related loan fees, property taxes and other direct and indirect costs) begins when active development commences and ends when the asset is delivered and a final certificate of occupancy is issued. Cost capitalization during redevelopment of apartment homes (including interest and related loan fees, property taxes and other direct and indirect costs) begins when an apartment home is taken out-of-service for redevelopment and ends when the apartment home redevelopment is completed and the apartment home is placed in-service.

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 67, "Accounting for Costs and Initial Rental Operations of Real Estate Projects," the Company capitalizes pre-development costs incurred in pursuit of new development opportunities for which the Company currently believes future development is probable. Future development of these communities is dependent upon various factors, including zoning and regulatory approval, rental market conditions, construction costs and availability of capital. The accompanying

Consolidated Financial Statements include a charge to expense to provide an allowance for unrecoverable deferred development costs related to pre-development communities that are unlikely to be developed.

Depreciation is calculated on buildings and improvements using the straight-line method over their estimated useful lives, which range from seven to thirty years. Furniture, fixtures and equipment are generally depreciated using the straight-line method over their estimated useful lives, which range from three years (primarily computer related equipment) to seven years.

Lease terms for apartment homes are generally one year or less. Rental income and operating costs incurred during the initial lease-up or post-redevelopment lease-up period are fully recognized as they accrue.

If there is an event or change in circumstance that indicates an impairment in the value of a community, the Company's policy is to assess any impairment in value by making a comparison of the current and projected operating cash flows of the community over its remaining useful life, on an undiscounted basis, to the carrying amount of the community. If such carrying amounts are in excess of the estimated projected operating cash flows of the community, the Company would recognize an impairment loss equivalent to an amount required to adjust the carrying amount to its estimated fair market value. The Company has not recognized an impairment loss in 2001, 2000 or 1999 on any of its real estate.

Income Taxes

The Company elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended, for the year ended December 31, 1994 and has not revoked such election. A corporate REIT is a legal entity which holds real estate interests and must meet a number of organizational and operational requirements, including a requirement that it currently distribute at least 90% of its adjusted taxable income to stockholders. As a REIT, the Company generally will not be subject to corporate level federal income tax on taxable income it distributes currently to its stockholders. Management believes that all such conditions for the avoidance of income taxes have been met for the periods presented. Accordingly, no provision for federal and state income taxes has been made. If the Company fails to qualify as a REIT in any taxable year, it will be subject to federal income taxes at regular corporate rates (including any applicable alternative minimum tax) and may not be able to qualify as a REIT for four subsequent taxable years. Even if the Company qualifies for taxation as a REIT, the Company may be subject to certain state and local taxes on its income and property, and to federal income and excise taxes on its undistributed taxable income. In addition, taxable income from non-REIT activities managed through taxable REIT subsidiaries is subject to federal, state and local income taxes. The following reconciles net income available to common stockholders to taxable net income for the years ended December 31, 2001, 2000 and 1999:

<TABLE>
<CAPTION>

	2001 Estimate	2000 Actual	1999 Actual
<S>	<C>	<C>	<C>
Net income available to common stockholders	$ 216,500	$170,825	$132,497
Dividends attributable to Preferred Stock, not deductible for tax	32,497	39,779	39,779
GAAP gain on sale of communities in excess of tax gain	(21,961)	(15,146)	(5,162)
Depreciation/Amortization timing differences on real estate	11,421	10,593	6,248
Tax compensation expense in excess of (less than) GAAP	(7,752)	(5,873)	1,285
Other adjustments	(13,459)	(12,576)	(10,649)
Taxable net income	$ 217,246	$187,602	$163,998

</TABLE>

The following summarizes the tax components of the Company's common and preferred dividends declared for the years ended December 31, 2001, 2000 and 1999:

<TABLE>
<CAPTION>

	2001	2000	1999
<S>	<C>	<C>	<C>
Ordinary income	80%	86%	76%
20% capital gain	14%	9%	11%
Unrecaptured Section 1250 gain	6%	5%	13%

</TABLE>

Deferred Financing Costs

Deferred financing costs include fees and costs incurred to obtain debt financing and are amortized on a straight-line basis, which approximates the effective interest method, over the shorter of the term of the loan or the related credit enhancement facility, if applicable. Unamortized financing costs are written-off when debt is retired before the maturity date. Accumulated amortization of deferred financing costs were $11,916 and $8,200 at December 31, 2001 and 2000, respectively.

Cash, Cash Equivalents and Cash in Escrow

Cash and cash equivalents include all cash and liquid investments with an original maturity of three months or less from the date acquired. The majority of the Company's cash, cash equivalents and cash in escrows is held at major commercial banks.

Earnings per Common Share

In accordance with the provisions of SFAS No. 128, "Earnings per Share," basic earnings per share is computed by dividing earnings available to common shareholders by the weighted average number of shares outstanding during the period. Other potentially dilutive common shares, and the related impact to earnings, are considered when calculating earnings per share on a diluted basis. The Company's earnings per common share are determined as follows:

<TABLE>
<CAPTION>

	Year ended		
	12-31-01	12-31-00	12-31-99
<S>	<C>	<C>	<C>
Basic and Diluted shares outstanding			
Weighted average common shares - basic	67,842,752	66,309,707	64,724,799
Weighted average DownREIT units outstanding	682,134	861,755	933,122
Effect of dilutive securities	1,256,833	969,536	452,743
Weighted average common shares and DownREIT units - diluted	69,781,719	68,140,998	66,110,664
Calculation of Earnings per Share - Basic			
Net income available to common stockholders	$ 216,500	$ 170,825	$ 132,497
Weighted average common shares - basic	67,842,752	66,309,707	64,724,799
Earnings per common share - basic	$ 3.19	$ 2.58	$ 2.05
Calculation of Earnings per Share - Diluted			
Net income available to common stockholders	$ 216,500	$ 170,825	$ 132,497
Add: Minority interest of DownREIT unitholders in consolidated partnerships	1,559	1,759	1,975
Adjusted net income available to common stockholders	$ 218,059	$ 172,584	$ 134,472
Weighted average common shares and DownREIT units - diluted	69,781,719	68,140,998	66,110,664
Earnings per common share - diluted	$ 3.12	$ 2.53	$ 2.03

</TABLE>

For each of the years presented, certain options to purchase shares of common stock were outstanding but were not included in the computation of diluted earnings per share because the options' exercise prices were greater than the average market price of the common shares for the period. The number of options not included totaled 18,269 in 2001, 7,500 in 2000 and 2,282,192 for 1999.

Executive Separation Costs

In February 2001, the Company announced certain management changes including the departure of a senior executive who became entitled to severance benefits in accordance with the terms of his employment agreement with the Company. The Company recorded a charge of approximately $2,500 in the first quarter of 2001 related to the expected costs associated with such departure.

In December 2001, a senior executive of the Company retired from his management position. Upon retirement, the Company recognized compensation expense of approximately $784, relating to the accelerated vesting of restricted stock grants.

Recently Issued Accounting Standards

In August of 2001, the Financial Accounting Standards Board issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." This pronouncement establishes accounting and reporting standards requiring that long-lived assets held for sale be classified as discontinued operations. These assets will continue to be measured at the lower of the carrying amount or the fair value less the cost to sell. Operations, including the gain or loss on sale, for both the current and prior periods shall be reported in discontinued operations. The statement becomes effective for fiscal years beginning after December 15, 2001. The Company will adopt this pronouncement beginning January 1, 2002. In the opinion of management, the adoption of this statement will not have a material effect on the Company's Consolidated Financial Statements.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to amounts in prior years' financial statements to conform with current year presentations.

2. Interest Capitalized

Capitalized interest associated with communities under development or redevelopment totaled $27,635, $18,328 and $21,888 for the years ended December 31, 2001, 2000 and 1999, respectively.

3. Notes Payable, Unsecured Notes and Credit Facility

Mortgage notes payable are collateralized by certain apartment communities and mature at various dates from March 2002 through February 2041. The weighted average interest rate of the Company's variable rate notes and unsecured credit facility, including certain financing related fees, was 3.1% at December 31, 2001. The weighted average interest rate of the Company's fixed rate mortgage notes (conventional and tax-exempt) was 6.7% at December 31, 2001. The Company's notes payable, unsecured notes payable and credit facility are summarized as follows:

<TABLE>
<CAPTION>

<S>	12-31-01 <C>	12-31-00 <C>
Fixed rate unsecured notes	$ 1,635,000	$ 1,335,000
Fixed rate mortgage notes payable - conventional and tax-exempt (1)	322,495	326,964
Variable rate mortgage notes payable - tax-exempt	67,960	67,960
Total notes payable and unsecured notes	2,025,455	1,729,924
Variable rate secured short term construction loan	57,314	--
Variable rate unsecured credit facility	--	--
Total mortgage notes payable, unsecured notes and unsecured credit facility	$ 2,082,769	$ 1,729,924

(1) Includes approximately $167,000 of variable rate notes in both years effectively fixed through swap agreements, as described in Note 5.
</TABLE>

Scheduled payments and maturities of notes payable and unsecured notes are as follows:

<TABLE>
<CAPTION>

Year	Secured notes payments	Secured notes maturities	Unsecured notes maturities	Interest rate of unsecured notes
<S>	<C>	<C>	<C>	<C>
2002	$ 3,298	$ 57,314	$ 100,000	7.375%
2003	$ 3,538	--	$ 50,000	6.250%
			$ 100,000	6.500%
2004	$ 3,653	$ 24,106	$ 125,000	6.580%
2005	$ 3,705	--	$ 100,000	6.625%
			$ 50,000	6.500%
2006	$ 3,971	--	$ 150,000	6.800%
2007	$ 4,257	$ 35,980	$ 110,000	6.875%
2008	$ 4,565	--	$ 50,000	6.625%
			$ 150,000	8.250%
2009	$ 4,895	$ 10,400	$ 150,000	7.500%
2010	$ 5,246	--	$ 200,000	7.500%
2011	$ 5,626	--	$ 300,000	6.625%
Thereafter	$ 219,655	$ 57,560	--	
	$ 262,409	$ 185,360	$ 1,635,000	

</TABLE>

The Company's unsecured notes contain a number of financial and other covenants with which the Company must comply, including, but not limited to, limits on the aggregate amount of total and secured indebtedness the Company may have on a consolidated basis and limits on the Company's required debt service payments.

The Company has a $500,000 variable rate unsecured credit facility with J.P. Morgan Chase and Fleet National Bank serving as co-agents for a syndicate of commercial banks, which had zero outstanding on December 31, 2001. Under the terms of the unsecured credit facility, if the Company elects to increase the facility up to $650,000, the consortium of banks cannot prohibit such an increase of the facility and the increased lending commitment could be provided by one or more banks (from the consortium or otherwise) to the extent they choose to commit to lend additional funds. The unsecured credit facility bears interest at a spread over the London Interbank Offered Rate ("LIBOR") based on rating levels achieved on the Company's unsecured notes and on a maturity schedule selected by the Company. The current stated pricing is LIBOR plus 0.6% per annum (2.5% on December 31, 2001). In addition, the unsecured credit facility includes a competitive bid option, which allows banks that are part of the lender consortium to bid to make loans to the Company at a rate that is lower than the stated rate provided by the unsecured credit facility for up to $400,000. The Company is subject to certain customary covenants under the unsecured credit facility, including, but not limited to, maintaining certain maximum leverage ratios, a minimum fixed charges coverage ratio, minimum unencumbered assets and equity levels and restrictions on paying dividends in amounts that exceed 95% of the Company's Funds from Operations, as defined therein. The existing facility matures in May 2005 after application of a one year renewal option by the Company.

4. Stockholders Equity

As of both December 31, 2001 and 2000, the Company had authorized for issuance 140,000,000 and 50,000,000 of Common and Preferred Stock, respectively. Dividends on all series of issued Preferred Stock are cumulative from the date of original issue and are payable quarterly in arrears on or before the 15th day of each month as stated in the table below. None of the series of Preferred Stock are redeemable prior to the date stated in the table below, but on or after the stated date, may be redeemed for cash at the option of the Company in whole or in part at a redemption price of $25.00 per share, plus all accrued and unpaid dividends, if any. In June 2001, the Company redeemed all 4,455,000 outstanding shares of its 9.00% Series F Cumulative Redeemable Preferred Stock at a price of $25.00 per share, plus $0.1625 in accrued and unpaid dividends. In October 2001, the Company redeemed all 4,300,000 outstanding shares of its 8.96% Series G Cumulative Redeemable Preferred Stock at a price of $25.00 per share, plus $0.4418 in accrued and unpaid dividends. The series of Preferred Stock outstanding have no stated maturity and are not subject to any sinking fund or mandatory redemptions. Preferred Stock outstanding as of December 31, 2001 were as follows:

Series	Shares outstanding December 31, 2001	Payable quarterly	Annual rate	Liquidation preference	Non-redeemable prior to
C	2,300,000	March, June, September, December	8.50%	$25	June 20, 2002
D	3,267,700	March, June, September, December	8.00%	$25	December 15, 2002
H	4,000,000	March, June, September, December	8.70%	$25	October 15, 2008

The Company also has 1,000,000 shares of Series E Junior Participating Cumulative Preferred Stock authorized for issuance pursuant to the Company's Shareholder Rights Agreement. As of December 31, 2001, there were no shares of Series E Preferred Stock outstanding and the Company has amended its Shareholder Rights Agreement so that it will expire effective March 31, 2002.

Dividends per common share for the years ended December 31, 2001, 2000 and 1999 were $2.56, $2.24 and $2.06, respectively. In 2001, dividends per preferred share for shares redeemed during the year were $1.41 and dividends per share for all non-redeemed preferred shares were $2.10. Dividends per preferred share were $2.17 in both 2000 and 1999.

5. Derivative Instruments and Hedging Activities

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133, as amended by SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of SFAS No. 133," and SFAS No. 138, "Accounting for Certain Instruments and Certain Hedging Activities, an amendment of Statement 133," was adopted by the Company on January 1, 2001. SFAS No. 133, as amended, establishes accounting and reporting standards requiring that every derivative instrument be recorded on the balance sheet as either an asset or liability measured at its fair value. SFAS No. 133 also requires that a change in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. For fair value hedge transactions, changes in the fair value of the derivative instrument and changes in the fair value of the hedged item due to the risk being hedged are recorded through the income statement. For cash flow hedge transactions, changes in the fair value of the derivative instrument are reported in other comprehensive income. For hedges where the changes in the fair value of the derivative exceeds the change in fair value of the hedged item, the ineffective portion is recognized in current period earnings. Derivatives which are not part of a hedge relationship are recorded at fair value through earnings.

The Company has historically used interest rate swap agreements (the "Swap Agreements") to reduce the impact of interest rate fluctuations on its variable rate tax-exempt bonds. The Company has not entered into any interest rate hedge agreements or treasury locks for its conventional unsecured debt. The Swap Agreements are not held for trading

or other speculative purposes. As of December 31, 2001, the effect of these Swap Agreements is to fix $167,272 of the Company's tax-exempt debt at a weighted average interest rate of 6.0% with an average maturity of 4.5 years. By using derivative financial instruments to hedge exposures to changes in interest rates, the Company exposes itself to credit risk and market risk.

The credit risk is the risk of a counterparty not performing under the terms of the Swap Agreement. The counterparties to these Swap Agreements are major financial institutions which have an A+ or better credit rating by the Standard & Poor's Ratings Group. The Company monitors the credit ratings of counterparties and the amount of the Company's debt subject to Swap Agreements with any one party. Therefore, the Company believes the likelihood of realizing material losses from counterparty non-performance is remote.

Market risk is the adverse effect of the value of financial instruments that results from a change in interest rates. The market risk associated with interest-rate contracts is managed by the establishment and monitoring of parameters that limit the types and degree of market risk that may be undertaken. These risks are managed by the Company's Chief Financial Officer and Vice President of Finance.

The Company has determined that its Swap Agreements qualify as effective cash-flow hedges under SFAS No. 133. When entering into hedging transactions, the Company documents the relationships between hedging instruments and hedged items, as well as the risk management objective and strategy. The Company assesses, both at inception and on an on-going basis, the effectiveness of all hedges in offsetting cash flows of hedged items. In accordance with SFAS No. 133, the Company records all changes in the fair value of the Swap Agreements in other comprehensive income. Amounts recorded in other comprehensive income will be reclassified into earnings in the period in which earnings are affected by the hedged cash flows. For example, the reduction in fair value on a cash flow hedge due to the periodic payment of interest under the Swap Agreements is recorded in earnings each period. The combination of this expense with the lower interest expense we expect to pay on the underlying floating rate debt should result in overall interest expense equal to the contractually fixed amount resulting from the fixed rate swaps. In all situations where hedge accounting is discontinued, the derivative will be carried at fair value with changes in its fair value recognized in income. Upon the termination of a hedging relationship, the amount in other comprehensive income will be amortized over the remaining life of the hedged cash flows.

At January 1, 2001, in accordance with the transition provisions of SFAS No. 133, the Company recorded a cumulative effect adjustment of $6,412 to other comprehensive loss to recognize at fair value all of the derivatives that are designated as cash flow hedging instruments. Through December 31, 2001, the Company recorded additional unrealized losses to other comprehensive loss of $2,599 to adjust the Swap Agreements to their fair value. In connection with the sale of a community during the first quarter of 2001, a Swap Agreement with a fair value of $528 was transferred to the new owner. Hedge ineffectiveness did not have a material impact on earnings and the Company does not anticipate that it will have a material effect in the future. The Swap Agreements are included in accrued expenses and other liabilities on the accompanying Consolidated Balance Sheets.

6. Investments in Unconsolidated Real Estate Entities

The Company accounts for investments in unconsolidated real estate entities in accordance with Statement of Position ("SOP") 78-9, "Accounting for Investments in Real Estate Ventures" and APB Opinion No. 18. The Company applies the equity method of accounting to an investment in an entity if it owns greater than 20% or the equity value or has significant and disproportionate influence over that entity. At December 31, 2001, the Company's investments in unconsolidated real estate entities accounted for under the equity method of accounting consisted of:

- a 50% limited liability company membership interest in a limited liability company that owns the Falkland Chase community;
- a 49% general partnership interest in a partnership that owns the Avalon Run community;
- a 50% limited liability company membership interest in a limited liability company that owns the Avalon Grove community; and
- a 50% limited liability company membership interest in a limited liability company that owns the Avalon Terrace community.

The following is a combined summary of the financial position of these entities as of the dates presented:

<TABLE>
<CAPTION>

	(Unaudited) 12-31-01	(Unaudited) 12-31-00
<S>	<C>	<C>
Assets:		
Real estate, net	$151,590	$132,832
Other assets	10,971	10,400
Total assets	$162,561	$143,232
Liabilities and partners' equity:		
Mortgage notes payable	$ 47,195	$ 48,400
Other liabilities	10,040	8,656
Partners' equity	105,326	86,176

Total liabilities and partners' equity	$162,561	$143,232

</TABLE>

The following is a combined summary of the operating results of these entities for the periods presented:

<TABLE>
<CAPTION>

	Year ended (unaudited)		
	12-31-01	12-31-00	12-31-99
<S>	<C>	<C>	<C>
Rental income	$ 28,746	$ 22,222	$ 20,781
Other income	170	57	26
Operating and other expenses	(9,098)	(6,110)	(5,657)
Mortgage interest expense	(2,571)	(1,107)	(773)
Depreciation expense	(4,262)	(3,202)	(3,091)
Net income	$ 12,985	$ 11,860	$ 11,286

</TABLE>

The Company also holds an investment in a real estate entity which is accounted for under the cost method of accounting. In addition, the Company holds a 25% limited liability company membership interest in the limited liability company that owns Avalon on the Sound, which is presented on a consolidated basis in the financial statements in accordance with GAAP due to the Company's control over that entity.

7. Communities Held for Sale

The Company has a policy of disposing of assets that are not consistent with its long-term investment criteria when market conditions are favorable. In connection with this strategy, the Company solicits competing bids from unrelated parties for individual assets, and considers the sales price and tax ramifications of each proposal.

The communities sold during 2001 and the respective sales price and net proceeds are summarized below:

<TABLE>
<CAPTION>

Community Name	Location	Period of sale	Apartment homes	Debt	Gross sales price	Net proceeds
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Crossbrook	Rohnert Park, CA	1Q01	226	$ 8,145	$ 23,250	$ 14,500
Avalon Pavilions	Manchester, CT	3Q01	932	--	81,500	81,000
Waterhouse Place	Beaverton, OR	3Q01	279	--	20,900	20,600
Avalon Palladia	Hillsboro, OR	3Q01	497	--	51,250	51,000
Avalon Colchester	Brookline, MA	4Q01	57	--	6,000	5,900
Timberwood	West Covina, CA	4Q01	209	--	22,900	22,700
Arbor Heights	Hacienda Heights, CA	4Q01	351	--	35,330	34,700
Total of all 2001 asset sales			2,551	$ 8,145	$241,130	$230,400
Total of all 2000 asset sales			1,932	$ 31,694	$160,085	$124,392
Total of all 1999 asset sales			4,464	$ 29,645	$316,512	$280,918

</TABLE>

There were no communities held for sale as of December 31, 2001, however, the Company will continue to evaluate market conditions and will dispose of communities to optimize its concentration of assets when conditions are favorable.

8. Commitments and Contingencies

Presale Commitments

The Company occasionally enters into fixed price forward purchase commitments with unrelated third parties, which allow the Company to purchase communities upon completion of construction. The Company has an agreement to purchase a community with an estimated 306 apartment homes for an aggregate purchase price of approximately $70,000. The Company expects the acquisition to close in the second quarter of 2002. However, there can be no assurance that such acquisition will be consummated on the terms currently contemplated or at all, or on the schedule currently contemplated.

Insured Fire at Development Community

During 2000, a fire occurred at one of the Company's development communities, which was under construction and unoccupied at the time. The book value of the destroyed assets was reduced to zero from a balance of approximately $13,900 at the time of the fire. The Company recorded an insurance receivable for the same amount which was subsequently collected from the insurance company. The Company has property damage and business interruption insurance and prepared an insurance claim for the cost of replacing the destroyed assets as well as for business interruption losses. The Company does not anticipate this event will have a material adverse impact on the financial condition or results of operations of the Company. At December 31, 2001, the Company had an insurance receivable balance of $2,500 for business interruption through December 31, 2001. Income of $2,500 relating to the business interruption insurance claim is recorded in Other income in the accompanying Consolidated Statements of Operations and Other Comprehensive Income for 2001. In 2002, the Company expects to finalize the settlement of its insurance claim related to this fire and to recognize additional income from business interruption insurance which cannot be reasonably estimated at this time.

Employment Agreements and Arrangements

As of December 31, 2001, the Company has employment agreements with two executive officers that it entered into in 1998. In addition, during 2000 and 2001, six other senior officers entered into employment agreements, which are generally similar in structure to those entered into in 1998 but which generally do not provide for the same level of severance payments. The employment agreements provide for severance payments and generally also provide for accelerated vesting of stock options and restricted stock in the event of a termination of employment (except for

a termination by the Company with cause or a voluntary termination by the employee). The current term of these agreements ends on dates that vary between March 2003 and April 2004. The employment agreements provide for one-year automatic renewals after the initial term unless an advance notice of non-renewal is provided by either party. Under five of the agreements, upon a notice of non-renewal by the Company, the officer may terminate his employment and receive a severance payment. Upon a change in control, the agreements provide for an automatic extension of up to three years from the date of the change in control. The employment agreements provide for base salary and incentive compensation in the form of cash awards, stock options and stock grants subject to the discretion of, and attainment of performance goals established by, the Compensation Committee of the Board of Directors.

During the fourth quarter of 1999, the Company adopted an Officer Severance Program (the "Program") for the benefit of those officers of the Company who do not have employment agreements. Under the Program, in the event an officer who is not otherwise covered by a severance arrangement is terminated without cause in connection with a change in control (as defined) of the Company, such officer will generally receive a cash lump sum payment equal to the amount of such officer's base salary and cash bonus as well as accelerated vesting of stock options and restricted stock.

Legal Contingencies

The Company is subject to various legal proceedings and claims that arise in the ordinary course of business. These matters are frequently covered by insurance. If it has been determined that a loss is probable to occur, the estimated amount of the loss is expensed in the financial statements. While the resolution of these matters cannot be predicted with certainty, management believes the final outcome of such matters will not have a material adverse effect on the financial position or results of operations of the Company.

9. Segment Reporting

The Company's reportable operating segments include Established Communities, Other Stabilized Communities, and Development/Redevelopment Communities. Annually on January 1st, the Company determines which of its communities fall into each of these categories and maintains that classification throughout the year for the purpose of reporting segment operations.

- Established Communities (also known as Same Store Communities) are communities where a comparison of operating results from the prior year to the current year is meaningful, as these communities were owned and had stabilized occupancy and costs as of the beginning of the prior year. These communities are divided into geographic regions. For the year 2001, the Established Communities were communities that had stabilized occupancy and costs as of January 1, 2000. A community is considered to have stabilized occupancy at the earlier of (i) attainment of 95% occupancy or (ii) the one-year anniversary of completion of development or redevelopment.

- Other Stabilized includes all other completed communities that have stabilized occupancy, as defined above, and communities held for sale.

- Development/Redevelopment consists of communities that are under construction and have not received a final certificate of occupancy and communities where substantial redevelopment is in progress or is planned to take place during the current year.

The primary financial measure for Established and Other Stabilized Communities is Net Operating Income ("NOI"), which represents total revenue less operating expenses and property taxes. The primary performance measure for communities under development or redevelopment depends on the stage of completion. While under development, management monitors actual construction costs against budgeted costs as well as economic occupancy. While under lease-up, the primary performance measures for these assets are lease-up pace compared to budget and rent levels compared to budget.

<TABLE>
<CAPTION>

	(Dollars in thousands)			
	Total revenue	Net operating income	% NOI change from prior year	Gross real estate
<S>	<C>	<C>	<C>	<C>
For the year ended December 31, 2001				
Segment Results				
Established				
Northeast	$ 113,564	$ 81,777	8.4%	$ 570,551
Mid-Atlantic	81,976	60,256	8.4%	438,010
Midwest	21,069	13,089	1.7%	145,025
Pacific Northwest	6,784	4,985	3.3%	60,426
Northern California	157,736	121,923	6.9%	1,216,489
Southern California	42,462	30,188	9.2%	294,625
Total Established	423,591	312,218	7.5%	2,725,126
Other Stabilized	161,297	113,786	n/a	1,025,704
Development / Redevelopment	56,769	34,532	n/a	991,667
Land Held for Future Development	n/a	n/a	n/a	66,608
Non-Allocated	n/a	n/a	n/a	28,764
Total AvalonBay	$ 641,657	$ 460,536	11.8%	$4,837,869
For the year ended December 31, 2000				
Segment Results				
Established				
Northeast	$ 92,094	$ 65,047	6.6%	$ 486,217
Mid-Atlantic	68,646	49,694	9.2%	392,758
Midwest	20,455	12,869	5.0%	144,550
Pacific Northwest	3,778	2,751	17.1%	34,382
Northern California	107,342	82,126	15.9%	938,630
Southern California	23,458	16,635	11.6%	158,165
Total Established	315,773	229,122	10.7%	2,154,702
Other Stabilized	198,444	141,270	n/a	1,441,767

Development / Redevelopment	59,178	41,492	n/a	882,043
Land Held for Future Development	n/a	n/a	n/a	33,161
Non-Allocated	n/a	n/a	n/a	24,296
Total AvalonBay	$ 573,395	$ 411,884	18.5%	$4,535,969

For the year ended December 31, 1999

Segment Results				
Established				
Northeast	$ 84,786	$ 60,098	5.9%	$ 475,430
Mid-Atlantic	64,645	45,863	7.6%	390,573
Midwest	5,347	3,049	7.6%	36,912
Northern California	96,182	70,662	1.1%	942,892
Southern California	6,557	4,512	15.2%	51,085
Total Established	257,517	184,184	4.7%	1,896,892
Other Stabilized	164,884	111,637	n/a	1,039,150
Development / Redevelopment	83,578	54,725	n/a	1,266,989
Land Held for Future Development	n/a	n/a	n/a	40,459
Non-Allocated	n/a	n/a	n/a	22,936
Total AvalonBay	$ 505,979	$ 350,546	38.3%	$4,266,426

</TABLE>

The segments are classified based on the individual community's status as of the beginning of the given calendar year. Therefore, each year the composition of communities within each business segment is adjusted. Accordingly, the amounts between years are not directly comparable. The accounting policies applicable to the operating segments described above are the same as those described in the summary of significant accounting policies.

Operating expenses as reflected on the Consolidated Statements of Operations and Comprehensive Income include $32,967, $28,111 and $22,786 for the years ended December 31, 2001, 2000 and 1999, respectively, of property management overhead costs that are not allocated to individual communities. These costs are not reflected in NOI as shown in the above tables. While there were no communities held for sale at December 31, 2001, the amount reflected for "Communities held for sale" on the Consolidated Balance Sheets at December 31, 2000 is net of $19,965 for accumulated depreciation.

10. Stock-Based Compensation Plans

The Company has adopted the 1994 Stock Incentive Plan, as amended and restated on March 31, 2001 (the "1994 Plan"), for the purpose of encouraging and enabling the Company's officers, associates and directors to acquire a proprietary interest in the Company and as a means of aligning management and stockholder interests and as a retention incentive for key associates. Individuals who are eligible to participate in the 1994 Plan include officers, other associates, outside directors and other key persons of the Company and its subsidiaries who are responsible for or contribute to the management, growth or profitability of the Company and its subsidiaries. The 1994 Plan authorizes (i) the grant of stock options that qualify as incentive stock options under Section 422 of the Internal Revenue Code ("ISOs"), (ii) the grant of stock options that do not so qualify, (iii) grants of shares of restricted and unrestricted Common Stock, (iv) grants of deferred stock awards, (v) performance share awards entitling the recipient to acquire shares of Common Stock and (vi) dividend equivalent rights.

Under the 1994 Plan, a maximum of 6,576,859 shares of Common Stock, plus upon the passing of each December 31st starting with December 31, 2001, up to 1.0% of the total number of shares of common stock and DownREIT units actually outstanding on such date, may be issued. Notwithstanding the foregoing, the maximum number of shares of stock for which ISOs may be issued under the 1994 Plan shall not exceed 2,500,000 and no awards shall be granted under the 1994 Plan after May 11, 2011. For purposes of this limitation, shares of Common Stock which are forfeited, canceled and reacquired by the Company, satisfied without the issuance of Common Stock or otherwise terminated (other than by exercise) shall be added back to the shares of Common Stock available for issuance under the 1994 Plan. Stock Options with respect to no more than 300,000 shares of stock may be granted to any one individual participant during any one calendar year period. Options granted to officers and employees under the 1994 Plan vest over periods (and may be subject to accelerated vesting under certain circumstances) as determined by the Compensation Committee of the Board of Directors and must expire no later than ten years from the date of grant. Options granted to non-employee directors under the 1994 Plan are subject to accelerated vesting under certain limited circumstances, become exercisable on the first anniversary of the date of grant, and expire ten years from the date of grant. Restricted stock granted to officers and employees under the 1994 Plan vest over periods (and may be subject to accelerated vesting under certain circumstances) as determined by the Compensation Committee of the Board of Directors. Generally, the restricted stock grants that have been awarded to officers and employees vest over four years, with 20% vesting immediately on the grant date and the remaining 80% vesting equally over the next four years from the date of grant. Restricted stock granted to non-employee directors vests 20% on the date of issuance and 20% on each of the first four anniversaries of the date of issuance. Options to purchase 2,780,757, 3,123,713, and 3,637,724 shares of Common Stock were available for grant under the 1994 Plan at December 31, 2001, 2000 and 1999, respectively.

Before the Merger, Avalon had adopted its 1995 Equity Incentive Plan (the "Avalon 1995 Incentive Plan"). Under the Avalon 1995 Incentive Plan, a maximum number of 3,315,054 shares (or 2,546,956 shares as adjusted for the Merger) of Common Stock were issuable, plus any shares of Common Stock represented by awards under Avalon's 1993 Stock Option and Incentive Plan (the "Avalon 1993 Plan") that were forfeited, canceled, reacquired by Avalon, satisfied without the issuance of Common Stock or otherwise terminated (other than by exercise). Options granted to officers, non-employee directors and associates under the Avalon 1995 Incentive Plan generally vested

over a three-year term, expire ten years from the date of grant and are exercisable at the market price on the date of grant.

In connection with the Merger, the exercise prices and the number of options under the Avalon 1995 Incentive Plan and the Avalon 1993 Plan were adjusted to reflect the equivalent Bay shares and exercise prices based on the 0.7683 share conversion ratio used in the Merger. Officers, non-employee directors and associates with Avalon 1995 Incentive Plan or Avalon 1993 Plan options may exercise their adjusted number of options for the Company's Common Stock at the adjusted exercise price. As of June 4, 1998, the date of the Merger, options and other awards ceased to be granted under the Avalon 1993 Plan or the Avalon 1995 Incentive Plan. Accordingly, there were no options to purchase shares of Common Stock available for grant under the Avalon 1995 Incentive Plan or the Avalon 1993 Plan at December 31, 2001, 2000 or 1999.

Information with respect to stock options granted under the 1994 Plan, the Avalon 1995 Incentive Plan and the Avalon 1993 Plan is as follows:

<TABLE>
<CAPTION>

	1994 Plan shares	Weighted average exercise price per share	Avalon 1995 and Avalon 1993 Plan shares	Weighted average exercise price per share
<S>	<C>	<C>	<C>	<C>
Options outstanding, December 31, 1998	1,886,082	$ 32.74	2,052,254	$ 34.05
Exercised	(311,989)	25.44	(172,977)	26.97
Granted	993,084	32.24	--	--
Forfeited	(533,903)	36.25	(50,940)	37.61
Options outstanding, December 31, 1999	2,033,274	$ 32.63	1,828,337	$ 34.63
Exercised	(172,376)	34.78	(327,582)	28.65
Granted	631,795	34.56	--	--
Forfeited	(66,736)	33.50	(16,410)	35.84
Options outstanding, December 31, 2000	2,425,957	$ 32.96	1,484,345	$ 35.94
Exercised	(367,652)	33.05	(487,312)	35.79
Granted	946,612	45.90	--	--
Forfeited	(111,639)	40.34	(4,836)	36.61
Options outstanding, December 31, 2001	2,893,278	$ 36.91	992,197	$ 36.03
Options exercisable:				
December 31, 1999	682,110	$ 30.33	1,268,520	$ 33.22

December 31, 2000	1,183,551	$ 32.05	1,313,219	$ 35.71
December 31, 2001	1,537,194	$ 33.58	976,830	$ 35.99

</TABLE>

For options outstanding at December 31, 2001 for the 1994 plan, 246,666 options had exercise prices ranging between $18.37 and $29.99 and a weighted average contractual life of 3.1 years, 1,692,300 options had exercise prices ranging between $30.00 and $39.99 and a weighted average contractual life of 7.1 years, and 954,312 options had exercise prices ranging between $40.00 and $47.50 and a weighted average contractual life of 9.1 years. Options outstanding at December 31, 2001 for the Avalon 1993 and Avalon 1995 plans had exercise prices ranging from $26.68 to $39.86 and a weighted average contractual life of 5.3 years.

The Company applies APB Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations in accounting for its Plans. Accordingly, no compensation expense has been recognized for the stock option portion of the stock-based compensation plan.

Had compensation expense for the Company's stock option plan been determined based on the fair value at the grant date for awards under the Plan consistent with the methodology prescribed under SFAS No. 123, "Accounting for Stock-Based Compensation," the Company's net income and earnings per share would have been reduced to the following pro forma amounts (unaudited):

<TABLE>
<CAPTION>

	Pro Forma		
	Year ended 12-31-01	Year ended 12-31-00	Year ended 12-31-99
<S>	<C>	<C>	<C>
Net income available to common stockholders	$ 212,924	$ 168,058	$ 130,882
Per common share - basic	$ 3.14	$ 2.53	$ 2.02
Per common share - diluted	$ 3.07	$ 2.49	$ 2.01

</TABLE>

The fair value of the options granted during 2001 is estimated at $4.83 per share on the date of grant using the Black-Scholes option pricing model with the following assumptions: dividend yield of 5.58%, volatility of 16.47%, risk-free interest rates of 5.07%, actual number of forfeitures, and an expected life of approximately 3 years. The fair value of the options granted during 2000 is estimated at $3.76 per share on the date of grant using the Black-Scholes option pricing model with the following assumptions: dividend yield of 6.51%, volatility of 15.93%, risk-free interest rates of 6.61%, actual number of forfeitures, and an expected life of approximately 3 years. The fair value of the options granted during 1999 is estimated at $3.40 per share on the date of grant using the Black-Scholes option pricing model with the following assumptions: dividend yield of 6.10%, volatility of 17.04%, risk-free interest rates of 5.54%, actual number of forfeitures, and an expected life of approximately 3 years.

In connection with the Merger, the Company adopted the 1996 Non-Qualified Employee Stock Purchase Plan, as amended and restated (the "1996 ESP Plan"). The primary purpose of the 1996 ESP Plan is to encourage Common Stock ownership by eligible directors, officers and associates (the "Participants") in the belief that such ownership will increase each Participant's interest in the success of the Company. Until January 1, 2000, the 1996 ESP Plan provided for two purchase periods per year. A purchase period was a six month period beginning each January 1 and July 1 and ending each June 30 and December 31, respectively. Starting January 1, 2000, there is one purchase period per year, which begins May 1 and ends October 31. Participants may contribute portions of their compensation during a purchase period and purchase Common Stock at the end thereof. One million shares of Common Stock were initially reserved for issuance under the 1996 ESP Plan. Participation in the 1996 ESP Plan entitles each Participant to purchase Common Stock at a price which is equal to the lesser of 85% of the closing price for a share of stock on the first day of such purchase period or 85% of the closing price on the last day of such purchase period. The Company issued 14,917, 34,055 and 35,408 shares under the 1996 ESP Plan for 2001, 2000 and 1999, respectively.

11. Fair Value of Financial Instruments

Cash and cash equivalent balances are held with various financial institutions and may at times exceed the applicable Federal Deposit Insurance Corporation limit. The Company monitors credit ratings of these financial institutions and the concentration of cash and cash equivalent balances with any one financial institution and believes the likelihood of realizing material losses from the excess of cash and cash equivalent balances over insurance limits is remote.

The following estimated fair values of financial instruments were determined by management using available market information and established valuation methodologies, including discounted cash flows. Accordingly, the estimates presented are not necessarily indicative of the amounts the Company could realize on disposition of the financial instruments. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

- Cash equivalents, rents receivable, accounts payable and accrued expenses, and other liabilities are carried at their face amounts, which reasonably approximate their fair values.

- Bond indebtedness and notes payable with an aggregate carrying value of $2,082,769 and $1,729,924 had an estimated aggregate fair value of $2,191,115 and $1,765,402 at December 31, 2001 and 2000, respectively.

12. Related Party Arrangements

Purchase of Mortgage Loan

An executive officer and former executive officer of the Company are partners of an entity that is the general partner of Arbor Commons Associates Limited Partnership ("Arbor Commons Associates"). Concurrently with Avalon's initial public offering in November 1993, Avalon purchased an existing participating mortgage loan made to Arbor Commons Associates that was originated by CIGNA Investments, Inc. The mortgage loan is secured by the borrower's interests in the Avalon Arbor community. This loan accrues interest at a fixed rate of 10.2% per annum, payable at 9% per annum. The balance of the note receivable at both December 31, 2001 and 2000 was $21,483. The balance of accrued interest on the note receivable as of December 31, 2001 and 2000, respectively, was $5,231 and $4,450. Related interest income of $3,081, $3,009 and $2,943 was recorded for 2001, 2000 and 1999, respectively. Under the terms of the loan, the Company (as successor to Avalon) receives (as contingent interest) 50% of the cash flow after the 10.2% accrual rate is paid and 50% of the residual profits upon the sale of the community.

Sublease of San Jose Office Space to Greenbriar Homes

From September 1, 1999 to August 31, 2001, the Company subleased approximately 8,500 square feet of space in its San Jose office to Greenbriar Homes, for approximately $20,552 per month. A director of the Company holds a controlling interest in Greenbriar Homes. The lease has expired and Greenbriar no longer subleases office space from the Company.

Unconsolidated entities

The Company manages several unconsolidated entities for which it receives management fee revenue. From these entities the Company received management fee revenue of $1,011, $691 and $612 in 2001, 2000 and 1999, respectively.

Indebtedness of Management

The Company has adopted a recourse loan program under which the Company lends amounts to or on behalf of employees ("Stock Loans") equivalent to the estimated employees' tax withholding liabilities related to the vesting of restricted stock under the 1994 Plan. The balance of the extended Stock Loans to employees was $1,133 and $770 as of December 31, 2001 and 2000, respectively. The balance of accrued interest on the notes receivable was $100 and $59 as of December 31, 2001 and 2000, respectively. Interest income on the notes of $62, $76, and $38 was recorded for 2001, 2000 and 1999, respectively.

Pursuant to a Promissory Note and Pledge and Security Agreement dated June 15, 2000, the Company advanced a senior officer $457. Until the fifth anniversary of this loan, the loan bears interest at the rate of 6.49%, which was the Long Term Applicable Federal Rate in effect at the time the loan was made. After the fifth anniversary, the loan will bear interest at 6.49%, or, if the prevailing Short Term Applicable Federal Rate then in effect is greater than 10.49% or less than 2.49%, then at the prevailing Short Term Applicable Federal Rate thereafter in effect from time to time. This is a full recourse loan, and in addition is secured by Common Stock and rights to employee stock options owned by the officer. Dividends on the Common Stock securing the loan are applied to payment of interest and principal on the loan. The outstanding balance of the loan, including accrued interest, was $428 and $448 as of December 31, 2001 and 2000, respectively. Interest income of $28 and $14 relating to the loan was recorded for 2001 and 2000, respectively. If this loan is not repaid in full by June 15, 2005, then at any time thereafter the Company in its sole discretion may demand repayment. In addition, the officer will be required to repay the loan in full within sixty days following his termination of employment with the Company for any reason.

Consulting Agreement with Mr. Meyer

In March 2000, the Company and Mr. Meyer announced that Mr. Meyer would retire as Executive Chairman of the Company in May 2000. Although Mr. Meyer ceased his day-to-day involvement with the Company as an executive officer, he continues to serve as a director. In addition, pursuant to a consulting agreement, Mr. Meyer agreed to serve as a consultant to the Company for three years following his retirement for an annual fee of $1,395. In such capacity he assists with respect to transitional matters that may arise in connection with his retirement, he responds to requests for assistance or information concerning business matters with which he became familiar while employed, and he provides business advice and counsel to the Company with respect to business strategies and acquisitions, dispositions, development and redevelopment of multifamily rental properties.

Director Compensation

A director of the Company who is also an employee receives no additional compensation for his services as a director. Under the Stock Incentive Plan, on the fifth business day following each annual meeting of stockholders, each of the Company's non-employee directors automatically receives options to purchase 7,000 shares of Common Stock at the last reported sale price of the Common Stock on the NYSE on such date, and a restricted stock (or deferred stock award) grant of 2,500 shares of Common Stock. Subject to accelerated vesting under certain limited circumstances, all of such stock options will become exercisable one year after the date of grant and will expire ten years after the date of grant, and such shares of restricted stock (or deferred stock awards) granted to non-employee directors will vest at the rate of 20% on the date of issuance and on each of the first four anniversaries of the date of issuance. If a director elects to receive a deferred stock award in lieu of restricted stock, then at the time of such election, the director also elects at what time in the future he or she will receive shares of stock in respect of the vested portion of the deferred stock award. The Company recorded compensation expense relating to these awards in the amount of $624, $525 and $438 in 2001, 2000 and 1999, respectively. Deferred compensation relating to the Board of Directors was $688 and $507 on December 31, 2001 and 2000, respectively.

13. Quarterly Financial Information (Unaudited)

The following summary represents the quarterly results of operations for the years ended December 31, 2001 and 2000:

<TABLE>
<CAPTION>

	Three months ended			
	3-31-01	6-30-01	9-30-01	12-31-01
<S>	<C>	<C>	<C>	<C>
Total revenue	$ 155,757	$ 162,359	$ 163,269	$ 160,272
Net income available to common stockholders	$ 41,654	$ 39,131	$ 79,229	$ 56,486
Net income per common share - basic	$ 0.62	$ 0.58	$ 1.16	$ 0.83
Net income per common share - diluted	$ 0.61	$ 0.57	$ 1.14	$ 0.81

</TABLE>

<TABLE>
<CAPTION>

	Three months ended			
	3-31-00	6-30-00	9-30-00	12-31-00
<S>	<C>	<C>	<C>	<C>

Total revenue	$ 135,088	$ 139,958	$ 146,351	$ 151,998
Net income available to common stockholders	$ 37,227	$ 40,712	$ 48,550	$ 44,336
Net income per common share - basic	$ 0.57	$ 0.62	$ 0.73	$ 0.66
Net income per common share - diluted	$ 0.56	$ 0.61	$ 0.71	$ 0.65

</TABLE>

14. Subsequent Events

In January 2002, the Company invested an additional $2,300 in Realeum, Inc., a company involved in the development and deployment of a property management and leasing automation system.

AVALONBAY COMMUNITIES, INC.
REAL ESTATE AND ACCUMULATED DEPRECIATION
December 31, 2001
(Dollars in thousands)

<TABLE>
<CAPTION>

	Initial Cost			Total Cost		
	Land	Building / Construction in Progress & Improvements	Costs Subsequent to Acquisition / Construction	Land	Building / Construction in Progress & Improvements	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Current Communities						
Avalon at Prudential Center	$ 25,811	$ 103,233	$ 15,514	$ 25,811	$ 118,747	$ 144,558
Longwood Towers	3,310	13,741	20,358	3,310	34,099	37,409
Avalon Summit	1,743	14,654	113	1,743	14,767	16,510
Avalon at Lexington	2,124	12,599	551	2,124	13,150	15,274
Avalon at Faxon Park	1,136	14,019	3	1,136	14,022	15,158
Avalon West	943	9,881	64	943	9,945	10,888
Avalon Oaks	2,129	18,640	--	2,129	18,640	20,769
Avalon Essex	5,230	15,483	692	5,230	16,175	21,405
Avalon at Center Place	--	26,816	438	--	27,254	27,254
Avalon Estates	1,972	18,167	--	1,972	18,167	20,139
Avalon Walk I & II	9,102	48,796	1,079	9,102	49,875	58,977
Avalon Glen	5,956	23,993	1,221	5,956	25,214	31,170
Avalon Gates	4,414	31,305	249	4,414	31,554	35,968
Avalon Springs	2,116	14,512	83	2,116	14,595	16,711
Avalon Valley	2,277	22,424	1,359	2,277	23,783	26,060
Avalon Lake	3,314	13,139	542	3,314	13,681	16,995
Avalon Corners	6,305	24,179	907	6,305	25,086	31,391
Avalon Haven	1,264	11,762	739	1,264	12,501	13,765
Avalon Commons	4,679	28,552	37	4,679	28,589	33,268
Avalon Towers	3,118	12,709	937	3,118	13,646	16,764
Avalon Court	9,228	48,920	1,122	9,228	50,042	59,270
Avalon Cove	8,760	82,356	606	8,760	82,962	91,722
The Tower at Avalon Cove	3,738	45,755	126	3,738	45,881	

49,619

Avalon Crest	11,468	44,035	469	11,468	44,504	55,972
Avalon at Florham Park	6,647	34,639	--	6,647	34,639	41,286
Avalon Watch	5,585	22,394	1,386	5,585	23,780	29,365
Avalon Run East	1,579	14,669	24	1,579	14,693	16,272
Avalon Gardens	8,428	45,706	--	8,428	45,706	54,134
Avalon View	3,529	14,140	490	3,529	14,630	18,159
Avalon Green	1,820	10,525	222	1,820	10,747	12,567
The Avalon	2,889	28,273	51	2,889	28,324	31,213
Avalon Willow	6,207	39,852	887	6,207	40,739	46,946
Avalon on the Sound	717	89,501	--	717	89,501	90,218
Avalon at Fairway Hills I & II	8,612	34,463	1,537	8,612	36,000	44,612
Avalon at Symphony Glen	1,594	6,384	1,092	1,594	7,476	9,070
Avalon Landing	1,849	7,409	415	1,849	7,824	9,673
Avalon at Ballston - Vermont & Quincy Towers	9,340	37,360	293	9,340	37,653	46,993
Avalon Crescent	13,851	43,401	24	13,851	43,425	57,276
Avalon at Ballston - Washington Towers	7,291	29,177	751	7,291	29,928	37,219
Avalon at Cameron Court	10,292	32,931	--	10,292	32,931	43,223

</TABLE>

<TABLE>
<CAPTION>

<S>	Accumulated Depreciation <C>	Total cost, Net of Accumulated Depreciation <C>	Encumbrances <C>	Year of Completion / Acquisition <C>
Current Communities				
Avalon at Prudential Center	$ 13,106	$ 131,452	$ -	1968/1998
Longwood Towers	6,767	30,642	--	1993
Avalon Summit	2,929	13,581	--	1996
Avalon at Lexington	3,271	12,003	14,073	1994
Avalon at Faxon Park	1,929	13,229	--	1998
Avalon West	1,853	9,035	8,522	1996
Avalon Oaks	1,889	18,880	17,718	1999
Avalon Essex	1,033	20,372	--	2000
Avalon at Center Place	4,302	22,952	--	1997
Avalon Estates	717	19,422	--	2001
Avalon Walk I & II	12,432	46,545	12,036	1992/94
Avalon Glen	6,412	24,758	--	1991
Avalon Gates	5,036	30,932	--	1997
Avalon Springs	2,432	14,279	--	1996
Avalon Valley	2,198	23,862	--	1999
Avalon Lake	1,275	15,720	--	1999
Avalon Corners	2,007	29,384	--	2000
Avalon Haven	703	13,062	--	2000
Avalon Commons	4,439	28,829	--	1997
Avalon Towers	2,839	13,925	--	1995
Avalon Court	5,071	54,199	--	1997
Avalon Cove	13,867	77,855	--	1997
The Tower at Avalon Cove	4,285	45,334	--	1999
Avalon Crest	3,989	51,983	--	1998
Avalon at Florham Park	1,486	39,800	--	2001
Avalon Watch	6,550	22,815	--	1999
Avalon Run East	2,719	13,553	--	1996
Avalon Gardens	6,387	47,747	--	1998
Avalon View	3,913	14,246	18,115	1993
Avalon Green	2,439	10,128	--	1995
The Avalon	2,440	28,773	--	1999
Avalon Willow	3,197	43,749	--	2000
Avalon on the Sound	1,443	88,775	57,314	2001
Avalon at Fairway Hills I & II	7,465	37,147	11,500	1987/96
Avalon at Symphony Glen	2,041	7,029	9,780	1986
Avalon Landing	1,815	7,858	6,525	1995
Avalon at Ballston - Vermont & Quincy Towers	6,276	40,717	--	1997
Avalon Crescent	7,074	50,202	--	1996
Avalon at Ballston - Washington Towers	7,752	29,467	--	1990

Avalon at Cameron Court	4,487	38,736	--	1998

</TABLE>

AVALONBAY COMMUNITIES, INC.
REAL ESTATE AND ACCUMULATED DEPRECIATION
December 31, 2001
(Dollars in thousands)

<TABLE>
<CAPTION>

	Initial Cost			Total Cost		
	Land	Building / Construction in Progress & Improvements	Costs Subsequent to Acquisition / Construction	Land	Building / Construction in Progress & Improvements	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
AutumnWoods	6,096	24,400	337	6,096	24,737	30,833
Avalon at Fair Lakes	4,334	19,127	9	4,334	19,136	23,470
Avalon at Dulles	2,302	9,212	343	2,302	9,555	11,857
Avalon at Providence Park	2,152	8,907	240	2,152	9,147	11,299
Avalon at Fox Mill	2,713	16,678	77	2,713	16,755	19,468
Avalon at Decoverly	6,157	24,800	727	6,157	25,527	31,684
Avalon Knoll	1,528	6,136	853	1,528	6,989	8,517
Avalon Fields I & II	4,047	18,611	43	4,047	18,654	22,701
Avalon Crossing	2,207	11,683	--	2,207	11,683	13,890
4100 Massachusetts Avenue	6,848	27,614	1,230	6,848	28,844	35,692
Avalon at Arlington Square I	13,453	55,918	--	13,453	55,918	69,371
Avalon at Danada Farms	7,535	30,444	388	7,535	30,832	38,367
Avalon at West Grove	5,149	20,657	3,900	5,149	24,557	29,706
Avalon at Stratford Green	4,326	17,569	37	4,326	17,606	21,932
200 Arlington Place	9,728	39,527	270	9,728	39,797	49,525
Avalon at Devonshire	7,250	29,641	405	7,250	30,046	37,296
Avalon at Edinburgh	3,541	14,758	177	3,541	14,935	18,476
Avalon at Town Centre	3,450	14,449	205	3,450	14,654	18,104
Avalon at Town Square	2,099	8,642	111	2,099	8,753	10,852
Avalon at Woodbury	5,034	20,857	72	5,034	20,929	25,963
Avalon at Bear Creek	6,786	27,035	616	6,786	27,651	34,437
Avalon Redmond Place	4,558	17,504	3,927	4,558	21,431	25,989
Avalon Greenbriar	3,808	21,239	11,086	3,808	32,325	36,133
Avalon HighGrove	7,569	32,035	--	7,569	32,035	39,604
Avalon ParcSquare	3,789	15,093	143	3,789	15,236	19,025
Avalon RockMeadow	4,777	19,671	9	4,777	19,680	24,457
Avalon WildReed	4,253	18,676	21	4,253	18,697	22,950
Avalon Bellevue	6,664	23,908	--	6,664	23,908	30,572
Avalon Belltown	5,644	12,453	--	5,644	12,453	18,097
Avalon Wynhaven	11,412	41,142	--	11,412	41,142	

						52,554
Avalon Brandemoor	8,630	36,679	--	8,630	36,679	45,309
Avalon WildWood	6,268	26,597	--	6,268	26,597	32,865
Waterford	11,324	45,717	1,755	11,324	47,472	58,796
Avalon Fremont	15,016	60,681	1,235	15,016	61,916	76,932
Avalon Pleasanton	11,610	46,552	1,678	11,610	48,230	59,840
Avalon Dublin	5,276	19,642	1,803	5,276	21,445	26,721
Avalon at Willow Creek	6,581	26,583	813	6,581	27,396	33,977
Avalon at Union Square	4,249	16,820	660	4,249	17,480	21,729
Crowne Ridge	5,982	16,885	8,002	5,982	24,887	30,869
Avalon at Sunset Towers	3,561	21,321	3,241	3,561	24,562	28,123
Avalon at Nob Hill	5,403	21,567	474	5,403	22,041	27,444

</TABLE>

<TABLE>
<CAPTION>

<S>	Accumulated Depreciation <C>	Total Cost, Net of Accumulated Depreciation <C>	Encumbrances <C>	Year of Completion / Acquisition <C>
AutumnWoods	4,356	26,477	--	1996
Avalon at Fair Lakes	2,691	20,779	--	1998
Avalon at Dulles	2,632	9,225	12,360	1986
Avalon at Providence Park	1,446	9,853	--	1997
Avalon at Fox Mill	1,358	18,110	--	2000
Avalon at Decoverly	5,412	26,272	--	1995
Avalon Knoll	2,208	6,309	13,193	1985
Avalon Fields I & II	3,467	19,234	11,454	1998
Avalon Crossing	2,156	11,734	--	1996
4100 Massachusetts Avenue	7,171	28,521	--	1982
Avalon at Arlington Square I	1,222	68,149	--	2001
Avalon at Danada Farms	4,206	34,161	--	1997
Avalon at West Grove	3,349	26,357	--	1967
Avalon at Stratford Green	2,424	19,508	--	1997
200 Arlington Place	1,431	48,094	--	1987/2000
Avalon at Devonshire	4,237	33,059	27,305	1988
Avalon at Edinburgh	1,933	16,543	--	1992
Avalon at Town Centre	2,062	16,042	--	1986
Avalon at Town Square	1,250	9,602	--	1986
Avalon at Woodbury	1,805	24,158	--	1999
Avalon at Bear Creek	3,459	30,978	--	1998
Avalon Redmond Place	3,013	22,976	--	1991/97
Avalon Greenbriar	3,809	32,324	18,755	1987/88
Avalon HighGrove	1,277	38,327	--	2000
Avalon ParcSquare	852	18,173	--	2000
Avalon RockMeadow	1,124	23,333	--	2000
Avalon WildReed	995	21,955	--	2000
Avalon Bellevue	775	29,797	--	2001
Avalon Belltown	131	17,966	--	2001
Avalon Wynhaven	1,248	51,306	--	2001
Avalon Brandemoor	1,028	44,281	--	2001
Avalon WildWood	737	32,128	--	2001
Waterford	6,126	52,670	33,100	1985/86
Avalon Fremont	7,844	69,088	--	1992/94
Avalon Pleasanton	6,141	53,699	--	1988/94
Avalon Dublin	2,692	24,029	--	1989/97
Avalon at Willow Creek	3,459	30,518	--	1985/94
Avalon at Union Square	2,206	19,523	--	1973/96
Crowne Ridge	3,155	27,714	--	1973/96
Avalon at Sunset Towers	3,418	24,705	--	1961/96
Avalon at Nob Hill	2,745	24,699	19,745	1990/95

</TABLE>

AVALONBAY COMMUNITIES, INC.
REAL ESTATE AND ACCUMULATED DEPRECIATION
December 31, 2001
(Dollars in thousands)

<TABLE>
<CAPTION>

	Initial Cost			Total Cost		
	Land	Building / Construction in Progress & Improvements	Costs Subsequent to Acquisition / Construction	Land	Building / Construction in Progress & Improvements	Total
Avalon at Diamond Heights	4,726	19,130	428	4,726	19,558	24,284
Avalon Towers by The Bay	9,155	57,630	41	9,155	57,671	66,826
Avalon at Cedar Ridge	4,230	9,659	11,641	4,230	21,300	25,530
Avalon Foster City	7,852	31,445	3,493	7,852	34,938	42,790
Avalon Pacifica	6,125	24,796	280	6,125	25,076	31,201
Avalon Silicon Valley	20,713	99,304	789	20,713	100,093	120,806
Avalon at Blossom Hill	11,933	48,313	490	11,933	48,803	60,736
Avalon Campbell	11,830	47,828	270	11,830	48,098	59,928
CountryBrook	9,384	34,794	3,599	9,384	38,393	47,777
Avalon at Pruneyard	3,414	15,469	12,834	3,414	28,303	31,717
Avalon at Creekside	6,546	26,301	10,119	6,546	36,420	42,966
Avalon at River Oaks	8,904	35,126	1,550	8,904	36,676	45,580
Avalon at Parkside	7,406	29,823	532	7,406	30,355	37,761
Avalon Mountain View	9,755	39,393	1,112	9,755	40,505	50,260
San Marino	6,607	26,673	459	6,607	27,132	33,739
Avalon Sunnyvale	6,786	27,388	441	6,786	27,829	34,615
Avalon at Foxchase	11,340	45,532	1,599	11,340	47,131	58,471
Fairway Glen	3,341	13,338	395	3,341	13,733	17,074
Avalon Cupertino	9,099	39,926	33	9,099	39,959	49,058
Avalon on the Alameda	6,119	50,164	412	6,119	50,576	56,695
Avalon Rosewalk I & II	15,814	62,028	268	15,814	62,296	78,110
Avalon Woodland Hills	23,828	40,372	7,118	23,828	47,490	71,318
Avalon at Media Center	22,483	28,104	24,444	22,483	52,548	75,031
Avalon Westside Terrace	5,878	23,708	7,493	5,878	31,201	37,079
Avalon at Warner Center	7,045	12,986	6,298	7,045	19,284	26,329
Avalon Huntington Beach	6,663	21,647	8,816	6,663	30,463	37,126
Avalon at Pacific Bay	4,871	19,745	7,243	4,871	26,988	31,859
Avalon at South Coast	4,709	16,063	3,594	4,709	19,657	24,366
Avalon Santa Margarita	4,607	16,911	2,052	4,607	18,963	23,570
Amberway	10,285	7,249	3,726	10,285	10,975	21,260
Avalon Laguna Niguel	656	16,588	3,713	656	20,301	20,957
Avalon Newport	1,975	3,814	4,313	1,975	8,127	10,102
Avalon Mission Viejo	2,517	9,257	1,165	2,517	10,422	12,939
Avalon at Mission Bay	9,922	40,633	15,287	9,922	55,920	65,842
Avalon at Cortez Hill	2,768	20,134	11,380	2,768	31,514	34,282
Avalon at Mission Ridge	2,710	10,924	7,933	2,710	18,857	21,567

Avalon at Penasquitos Hills	2,760	9,391	2,036	2,760	11,427	14,187
	748,232	3,259,510	266,664	748,232	3,526,174	4,274,406

</TABLE>

<TABLE>
<CAPTION>

<S>	Accumulated Depreciation <C>	Total Cost, Net of Accumulated Depreciation <C>	Encumbrances <C>	Year of Completion / Acquisition <C>
Avalon at Diamond Heights	2,476	21,808	--	1972/94
Avalon Towers by The Bay	4,637	62,189	--	1999
Avalon at Cedar Ridge	2,815	22,715	--	1975/97
Avalon Foster City	4,161	38,629	--	1973/94
Avalon Pacifica	3,120	28,081	16,505	1971/95
Avalon Silicon Valley	12,372	108,434	--	1997
Avalon at Blossom Hill	6,179	54,557	--	1995
Avalon Campbell	5,980	53,948	36,386	1995
CountryBrook	4,832	42,945	18,577	1985/96
Avalon at Pruneyard	3,372	28,345	12,870	1966/97
Avalon at Creekside	3,919	39,047	--	1962/97
Avalon at River Oaks	4,665	40,915	--	1990/96
Avalon at Parkside	3,769	33,992	--	1991/96
Avalon Mountain View	5,045	45,215	18,300	1986
San Marino	3,399	30,340	--	1984/88
Avalon Sunnyvale	3,467	31,148	--	1987/95
Avalon at Foxchase	5,938	52,533	26,400	1986/87
Fairway Glen	1,756	15,318	9,580	1986
Avalon Cupertino	5,163	43,895	--	1999
Avalon on the Alameda	5,025	51,670	--	1999
Avalon Rosewalk I & II	7,236	70,874	--	1997
Avalon Woodland Hills	6,613	64,705	--	1989/97
Avalon at Media Center	5,071	69,960	--	1969/97
Avalon Westside Terrace	3,770	33,309	--	1966/97
Avalon at Warner Center	2,546	23,783	--	1979/98
Avalon Huntington Beach	4,273	32,853	--	1972/97
Avalon at Pacific Bay	3,187	28,672	--	1971/97
Avalon at South Coast	2,573	21,793	--	1973/96
Avalon Santa Margarita	2,458	21,112	--	1990/97
Amberway	1,537	19,723	--	1983/98
Avalon Laguna Niguel	2,747	18,210	10,400	1988/98
Avalon Newport	1,048	9,054	--	1956/96
Avalon Mission Viejo	1,344	11,595	7,256	1984/96
Avalon at Mission Bay	6,182	59,660	--	1969/97
Avalon at Cortez Hill	3,201	31,081	--	1973/98
Avalon at Mission Ridge	2,430	19,137	--	1960/97
Avalon at Penasquitos Hills	1,469	12,718	--	1982/97
	435,090	3,839,316	447,769	

</TABLE>

AVALONBAY COMMUNITIES, INC.
REAL ESTATE AND ACCUMULATED DEPRECIATION
December 31, 2001
(Dollars in thousands)

<TABLE>
<CAPTION>

	Initial Cost			Total Cost		
<S>	Land <C>	Building / Construction in Progress & Improvements <C>	Costs Subsequent to Acquisition / Construction <C>	Land <C>	Building / Construction in Progress & Improvements <C>	Total <C>
Development Communities						
Avalon at Edgewater	6,191	66,192	--	6,191	66,192	72,383

Avalon at Freehold	2,124	29,618	--	2,124	29,618	31,742
Avalon on Stamford Harbor	--	36,479	--	--	36,479	36,479
Avalon Towers on the Peninsula	--	56,177	--	--	56,177	56,177
Avalon at Cahill Park	392	32,354	--	392	32,354	32,746
Avalon Riverview	--	67,765	--	--	67,765	67,765
Avalon at Mission Bay North	--	22,343	--	--	22,343	22,343
Avalon Oaks West	--	13,824	--	--	13,824	13,824
Avalon Ledges	--	22,134	--	--	22,134	22,134
Avalon Orchards	--	14,312	--	--	14,312	14,312
Avalon at Arlington Square II	--	24,119	--	--	24,119	24,119
Avalon at Flanders Hill	--	11,150	--	--	11,150	11,150
Avalon New Canaan	--	14,920	--	--	14,920	14,920
Avalon at Rock Spring	--	5,171	--	--	5,171	5,171
Avalon at Gallery Place I	--	17,711	--	--	17,711	17,711
	8,707	434,269	--	8,707	434,269	442,976
Land held for development	66,608	--	--	66,608	--	66,608
Corporate	1,571	8,242	44,066	1,571	52,308	53,879
	$ 825,118	$ 3,702,021	$ 310,730	$ 825,118	$ 4,012,751	$ 4,837,869

</TABLE>

<TABLE>
<CAPTION>

	Accumulated Depreciation	Total Cost, Net of Accumulated Depreciation	Encumbrances	Year of Completion / Acquisition
<S>	<C>	<C>	<C>	<C>
Development Communities				
Avalon at Edgewater	345	72,038	--	N/A
Avalon at Freehold	87	31,655	--	N/A
Avalon on Stamford Harbor	--	36,479	--	N/A
Avalon Towers on the Peninsula	--	56,177	--	N/A
Avalon at Cahill Park	11	32,735	--	N/A
Avalon Riverview	--	67,765	--	N/A
Avalon at Mission Bay North	--	22,343	--	N/A
Avalon Oaks West	--	13,824	--	N/A
Avalon Ledges	--	22,134	--	N/A
Avalon Orchards	--	14,312	--	N/A
Avalon at Arlington Square II	--	24,119	--	N/A
Avalon at Flanders Hill	--	11,150	--	N/A
Avalon New Canaan	--	14,920	--	N/A
Avalon at Rock Spring	--	5,171	--	N/A
Avalon at Gallery Place I	--	17,711	--	N/A
	443	442,533	--	
Land held for development	--	66,608	--	N/A
Corporate	11,493	42,386	--	N/A
	$ 447,026	$ 4,390,843	$ 447,769	

</TABLE>

AVALONBAY COMMUNITIES, INC.
REAL ESTATE AND ACCUMULATED DEPRECIATION
December 31, 2001
(Dollars in thousands)

Depreciation of AvalonBay Communities, Inc. building, improvements, upgrades and furniture, fixtures and equipment (FF&E) is calculated over the following useful lives, on a straight line basis:

Building - 30 years
Improvements, upgrades and FF&E - not to exceed 7 years

The aggregate cost of total real estate for Federal income tax purposes was approximately $4.8 billion at December 31, 2001.

The changes in total real estate assets for the years ended December 31, 2001, 2000 and 1999 are as follows:

<TABLE>
<CAPTION>

	Years ended December 31,		
	2001	2000	1999
<S>	<C>	<C>	<C>
Balance, beginning of period	$ 4,535,969	$ 4,266,426	$4,006,456
Acquisitions, Construction Costs and Improvements	496,908	393,359	519,381
Reclassification to investments in JV's	--	--	--
Dispositions	(195,008)	(123,816)	(259,411)
Balance, end of period	$ 4,837,869	$ 4,535,969	$4,266,426

</TABLE>

The changes in accumulated depreciation for the years ended December 31, 2001, 2000 and 1999, are as follows:

<TABLE>
<CAPTION>

	Years ended December 31,		
	2001	2000	1999
<S>	<C>	<C>	<C>
Balance, beginning of period	$ 336,010	$ 225,103	$ 137,374
Depreciation for period	126,984	119,416	107,928
Dispositions	(15,968)	(8,509)	(20,199)
Balance, end of period	$ 447,026	$ 336,010	$ 225,103

</TABLE>

Exhibit 4.2

AVALON PROPERTIES, INC.

AND

SIGNET TRUST COMPANY

First Supplemental Indenture

Dated as of September 18, 1995

Supplemental to Indenture dated as of

September 18, 1995

FIRST SUPPLEMENTAL INDENTURE

FIRST SUPPLEMENTAL INDENTURE, dated as of September 18, 1995, between Avalon Properties, Inc., a Maryland corporation (hereinafter called the "Company"), having its principal office at 11 Burtis Avenue, New Canaan, Connecticut 06840, and Signet Trust Company, a banking association organized under the laws of the Commonwealth of Virginia (hereinafter called the "Trustee"), having a Corporate Trust Office at 7 St. Paul Street, Baltimore, Maryland 21202, as Trustee under the Indenture (as hereinafter defined).

RECITALS

The Company and the Trustee have heretofore entered into an Indenture, dated as of September 18, 1995 (hereinafter called the "Indenture"), providing for the issuance by the Company from time to time of its senior debt securities evidencing its unsecured and unsubordinated indebtedness (the "Securities");

No Securities have been issued under the Indenture; and

The Company desires to issue senior debt securities under the Indenture in the form of Exhibit A to this Supplemental Indenture, the terms of which are incorporated herein and made a part hereof, and has duly authorized the execution and delivery of this Supplemental Indenture to modify the Indenture and provide certain additional provisions and definitions as hereinafter described.

NOW, THEREFORE, THIS FIRST SUPPLEMENTAL INDENTURE WITNESSETH:

For and in consideration of the premises, the Company and the Trustee covenant and agree, for the equal and proportionate benefit of all Holders of the Securities, as follows:

ARTICLE ONE

Section 1.01. Section 101 of the Indenture is amended as follows:

The following definitions supplement, and, to the extent inconsistent with, replace the definitions in Section 101 of the Indenture:

"Acquired Debt" means Debt of a Person (i) existing at the time such Person becomes a Subsidiary or (ii) assumed in connection with the acquisition of assets from such Person, in each case, other than Debt incurred in connection with, or in contemplation of, such Person becoming a Subsidiary or such acquisition. Acquired Debt shall be deemed to be incurred on the date of the related acquisition of assets from any Person or the date the acquired Person becomes a Subsidiary.

"Annual Service Charge" as of any date means the maximum amount that is payable in any period for interest on, and original issue discount of, Debt of the Company and its Subsidiaries and the amount of dividends that are payable in respect of any Disqualified Stock.

"Consolidated Income Available for Debt Service" for any period means Earnings from Operations of the Company and its Subsidiaries plus amounts that have been deducted, and minus amounts that have been added, for the following (without duplication): (i) interest on Debt of the Company and its Subsidiaries,

(ii) provision for taxes of the Company and its Subsidiaries based on income, (iii) amortization of debt discount and deferred financing costs, (iv) provisions for gains and losses on properties and property depreciation and amortization, (v) the effect of any noncash charge resulting from a change in accounting principles in determining Earnings from Operations for such period, and (vi) amortization of deferred charges.

"Debt" of the Company or any Subsidiary means, without duplication, any indebtedness of the Company or any Subsidiary, whether or not contingent, in respect of (i) borrowed money or evidenced by bonds, notes, debentures or similar instruments, (ii) indebtedness for borrowed money secured by any Encumbrance existing on property owned by the Company or any Subsidiary, (iii) the reimbursement obligations, contingent or otherwise, in connection with any letters of credit actually issued (other than letters of credit issued to provide credit enhancement or support with respect to other indebtedness of the Company or any Subsidiary otherwise reflected as Debt hereunder) or amounts representing the balance deferred and unpaid of the purchase price of any property or services, except any such balance that constitutes an accrued expense or trade payable, or all conditional sale obligations or obligations under any title retention agreement, (iv) the principal amount of all obligations of the Company or any Subsidiary with respect to redemption, repayment or other repurchase of any Disqualified Stock, or (v) any lease of property by the Company or any Subsidiary as lessee which is reflected on the Company's Consolidated Balance Sheet as a capitalized lease in accordance with GAAP, to the extent, in the case of items of indebtedness under (i) through (iii) above, that any such items (other than letters of credit) would appear as a liability on the Company's Consolidated Balance Sheet in accordance with GAAP, and also includes, to the extent not otherwise included, any obligation by the Company or any Subsidiary to be liable for, or to pay, as obligor, guarantor or otherwise (other than for purposes of collection in the ordinary course of business), Debt of another Person (other than the Company or any Subsidiary) (it being understood that Debt shall be deemed to be incurred by the Company or any Subsidiary whenever the Company or such Subsidiary shall create, assume, guarantee or otherwise become liable in respect thereof).

"Disqualified Stock" means, with respect to any Person, any Capital Stock of such Person which by the terms of such Capital Stock (or by the terms of any security into which it is convertible or for which it is exchangeable or exercisable), upon the happening of any event or otherwise (i) matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise (other than Capital Stock which is redeemable solely in exchange for Common Stock), (ii) is convertible into or exchangeable or exercisable for Debt or Disqualified Stock, or (iii) is

redeemable at the option of the holder thereof, in whole or in part (other than Capital Stock which is redeemable solely in exchange for Common Stock), in each case on or prior to the Stated Maturity of the Securities.

"Earnings from Operations" for any period means net earnings excluding gains and losses on sales of investments, as reflected in the financial statements of the Company and its Subsidiaries for such period determined on a consolidated basis in accordance with GAAP.

"Encumbrance" means any mortgage, lien, charge, pledge or security interest of any kind.

"Total Assets" as of any date means the sum of (i) the Undepreciated Real Estate Assets and (ii) all other assets of the Company and its Subsidiaries determined in accordance with GAAP (but excluding accounts receivable and intangibles).

"Total Unencumbered Assets" means the sum of (i) those Undepreciated Real Estate Assets not subject to an Encumbrance for borrowed money and (ii) all other assets of the Company and its Subsidiaries not subject to an Encumbrance for borrowed money determined in accordance with GAAP (but excluding accounts receivable and intangibles).

"Undepreciated Real Estate Assets" as of any date means the cost (original cost plus capital improvements) of real estate assets of the Company and its Subsidiaries on such date, before depreciation and amortization determined on a consolidated basis in accordance with GAAP.

"Unsecured Debt" means Debt that is not secured by an Encumbrance upon any of the properties of the Company or any Subsidiary.

Section 1.02. A new Section 1012 is created and added to the Indenture to read as follows:

SECTION 1012. Limitations on Incurrence of Debt.

(a) The Company will not, and will not permit any Subsidiary to, incur any Debt if, immediately after giving effect to incurrence of such additional Debt and the application of the proceeds thereof, the aggregate principal amount of all outstanding Debt of the Company and its Subsidiaries on a consolidated basis determined in accordance with GAAP is greater than 60% of the sum of (without duplication) (i) the Total Assets of the Company and its Subsidiaries as of the end of the calendar quarter covered in the Company's Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as the case may be, most recently filed with the

Commission (or, if such filing is not permitted under the Exchange Act, with the Trustee) prior to the incurrence of such additional Debt and (ii) the purchase price of any real estate assets or mortgages receivable acquired, and the amount of any securities offering proceeds received (to the extent that such proceeds were not used to acquire real estate assets or mortgages receivable or used to reduce Debt), by the Company or any Subsidiary since the end of such calendar quarter, including those proceeds obtained in connection with the incurrence of such additional Debt.

(b) In addition to the limitations set forth in subsection (a) of this Section 1012, the Company will not, and will not permit any Subsidiary to, incur any Debt secured by any Encumbrance upon any of the property of the Company or any Subsidiary if, immediately after giving effect to the incurrence of such additional Debt and the application of the proceeds thereof, the aggregate principal amount of all outstanding Debt of the Company and its Subsidiaries on a consolidated basis which is secured by any Encumbrance is greater than 40% of the sum of (without duplication) (i) the Total Assets of the Company and its Subsidiaries as of the end of the calendar quarter covered in the Company's Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as the case may be, most recently filed with the Commission (or, if such filing is not permitted under the Exchange Act, with the Trustee) prior to the incurrence of such additional Debt and (ii) the purchase price of any real estate assets or mortgages receivable acquired, and the amount of any securities offering proceeds received (to the extent that such proceeds were not used to acquire real estate assets or mortgages receivable or used to reduce Debt), by the Company or any Subsidiary since the end of such calendar quarter, including those proceeds obtained in connection with the incurrence of such additional Debt.

(c) In addition to the limitations set forth in subsection (a) and (b) of this Section 1012, the Company and its Subsidiaries may not at any time own Total Unencumbered Assets equal to less than 150% of the aggregate outstanding principal amount of the Unsecured Debt of the Company and its Subsidiaries on a consolidated basis.

(d) In addition to the limitations set forth in subsection (a), (b) and (c) of this Section 1012, the Company will not, and

will not permit any Subsidiary to, incur any Debt if the ratio of Consolidated Income Available for Debt Service to the Annual Service Charge for the four consecutive fiscal quarters most recently ended prior to the date on which such additional Debt is to be incurred shall have been less than 1.5:1 on a pro forma basis giving effect thereto and to the application of the proceeds therefrom and calculated on the assumption that (i) such Debt and any other Debt incurred by the Company and its Subsidiaries since the first day of such four-quarter period and the application of the proceeds therefrom, including to refinance other Debt, had occurred at the beginning of such period; (ii) the repayment or retirement of any other Debt by the Company and its Subsidiaries since the first day of each such four-quarter period had been repaid or retired at the beginning of such period (except that, in making such computation, the amount of Debt under any revolving credit facility shall be computed based upon the average daily balance of such Debt during such period); (iii) in the case of Acquired Debt or Debt incurred in connection with any acquisition since the first day of such four-quarter period, the related acquisition had occurred as of the first day of such period with the appropriate adjustments with respect to such acquisition being included in such pro forma calculation; and (iv) in the case of any acquisition or disposition by the Company or its Subsidiaries of any asset or group of assets since the first day of such four-quarter period, whether by merger, stock purchase or sale, or asset purchase or sale, such acquisition or disposition or any related repayment of Debt had occurred as of the first day of such period with the appropriate adjustments with respect to such acquisition or disposition being included in such pro forma calculation.

ARTICLE TWO

Section 2.01. All capitalized terms which are used herein and not otherwise defined herein are defined in the Indenture and are used herein with the same meanings as in the Indenture.

Section 2.02. This First Supplemental Indenture shall be effective as of the date first above written and upon the execution and delivery hereof by each of the parties hereto.

Section 2.03. This First Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the State of New York.

Section 2.04. This First Supplemental Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

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IN WITNESS WHEREOF, the parties hereto have caused this First Supplemental Indenture to be duly executed by their respective officers hereunto duly authorized, all as of the day and year first above written.

AVALON PROPERTIES, INC.

By: /s/ Thomas J. Sargeant   Dated: September 18, 1995

Name: Thomas J. Sargeant

Title: Chief Financial Officer

Attest: Virginia Rice

SIGNET TRUST COMPANY, as Trustee

By: /s/ Diane E. TenHoopen   Dated: September 18, 1995

Name: Diane E. TenHoopen

Title: Vice President

Attest: Rita M. Greeson

ACKNOWLEDGMENT

COMMONWEALTH OF VIRGINIA)
) ss:
COUNTY OF FAIRFAX)

On the 18th day of September 1995, before me personally came Thomas J. Sargeant, to me known, who, being by me duly sworn, did depose and say that he is the Chief Financial Officer and Treasurer of AVALON PROPERTIES, INC., one of the parties described in and which executed the foregoing instrument, and that he signed his name thereto by authority of the Board of Directors.

[Notarial Seal]

/s/Mary M. Stafford
Notary Public
Commission Expires 1-31-96

STATE OF MARYLAND)
) ss:
COUNTY OF BALTIMORE)

On the 18th day of September 1995, before me personally came Diane E. TenHoopen to me known, who, being by me duly sworn, did depose and say that he/she is a Vice President of Signet Trust Company, one of the parties described in and which executed the foregoing instrument, and that he/she signed his/her name thereto by authority of the Board of Directors.

[Notarial Seal]

Katherine M. Rech
Notary Public
Commission Expires 6-1-98

EXHIBIT 10.9

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT (this "Agreement") made as of the 31st day of December, 2001 (the "Effective Date") by and between Samuel B. Fuller and AvalonBay Communities, Inc., a Maryland corporation (the "Company").

WHEREAS, Executive has been performing services for the Company; and

WHEREAS, Executive and the Company desire to enter into an employment agreement, effective as of the date of execution of this Agreement.

NOW, THEREFORE, the parties hereto do hereby agree as follows.

1. Term. The Company hereby agrees to employ Executive, and Executive hereby agrees to remain in the employ of the Company subject to the terms and conditions of this Agreement for the period commencing on the Effective Date and terminating on April 25, 2004 (the "Original Term"), unless earlier terminated as provided in Section 7. The Original Term shall be extended automatically for additional one year periods measured from April 26, 2004 (each a "Renewal Term"), unless notice that this Agreement will not be extended is given by either party to the other not more than 120 days prior to, and not less than 60 days prior to, the expiration of the Original Term or any Renewal Term. Notwithstanding the foregoing, upon a Change in Control, the Employment Period shall be extended automatically to three years from the date of such Change in Control. (The period of Executive's employment hereunder within the Original Term and any Renewal Terms is herein referred to as the "Employment Period.")

2. Employment Duties.

(a) During the Employment Period, Executive shall be employed in the business of the Company and its affiliates. Executive shall serve as a corporate officer of the Company with the title of EXECUTIVE VICE PRESIDENT - DEVELOPMENT AND CONSTRUCTION. In the performance of his duties, Executive shall be subject to the direction of the Board of Directors of the Company (the "Board"), including any committee of the Board designated by the Board, if any, and the Company's Chief Operating Officer and any officer senior to the Chief Operating Officer ("CEO", which term refers to the Chief Operating Officer and any officer senior to the Chief Operating Officer (such as the President, Chief Executive Officer and Executive Chairman), each with authority acting alone to give direction hereunder in the event that more than one person holds these positions) and shall not be required to take direction from or report to any other person. Executive will report directly to the Chief Operating Officer of the Company. Executive's duties and authority shall be commensurate with Executive's title and position with the Company, and shall not be materially diminished from, or materially inconsistent with, Executive's duties and responsibilities with the Company immediately prior to the date of this Agreement, provided, however, that it will not be a violation of this Section 2(a), or otherwise be a breach by the Company under any term of this Agreement, if either (x) or (y) immediately below are true:

(x) The Company modifies Executive's title or duties, provided that all of the following conditions are met:

(i) Executive remains on the Management Investment Committee, or a similar successor committee of management that considers and approves investment proposals developed by management; and

(ii) Executive's title is Executive Vice President or a higher ranking title; and

(iii) Executive reports directly to the CEO (which term, as noted above, includes the Chief Operating Officer); and

(iv) Executive either

(I) remains as the most senior officer (other than the CEO) in charge of at least two of the following six principal business functions: finance, human resources, property operations, acquisitions/dispositions, development or construction) or,

(II) if the Company's management structure is reorganized to give effect to two or more major geographic regions, Executive is put in charge of all of such principal functions in one region except for any function that is managed on a centralized basis (e.g., if human resources or finance continues to be managed on a nationwide basis rather than by region).

(v) Executive's targeted total compensation is not less than what it would have been had Executive remained in the position of Executive Vice President - Development and Construction for AvalonBay Communities (e.g., in determining total compensation in accordance with Section 3(j), Executive's targeted total compensation will not be reduced because, for example, it is determined by the Company to be appropriate for a "President of the West Coast Division" to receive less compensation than the Executive Vice President of Development and Construction of a national company).

(y) The Executive's duties are modified from time to time as Executive and Company mutually reasonably agree.

(b) Executive agrees to his employment as described in this Section 2 and agrees to devote substantially all of his working time and efforts to the performance of his duties under this Agreement; provided that nothing in this Section 2(b) shall be interpreted to preclude Executive from (i) participating with the prior written consent of the Board as an officer or director of, or advisor to, any other entity or organization that is not a customer or material service provider to the Company or a Competing Enterprise, as defined in Section 8, so long as such participation does not interfere with the performance of Executive's duties hereunder, whether or not such entity or organization is engaged in religious, charitable or other community or non-profit activities, (ii) investing in any entity or organization which is not a customer or material service provider to the Company or a Competing Enterprise, so long as such investment does not interfere with the performance of Executive's duties hereunder, or (iii) delivering lectures or fulfilling speaking engagements so long as such lectures or engagements do not interfere with the performance of Executive's duties hereunder.

(c) In performing his duties hereunder, Executive shall be available for reasonable travel as the needs of the business require. Executive shall be based in Wilton, Connecticut or otherwise in New York City, Westchester County, New York or Fairfield County, Connecticut (all such areas collectively, the "Metropolitan Area").

(d) Breach by either party of any of his or its respective obligations under this Section 2 shall be deemed a material breach of that party's obligations hereunder.

3. Compensation/Benefits. In consideration of Executive's services hereunder, the Company

shall provide Executive the following:

(a) Base Salary. During the Employment Period, the Executive shall receive an annual rate of base salary ("Base Salary") in an amount not less than $330,000. Executive's Base Salary will be reviewed by the Company annually and may be adjusted upward (but not downward) at such time. Base Salary shall be payable in accordance with the Company's normal business practices, but in no event less frequently than monthly.

(b) Bonuses. Commencing at the close of each fiscal year during the Employment Period, the Company shall review the performance of the Company and of Executive during the prior fiscal year, and the Company may provide Executive with additional compensation in the form of a cash bonus ("Cash Bonus") and/or in the form of long term equity incentives such as stock options and restricted stock grants ("LT Equity Bonus") if the Board, or any compensation committee thereof, in its discretion, determines that the performance of the Company and Executive's contribution to the Company warrants such additional payment and the Company's anticipated financial performance of the present period permits such payment. Any Cash Bonuses hereunder shall be paid as a lump sum not later than 75 days after the end of the Company's preceding fiscal year.

(c) Medical and Disability Insurance/Physical. During the Employment Period, the Company shall provide to Executive and Executive's immediate family a comprehensive policy of health insurance in accordance with the Company's general practice applicable to officers (including payment of all or a portion of the premiums due thereon) and shall provide to Executive a disability policy in accordance with the Company's general practice applicable to officers (including payment of all or a portion of the premiums due thereon). During the Employment Period, Executive shall be entitled to a comprehensive annual physical performed, at the expense of the Company (but not including any related travel expense), by the physician or medical group of Executive's choosing.

(d) Split Dollar Life Insurance. During the Employment Period, the Company shall keep in force and pay the premiums on the split-dollar life insurance policy referenced in the Split Dollar Insurance Agreement between the Company and Executive, subject to reimbursement by Executive as provided in such Split Dollar Insurance Agreement. Executive agrees to submit to such medical examinations as may be required in order to maintain such policy of insurance.

(e) Vacations. Executive shall be entitled to reasonable paid vacations during the Employment Period in accordance with the then regular procedures of the Company governing officers.

(f) Office/Secretary, etc. During the Employment Period, Executive shall be entitled to secretarial services and a private office commensurate with his title and duties.

(g) Annual Allowance. The Company will provide the Executive with an annual allowance of up to $5,000 per year (the "Allowance"). The Executive may draw on the Allowance for expenses incurred in his discretion for items such as country club membership, financial counseling or tax preparation. Payment of the Allowance shall be subject to substantiation of expenses in accordance with the Company's policies in effect from time to time for executive officers of the Company. Unused portions of the Allowance shall not be carried over from year to year. For purposes of this Section 3(g), a new year shall be deemed to commence on each January 1. For the 2001 calendar year, Executive will receive the full, unprorated $5,000 Allowance.

(h) Automobile. The Company shall provide Executive with a monthly car allowance during the Employment Period in accordance with the Company's current practices but in no event less than $750 per month.

(i) Other Benefits. During the Employment Period, the Company shall provide to Executive such other benefits, excluding severance benefits, but including the right to participate in such retirement or pension plans, as are made generally available to officers of the Company from time to time. Executive shall be given credit for purposes of eligibility and vesting of employee benefits and benefit accrual for service prior to the Effective Date with Avalon Properties, Inc. and its affiliates ("Avalon"), and Trammell Crow Residential ("TCR") under each benefit plan of the Company and its subsidiaries to the extent such service had been credited under employee benefit plans of Avalon or TCR, provided that no such crediting of service results in duplication of benefits.

(j) Total Compensation. The Company acknowledges that the Executive's Cash Bonus and LT Equity Bonus awarded to the Executive by the Board or Compensation Committee of the Board in its discretion from time-to-time, are a material part of total compensation for the Executive. The Company will endeavor to provide Executive with a reasonable Cash Bonus and/or reasonable LT Equity Bonus on an annual basis such that the Executive's total compensation, in light of the Company's performance and his performance in his role as provided in this Agreement, is reasonable under the circumstances and reasonable relative to the Cash Bonuses and LT Equity Bonuses awarded other officers of the Company. The Company shall not be in breach of this provision unless it can be demonstrated that the Company acted in bad faith in determining whether to award (or the size of an award of) a Cash Bonus or LT Equity Bonus, which determination of bad faith shall specifically be made with reference to the target awards set for other officers and the actual awards paid other officers.

4. Expenses/Indemnification.

(a) During the Employment Period, the Company shall reimburse Executive for the reasonable business expenses incurred by Executive in the course of performing his duties for the Company hereunder, upon submission of invoices, vouchers or other appropriate documentation, as may be required in accordance with the policies in effect from time to time for executive employees of the Company.

(b) To the fullest extent permitted by law, the Company shall indemnify Executive with respect to any actions commenced against Executive in his capacity as an officer or director or former officer or director of the Company, or any affiliate thereof for which he may render service in such capacity, whether by or on behalf of the Company, its shareholders or third parties, and the Company shall advance to Executive on a timely basis an amount equal to the reasonable fees and expenses incurred in defending such actions, after receipt of an itemized request for such advance, and an undertaking from Executive to repay the amount of such advance, with interest at a reasonable rate from the date of the request, as determined by the Company, if it shall ultimately be determined that he is not entitled to be indemnified against such expenses. Notwithstanding the foregoing, the

Company shall not indemnify Executive with respect to any acts or omissions attributable, directly or indirectly, to Executive's gross negligence, willful misconduct or material breach of this Agreement. The Company agrees that it shall use reasonable best efforts to secure and maintain officers' and directors' liability insurance that shall include coverage with respect to Executive.

5. Employer's Authority/Policies.

(a) General. Executive agrees to observe and comply with the rules and regulations of the Company as adopted by its Board respecting the performance of his duties and to carry out and perform orders, directions and policies communicated to him from time to time by the Board or the CEO.

(b) Ethics Policies. Executive agrees to comply with and be bound by the Ethics Policies of the Company, as reflected in the attachment at Annex A hereto and made a part hereof. Executive agrees to comply with and be bound by the Company's insider trading policies and procedures that are generally applicable to employees and/or senior officers.

6. Records/Nondisclosure/Company Policies.

(a) General. All records, manuals, financial statements and similar documents obtained, reviewed or compiled by Executive in the course of the performance by him of services for the Company, whether or not confidential information or trade secrets, shall be the exclusive property of the Company. Executive shall have no rights in such documents upon any termination of this Agreement.

(b) Nondisclosure Agreement. Without limitation of the Company's rights under Section 6(a), Executive agrees to abide by and be bound by the Nondisclosure Agreement of the Company executed by Executive and the Company as reflected in the attachment at Annex B and made a part hereof.

7. Termination; Severance and Related Matters.

(a) At-Will Employment. Executive's employment hereunder is "at will" and, therefore, may be terminated at any time, with or without Cause, at the option of the Company, subject only to the severance obligations under this Section 7. Upon any termination hereunder, the Employment Period shall expire.

(b) Definitions. For purposes of this Section 7, the following terms shall have the indicated definitions:

(1) Cause. "Cause" shall mean:

(i) Executive is convicted of or enters a plea of nolo contendere to an act which is defined as a felony under any federal, state or local law, not based upon a traffic violation, which conviction or plea has or can be expected to have, in the good faith opinion of the Board, a material adverse impact on the business or reputation of the Company;

(ii) any one or more acts of theft, larceny, embezzlement, fraud or material intentional misappropriation from or with respect to the Company;

(iii) a breach by Executive of his fiduciary duties under Maryland law as an officer; or material breach by Executive of any material rule, material regulation, material policy or material procedure, of the Company (including, without limitation, as described in Section 5 hereof);

(iv) Executive's commission of any one or more acts of gross negligence or willful misconduct which in the good faith opinion of the Board has resulted in material harm to the business or reputation of the Company; or

(v) default by Executive in the performance of his material duties under this Agreement, without correction of such action within 15 days of written notice thereof.

Notwithstanding the foregoing, no termination of Executive's employment by the Company shall be treated as for Cause or be effective until and unless all of the steps described in subparagraphs (A) through (C) below have been complied with:

(A) Notice of intention to terminate

for Cause has been given

by the Company within 120 days after the Board learns of the act, failure or event (or latest in a series of acts, failures or events) constituting "Cause";

(B) The Board has voted (at a meeting of the Board duly called and held as to which termination of Executive is an agenda item) to terminate Executive for Cause after Executive has been given notice of the particular acts or circumstances which are the basis for the termination for Cause and has been afforded at least 20 days notice of the meeting and an opportunity to present his position in writing; and

(C) The Board has given a Notice of Termination to Executive within 20 days after such Board meeting.

The Company may suspend Executive with pay at any time during the period commencing with the giving of notice to Executive under clause (A) above until final Notice of Termination is given under clause (C) above. Upon the giving of notice as provided in clause (C) above, no further payments shall be due Executive except as provided in Section 7(c)(vii).

(2) Change in Control. A "Change in Control" shall mean the occurrence of any one or more of the following events following the Effective Date:

(i) Any individual, entity or group (a "Person") within the meaning of Sections 13(d) and 14(d) of the Securities Exchange Act of 1934 (the "Act") (other than the Company, any corporation, partnership, trust or other entity controlled by the Company (a "Subsidiary"), or any trustee, fiduciary or other person or entity holding securities under any employee benefit plan or trust of the Company or any of its Subsidiaries), together with all "affiliates" and "associates" (as such terms are defined in Rule 12b-2 under the Act) of such Person, shall become the "beneficial owner" (as such term is defined in Rule 13d-3 under the Act) of securities of the Company representing 30% or more of the combined voting power of the Company's then outstanding securities having the right to vote generally in an election of the Company's Board of Directors ("Voting Securities"), other than as a result of (A) an acquisition of securities directly from the Company or any Subsidiary or (B) an acquisition by any corporation pursuant to a reorganization, consolidation or merger if, following such reorganization, consolidation or merger the conditions described in clauses (A), (B) and (C) of subparagraph (iii) of this Section 7(b)(2) are satisfied; or

(ii) Individuals who, as of the Effective Date, constitute the Company's Board (the "Incumbent Directors") cease for any reason to constitute at least a majority of the Board, provided, however, that any individual becoming a director of the Company subsequent to the date hereof (excluding, for this purpose, (A) any such individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of members of the Board or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board, including by reason of agreement intended to avoid or settle any such actual or threatened contest or solicitation, and (B) any individual whose initial assumption of office is in connection with a reorganization, merger or consolidation, involving an unrelated entity and occurring during the Employment Period), whose election or nomination for election by the Company's shareholders was approved by a vote of at least a majority of the persons then comprising Incumbent Directors shall for purposes of this Agreement be considered an Incumbent Director; or

(iii) Consummation of a reorganization, merger or consolidation of the Company, unless, following such reorganization, merger or consolidation, (A) more than 50% of, respectively, the then outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the outstanding Voting Securities immediately prior to such reorganization, merger or consolidation, (B) no Person (excluding the Company, any employee benefit plan (or related trust) of the Company, a Subsidiary or the corporation resulting from such reorganization, merger or consolidation or any subsidiary thereof, and any Person beneficially owning, immediately prior to such reorganization, merger or consolidation, directly or indirectly, 30% or more of the outstanding Voting Securities), beneficially owns, directly or indirectly, 30% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation or the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors, and (C) at least a majority of the members of the board of directors of the corporation resulting from such reorganization, merger or consolidation were members of the Incumbent Board at the time of the execution of the initial agreement providing for such reorganization, merger or consolidation;

(iv) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company; or

(v) The sale, lease, exchange or other disposition of all or substantially all of the assets of the Company, other than to a corporation, with respect to which following such sale, lease, exchange or other disposition (A) more than 50% of, respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners of the outstanding Voting Securities immediately prior to such sale, lease, exchange or other disposition, (B) no Person (excluding the Company and any employee benefit plan (or related trust) of the Company or a Subsidiary or such corporation or a subsidiary thereof and any Person beneficially owning, immediately prior to such sale, lease, exchange or other disposition, directly or indirectly, 30% or more of the outstanding Voting Securities), beneficially owns, directly or indirectly, 30% or more of, respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors and (C) at least a majority of the members of the board of directors of such corporation were members of the Incumbent Board at the time of the execution of the initial agreement or action of the Board of Directors providing for such sale, lease, exchange or other disposition of assets of the Company.

Notwithstanding the foregoing, a "Change in Control" shall not be deemed to have occurred for purposes of this Agreement solely as the result of an acquisition of securities by the Company which, by reducing the number of shares of Voting Securities outstanding, increases the proportionate voting power represented by the Voting Securities beneficially owned by any Person to 30% or more of the combined voting power of all then outstanding Voting Securities; provided, however, that if any Person referred to in this sentence shall thereafter become the beneficial owner of any additional shares of Stock or other Voting Securities (other than pursuant to a stock split, stock dividend, or similar transaction), then a

"Change in Control" shall be deemed to have occurred for purposes of this Agreement.

(3) Complete Change in Control. A "Complete Change in Control" shall mean that a Change in Control has occurred, after modifying the definition of "Change in Control" by deleting clause (i) from Section 7(b)(2) of this Agreement.

(4) Constructive Termination Without Cause. "Constructive Termination Without Cause" shall mean a termination of Executive's employment initiated by Executive not later than 12 months following the occurrence (not including any time during which an

arbitration proceeding referenced below is pending), without Executive's prior written consent, of one or more of the following events (or the latest to occur in a series of events), and effected after giving the Company not less than 10 working days' written notice of the specific act or acts relied upon and right to cure:

(i) a material adverse change in the functions, duties or responsibilities of Executive's position which is inconsistent with Section 2(a), except in connection with the termination of Executive's employment for Disability, Cause, as a result of Executive's death or by Executive other than for a Constructive Termination Without Cause;

(ii) any material breach by the Company of this Agreement;

(iii) any purported termination of Executive's employment for Cause by the Company which does not comply with the terms of Section 7(b)(1) of this Agreement;

(iv) the failure of the Company to obtain an agreement, satisfactory to the Executive, from any successor or assign of the Company, to assume and agree to perform this Agreement, as contemplated in Section 10 of this Agreement;

(v) the failure by the Company to continue in effect any compensation plan in which Executive participates immediately prior to a Change in Control which is material to Executive's total compensation, unless comparable alternative arrangements (embodied in ongoing substitute or alternative plans) have been implemented with respect to such plans, or the failure by the Company to continue Executive's participation therein (or in such substitute or alternative plans) on a basis not materially less favorable, in terms of the amount of benefits provided and the level of Executive's participation relative to other participants, as existed during the last completed fiscal year of the Company prior to the Change in Control;

(vi) the relocation of the Company's Wilton, Connecticut offices to a new location outside of the Metropolitan Area or the failure to locate Executive's own office at the Wilton, Connecticut office (or at the office to which such office is relocated which is within the Metropolitan Area) ("Relocation Termination"); or

(vii) any voluntary termination of employment by the Executive for any reason during the 12-month period immediately following a Complete Change in Control of the Company if such Complete Change in Control occurs during the Employment Period (a "CIC Pull").

Notwithstanding the foregoing, a Constructive Termination Without Cause shall not be treated as having occurred unless Executive has given a final Notice of Termination delivered after expiration of the Company's cure period. Executive or the Company may, at any time after the expiration of the Company's cure period and either prior to or up until three months after giving a

final Notice of Termination, commence an arbitration proceeding to determine the question of whether, taking into account the actions complained of and any efforts made by the Company to cure such actions, a termination by Executive of his employment should be treated as a Constructive Termination Without Cause for purposes of this Agreement. If the Executive or the Company commences such a proceeding prior to delivery by Executive of a final Notice of Termination, the commencement of such a proceeding shall be without prejudice to either party and Executive's and the Company's rights and obligations under this Agreement shall continue unaffected unless and until the arbitrator has determined such question in the affirmative, or, if earlier, the date on which Executive or the Company has delivered a Notice of Termination in accordance with the provisions of this Agreement. If the Company commences an arbitration proceeding, Executive shall remain fully employed by the Company per the terms of this agreement during the pendency of this proceeding and the Company shall reimburse the Executive in full for all reasonable legal costs and expenses related to this arbitration.

(5) Average Covered Total Compensation. "Average Covered Total Compensation" shall mean the sum of Executive's Covered Total Compensation as calculated for the calendar year in which the Date

of Termination occurs and for each of the two preceding calendar years, divided by three, provided, however, that if the Date of Termination occurs before February 26, 2003, then "Average Covered Total Compensation" shall mean the sum of Executive's Covered Total Compensation as calculated for the calendar year in which the Date of Termination occurs and for the preceding calendar year, divided by two. "Average Covered Base And Cash Bonus Compensation," "Average Covered Cash Bonus Compensation" and "Average Covered LT Equity Compensation" shall have analogous meanings but with reference to Covered Base And Cash Bonus Compensation, Covered Cash Bonus Compensation and Covered LT Equity Compensation, respectively.

(6) Covered Compensation Definitions. "Covered Total Compensation," for any calendar year, shall mean an amount equal to the sum of (i) Executive's annualized Base Salary for the calendar year, (ii) the cash bonus actually earned by Executive with respect to such calendar year, and (iii) the value of all stock and other equity-based compensation awards made to Executive during such calendar year. In the event that the Company has or hereafter makes any special, mid-year or other non-routine grant of equity outside of the Company's recurring annual equity compensation programs, or in the event that the Company grants, outside of the current recurring annual equity compensation programs, any equity based compensation pursuant to any long-term plan under which equity grants may be made based on multi-year Company results, the value of any such mid-year, special, or long-term plan equity based compensation shall not be included in clause (iii) of the preceding sentence and therefore shall not be included in the calculation of Covered Compensation definitions, and the value of such equity shall have no impact on any cash payments made under Section 7(c) of the Agreement.

"Covered Base And Cash Bonus Compensation" for any calendar year shall mean Covered Total Compensation for such year but without the inclusion of amounts attributable to clause (iii) of the definition of Covered Total Compensation.

"Covered Cash Bonus Compensation" for any calendar year shall mean Covered Total Compensation for such year but without the inclusion of amounts attributable to clauses (i) and (iii) of the definition of Covered Total Compensation.

"Covered LT Equity Compensation" for any calendar year shall mean Covered Total Compensation for such year but without the inclusion of clauses (i) and (ii) of the definition of Covered Total Compensation.

For purposes of applying the Covered Compensation definitions set forth above, the following rules shall apply:

(A) In valuing awards for purposes of clause (iii) of the definition of Covered Total Compensation, all such awards shall be treated as if fully vested when granted, stock grants shall be valued by reference to the fair market value on the date of grant of the Company's common stock, par value $.01 per share, and other equity-based compensation awards shall be valued at the value established in good faith by the Compensation Committee of the Board. Reference is made to Section 7(c)(viii) for further clarification regarding this matter.

(B) In determining the cash bonus actually paid with respect to a calendar year, if no cash bonus has been paid with respect to the calendar year in which the Date of Termination occurs, the cash bonus paid with respect to the immediately preceding calendar year shall be assumed to have been paid in each of the current and immediately preceding calendar years, and if no cash bonus has been paid by the Date of Termination with respect to the immediately preceding calendar year, the cash bonus paid with respect to the second preceding calendar year shall be assumed to have been paid in all three (or two, as applicable) of the calendar years taken into account in determining Average Covered Total Compensation (or any of the derivative definitions under Section 7(b)(5)).

(C) If (i) any cash bonus paid with respect to the current or immediately preceding calendar year was paid within three months of Executive's Date of Termination, (ii) such cash bonus is lower than the last cash bonus paid more than three months from the Date of Termination, and (iii) it is determined that the Board acted in bad faith in setting such cash bonus (which determination of bad faith shall specifically be made with reference to the target cash bonuses set for other officers and the actual cash bonuses paid other officers), then in such event any such cash bonus paid within three months of the Date of Termination shall be disregarded and the last cash bonus paid more than three months from the Date of Termination shall be substituted for each cash bonus so disregarded.

(D) In determining the amount of stock and other equity-based compensation awards made during a calendar year during the averaging period, rules similar to those set forth in subparagraphs (B) and (C) of this Section 7(b)(6) shall be followed except that all awards made in connection with the Company's initial public offering shall be disregarded.

(7) Disability. "Disability" shall mean Executive has been determined to be disabled and to qualify for long-term disability benefits under the long-term disability insurance policy obtained pursuant to Section 3(d) of this Agreement.

(c) Rights Upon Termination.

(i) Payment of Benefits Earned Through Date of Termination. Upon any termination of Executive's employment during the Employment Period, Executive, or his estate, shall in all events be paid (I) all accrued but unpaid Base Salary and (II) (except in the case of a termination by the Company for Cause or a voluntary termination by Executive which is not due to a Constructive Termination Without Cause, in either of which cases this clause (II) shall not apply) a pro rata portion of the Executive's Cash Bonus and LT Equity Bonus. For purposes of fulfilling the requirements of clause (II) of the prior sentence, the following shall apply:

(a) In all events, any stock options issued will be issued prior to Executive's Date of Termination so that such stock options are employee stock options. Such stock options shall have an exercise price equal to the closing price of the Company's stock on the date of grant of such options, and such options shall expire one year after the date of grant.

(b) The Company and Executive shall work in good faith to determine an appropriate Cash Bonus and LT Equity Bonus for the year in which the Date of Termination occurs. Such determination shall be based in good faith on an evaluation of Executive's and the Company's performance. If the Company and Executive cannot agree on appropriate amounts, then:

(A) The Company may defer the determination of the Cash Bonus and the restricted stock portion of the LT Equity Bonus until such bonuses in respect of such year are determined for other officers, and at such time the amounts to be used for determining Executive's pro rata bonuses shall be a percentage of his target Cash Bonus and a percentage of his target number of restricted shares with such percentages being equal to the average of the percentages that apply to the Cash Bonus and restricted shares, respectively, of other officers ranked Senior Vice President or higher; and

(B) The Company may grant to Executive a number of stock options based on the assumption that the percentage of the target number of options Executive would have received in respect of the year in which the Date of Termination occurs would equal the average of the percentage realization applied to options granted with respect to the prior three calendar years.

(c) Once the determination in the preceding paragraph is made, the pro rata portion of such amounts shall equal such amounts multiplied by a fraction, the numerator of which is the number of days from January 1 to the Date of Termination in the year of termination and the denominator of which is 365.

Executive shall also retain all such rights with respect to vested equity-based awards as are provided under the circumstances under the applicable grant or award agreement, and shall be entitled to all other benefits which are provided under the circumstances in accordance with the provisions of the Company's generally applicable employee benefit plans, practices and policies, other than severance plans.

(ii) Death. In the event of Executive's death during the Employment Period, the Company shall, in addition to paying the amounts set forth in Section 7(c)(i), take whatever action is necessary to cause all of Executive's unvested equity-based awards to become fully vested as of the date of death and, in the case of equity-based awards which have an exercise schedule, to become fully exercisable and continue to be exercisable for such period as is provided in the case of vested and exercisable awards in the event of death under the terms of the applicable award agreements.

(iii) Disability. In the event the Company elects to terminate Executive's employment during the Employment Period on account of Disability, the Company shall, in addition to paying the amounts set forth in Section 7(c)(i) and subject to

Executive first entering into a separation agreement, including a general release of all claims, in a form reasonably acceptable to the Company ("Separation Agreement"), pay to Executive, in one lump sum, no later than the later of the effective date of said Separation Agreement or 31 days following the Date of Termination, an amount equal to one times Average Covered Total Compensation. The Company shall also, commencing upon the Date of Termination and subject to Executive entering into a Separation Agreement:

(A) Continue, without cost to Executive, benefits comparable to the medical benefits provided to Executive immediately prior to the Date of Termination under Section 3(c) for a period of 12 months following the Date of Termination or until such earlier date as Executive obtains comparable benefits through other employment;

(B) Continue to pay, or reimburse Executive, for all premiums then due or thereafter payable on the whole-life portion of the split-dollar insurance policy referenced under Section 3(d) for so long as such payments are due; provided, that the Company's obligations under this Section 7(c)(iii)(B) are contingent on Executive's timely payment of the premiums then due or thereafter payable on the term portion of said split-dollar insurance policy; and

(C) Take whatever action is necessary to cause Executive to become vested as of the Date of Termination in all stock options, restricted stock grants, and all other equity-based awards and be entitled to exercise and continue to exercise all stock options and all other equity-based awards having an exercise schedule and to retain such grants and awards to the same extent as if they were vested upon termination of employment in accordance with their terms.

(D) If Executive obtains a disability policy on commercially reasonable terms with the same or similar coverage as provided by the Company prior to the Date of Termination then, until that date that is 12 months following the Date of Termination (or, if earlier, until Executive obtains comparable benefits through other employment), reimburse Executive for an amount equal to the difference between (i) the monthly premiums for such disability policy, less (ii) the amount paid by Executive in respect of a portion of the premiums on the disability policy provided by Company prior to the Date of Termination.

(iv) Non-Renewal by the Company. In the event the Company gives Executive a notice of non-renewal pursuant to Section 1 above, and either (I) within one year after expiration of the Employment Period the Executive voluntarily terminates his employment ("Post-Expiration Resignation") or (II) within two years after expiration of the Employment Period the Executive's employment is terminated by the Company without Cause or Constructively Terminated without Cause ("Post-Expiration Termination"), then, in either such case, the Company shall, in addition to paying the amounts set forth in Section 7(c)(i), and subject to Executive first entering into a Separation Agreement, pay to Executive, for 12 consecutive months beginning with the first business day of the calendar month following the Effective Date of said Separation Agreement, a monthly amount equal to one-twelfth (1/12) of the sum of one times his then applicable Base Salary plus one times Average Covered Cash Bonus Compensation. The Company shall also, commencing upon the Date of Termination and subject to Executive entering into a Separation Agreement, continue, without cost to Executive, benefits comparable to the medical benefits provided to Executive immediately prior to the Date of Termination under Section 3(c) for a period of 12 months following the Date of Termination or until such earlier date as Executive obtains

comparable benefits through other employment. In addition, if Executive obtains a disability policy on commercially reasonable terms with the same or similar coverage as provided by the Company prior to the Date of Termination then, until that date that is 12 months following the Date of Termination (or, if earlier, until Executive obtains comparable benefits through other employment), reimburse Executive for an amount equal to the difference between (i) the monthly premiums for such disability policy, less (ii) the amount paid by Executive in respect of a portion of the premiums on the disability policy provided by Company prior to the Date of Termination.

In addition to the above, in the case of a Post-Expiration Termination the Company additionally shall:

I. Take whatever action is necessary to cause Executive to become vested as of the Date of Termination in all stock options, restricted stock grants, and all other equity-based awards and be entitled to exercise and continue to exercise all stock options and all other equity-based awards having an exercise schedule and to retain such grants and awards to the same extent as if they were vested upon termination of employment in accordance with their terms; and

II. Continue to pay, or reimburse Executive for, all premiums then due or thereafter payable on the whole-life portion of the split-dollar insurance policy referenced under Section 3(d) for so long as such payments are due; provided, that the Company's obligations under this Section 7(c)(iv)(B)(II) are contingent on Executive's timely payment of the premiums then due or thereafter payable on the term portion of said split-dollar insurance policy;

(v) Termination Without Cause or Constructive Termination Without Cause Prior to Change in Control of Company. In the event the Company or any successor to the Company terminates Executive's employment without Cause, or if Executive terminates his employment in a Constructive Termination without Cause, in either case prior to the effective time of any Change in Control of the Company or at any time after two years after a Change in Control of the Company, the Company shall, in addition to paying the amounts provided under Section 7(c)(i), and subject to Executive first entering into a Separation Agreement, pay to Executive, in one lump sum no later than the later of the Effective Date of said Separation Agreement or 31 days following the Date of Termination, an amount equal to the sum of (x) two times Average Covered Base And Cash Bonus Compensation plus (y) one times Average Covered LT Equity Compensation (such sum, the "Section 7(c)(v) Payment"); provided, however, that in the event that the Constructive Termination Without Cause is a Relocation Termination, the Section 7(c)(v) Payment shall be an amount equal to one times Average Covered Total Compensation. The Company shall also, commencing upon the Date of Termination and subject to the Executive entering into a Separation Agreement:

(A) Continue, without cost to Executive, benefits comparable to the medical benefits provided to Executive immediately prior to the Date of Termination under Section 3(c) for a period of 24 months (12 months in the case of a Relocation Termination) following the Date of Termination or until such earlier date as Executive obtains comparable benefits through other employment;

(B) Continue to pay, or reimburse Executive, for so long as such payments are due, all premiums then due or payable on the whole-life portion of the split-dollar insurance policy referenced under Section 3(d); provided that the Company's obligations under this Section 7(c)(v)(B) are contingent on Executive's timely payment of the premiums then due or thereafter payable on the term portion of said split-dollar insurance policy; and

(C) Take whatever action is necessary to cause Executive to become vested as of the Date of Termination in all stock options, restricted stock grants, and all other equity-based awards and be entitled to exercise and continue to exercise all stock options and all other equity-based awards having an exercise schedule and to retain such grants and awards to the same extent as if they were vested upon termination of employment in accordance with their terms.

(D) If Executive obtains a disability policy on commercially reasonable terms with the same or similar coverage as provided by the Company prior to the Date of Termination then, until that date that is 24 months (12 months in the case of a Relocation Termination) following the Date of Termination (or, if earlier, until Executive obtains comparable benefits through other employment), reimburse Executive for an amount equal to the difference between (i) the premium for such disability policy, less (ii) the amount paid by Executive in respect of a portion of the premiums on the disability policy provided by Company prior to the Date of Termination.

In the event that, within six months after the Notice of Termination which gave rise to the termination of Executive's employment under this Section 7(c)(v), a Change in Control of the Company occurs, then (provided Executive previously signed a Separation Agreement), Executive shall be entitled to receive the payments and benefits under Section 7(c)(vi) rather than this Section 7(c)(v). To effect this increase in payments and benefits, within 31 days of the Change in Control the Company shall pay to Executive, in one lump sum, an amount equal to the difference between (A) three times Average Covered Total Compensation (calculated as of the Date of Termination) less (B) the Section 7(c)(v) Payment. No payment in the nature of interest or for the time value of money shall be paid by the Company. In addition, the benefits described in Section 7(c)(v)(A) shall continue for 36 months following the Date of Termination (or until such earlier date as Executive obtains comparable benefits through other employment) rather than 24 months.

(vi) Termination without Cause within Two

Years Following a Change in Control. In the event the Company or any successor to the Company terminates Executive's employment without Cause (or Executive's employment is Constructively Terminated without Cause) within two years following the effective time of a Change in Control of the Company, the Company shall, in addition to paying the amounts provided under Section 7(c)(i), and subject to the Executive first entering into a Separation Agreement, pay to the Executive, in one lump sum no later than the later of the effective date of said Separation Agreement or 31 days following the Date of Termination, an amount equal to three times Average Covered Total Compensation, provided, however, that in the event the termination is due to a CIC Pull, then the payment shall be an amount equal to two times Average Covered Total Compensation. The Company shall also, commencing upon the Date of Termination:

(A) Continue, without cost to Executive, benefits comparable to the medical benefits provided to Executive immediately prior to the Date of

Termination under Section 3(c) for a period of 36 months (24 months in the case of a termination due to a CIC Pull) following the Date of Termination or until such earlier date as Executive obtains comparable benefits through other employment;

(B) Continue to pay, or reimburse Executive, for so long as such payments are due, all premiums then due or payable on the whole-life portion of the split-dollar insurance policy referenced under Section 3(d); provided that the Company's obligations under this Section 7(c)(vi)(B) are contingent on Executive's timely payment of the premiums then due or thereafter payable on the term portion of said split-dollar insurance policy; and

(C) Take whatever action is necessary to cause Executive to become vested as of the Date of Termination in all stock options, restricted stock grants, and all other equity-based awards and be entitled to exercise and continue to exercise all stock options and all other equity-based awards having an exercise schedule and to retain such grants and awards to the same extent as if they were vested upon termination of employment in accordance with their terms.

(D) If Executive obtains a disability policy on commercially reasonable terms with the same or similar coverage as provided by the Company prior to the Date of Termination then, until that date that is 36 months (24 months in the case of a termination due to a CIC Pull) following the Date of Termination (or, if earlier, until Executive obtains comparable benefits through other employment), reimburse Executive for an amount equal to the difference between (i) the monthly premiums for such disability policy, less (ii) the amount paid by Executive in respect of a portion of the premiums on the disability policy provided by Company prior to the Date of Termination.

(vii) Termination for Cause; Voluntary Resignation. In the event Executive's employment terminates during the Employment Period other than in connection with a termination meeting the conditions of subparagraphs (ii), (iii), (iv), (v) or (vi) of this Section 7(c), Executive shall receive the amounts set forth in Section 7(c)(i) in full satisfaction of all of his entitlements from the Company. All equity-based awards not vested as of the Date of Termination shall terminate (unless otherwise provided in the applicable award agreement) and Executive shall have no further entitlements with respect thereto.

(viii) Clarification Regarding Treatment of Options and Restricted Stock. The stock option and restricted stock agreements (the "Equity Award Agreements") that Executive has or may receive may contain language regarding the effect of a termination of Executive's employment under certain circumstances.

(A) Notwithstanding such language in the Equity Award Agreements, for so long as this

Agreement is in effect, the Company will be obligated, if the terms of this Agreement are more favorable in this regard than the terms of the Equity Award Agreements, to take the actions required under Sections 7(c)(ii), 7(c)(iii)(C), 7(c)(iv)(for a Post-Expiration Termination), 7(c)(v)(C) and 7(c)(vi)(C) hereof upon the happening of the circumstances described therein. Those sections provide that in certain situations the Company will cause the Executive to become vested as of the Date of Termination in all or certain equity-based awards, and that such equity-based awards will thereafter be subject to the provisions of the applicable Equity Award Agreement as it applies to vested awards upon a termination. For purposes of clarification, although an option grant may vest

in accordance with these above-referenced Sections, such option will thereafter be exercisable only for so long as the related option agreement provides, except that the Compensation Committee of the Board of Directors may, in its sole discretion, elect to extend the expiration date of such option. For example, in general Executive's option agreements granted prior to the date hereof provide that (in the absence of an extension by the Compensation Committee) upon a termination of employment for any reason other than death, disability, retirement or cause, any vested options will only be exercisable for three months from the date of termination or, if earlier, the expiration date of the option.

(B) Notwithstanding the definition of "Cause" which may appear in the Equity Award Agreements, for so long as this Agreement is in effect (X) any "for Cause" termination must be in compliance with the terms of this Agreement, including the definition of "Cause" set forth herein, and (Y) only in the event of a "for Cause" termination that meets both the definition in this Agreement and the definition in the Equity Award Agreement will the disposition of options and restricted stock under such Equity Award Agreement be treated in the manner described in such Equity Award Agreement in the case of a termination "for Cause."

(C) For purposes of Section 7(b)(6)(A), the value of any option may be determined by the Compensation Committee of the Board at any time after its grant date by setting such value at the value determined by a nationally recognized accounting firm or employee benefits compensation firm, selected by such Committee, that calculates such value in accordance with a Black-Scholes formula or variations thereof using such parameters and procedures (including, without limitation, parameters and procedures used to measure the historical volatility of the Company's common stock as of the relevant grant date) as the Compensation Committee and/or such firm deems reasonably appropriate. In all events, if the parameters used for valuing any option for purposes of Section 7(b)(6)(A) are the same as the parameters used for valuing any other options for purposes of disclosure or inclusion in the Company's financial statements or financial statement footnotes, then such parameters shall be deemed reasonable.

(D) During the Employment Period any stock options issued to Executive shall provide that if Executive's employment is terminated in any manner which gives rise to an obligation under this Agreement (or any successor Agreement or other severance arrangement) to cause the acceleration of vesting of stock options, then in such event such stock options shall not expire until one year after the Date of Termination (or, if earlier, the expiration of their ordinary term). This covenant of the Company shall not apply to any stock options issued prior to June 1, 2001 or to any stock options issued after the expiration of the Employment Period.

(d) Additional Benefits.

(i) Anything in this Agreement to the

contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of Executive, whether paid or payable or distributed or distributable (1) pursuant to the terms of Section 7 of this Agreement, (2) pursuant to or in connection with any compensatory or employee benefit plan, agreement or arrangement, including but not limited to any grants of stock options (or any accelerated vesting thereof), restricted or unrestricted stock grants issued to or for the benefit of Executive and forgiveness of any loans by the

Company to Executive or (3) otherwise (collectively, "Severance Payments"), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), and any interest or penalties are incurred by Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then Executive shall be entitled to receive an additional payment from the Company (a "Partial Gross-Up Payment"), such that the net amount retained by Executive, before accrual or payment of any Federal, state or local income tax or employment tax, but after accrual or payment of the Excise Tax attributable to the Partial Gross-Up Payment, is equal to the Excise Tax on the Severance Payments.

(ii) Subject to the provisions of Section 7(d)(iii), all determinations required to be made under this Section 7, including whether a Partial Gross-Up Payment is required and the amount of such Partial Gross-Up Payment, shall be made by Arthur Andersen LLP or such other nationally recognized accounting firm as may at that time be the Company's independent public accountants immediately prior to the Change in Control (the "Accounting Firm"), which shall provide detailed supporting calculations both to the Company and Executive as soon as practicable after the Date of Termination, if applicable. The initial Partial Gross-Up Payment, if any, as determined pursuant to this Section 7(d)(ii), shall be paid to Executive within five days of the receipt of the Accounting Firm's determination. If the Accounting Firm determines that no Excise Tax is payable by Executive, the Company shall furnish Executive with an opinion of counsel that failure to report the Excise Tax on Executive's applicable federal income tax return would not result in the imposition of a negligence or similar penalty. Any determination by the Accounting Firm shall be binding upon the Company and Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Partial Gross-Up Payments which will not have been made by the Company should have been made (an "Underpayment"). In the event that the Company exhausts its remedies pursuant to Section 7(d)(iii) and Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred, consistent with the calculations required to be made hereunder, and any such Underpayment, and any interest and penalties imposed on the Underpayment and required to be paid by Executive in connection with the proceedings described in Section 7(d)(iii), and any related legal and accounting expenses, shall be promptly paid by the Company to or for the benefit of Executive.

(iii) Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Partial Gross-Up Payment. Such notification shall be given as soon as practicable but no later than 10 business days after Executive acquires actual knowledge of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which he gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies Executive in writing prior to the expiration of such period that it desires to contest such claim, Executive shall:

(A) give the Company any information reasonably requested by the Company relating to such claim,

(B) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including,

without limitation, accepting legal representation with respect to such claim by an attorney selected by the Company,

(C) cooperate with the Company in good faith in order effectively to contest such claim, and

(D) permit the Company to participate in any proceedings relating to such claim; provided, however that the Company shall bear and pay directly all costs and expenses attributable to the failure to pay the Excise Tax (including related additional interest and penalties) incurred in connection with such contest and shall indemnify and hold Executive harmless, for any Excise Tax up to an amount not exceeding the Partial Gross-Up Payment, including interest and penalties with respect thereto, imposed as a result of such representation, and payment of related legal and accounting costs and expenses (the "Indemnification Limit"). Without limitation on the foregoing provisions of this Section 7(d)(iii), the Company shall control all proceedings taken in connection with such contest and, at its sole option may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs Executive to pay such claim and sue for a refund, the Company shall advance so much of the amount of such payment as does not exceed the Excise Tax, and related interest and penalties, to Executive on an interest-free basis and shall indemnify and hold Executive harmless, from any related legal and accounting costs and expenses, and from any Excise Tax, including related interest or penalties imposed with respect to such advance or with respect to any imputed income with respect to such advance up to an amount not exceeding the Indemnification Limit; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Partial Gross-Up Payment would be payable hereunder and Executive shall be entitled to settle or contest, as the case may be, any other issues raised by the Internal Revenue Service or any other taxing authority.

(iv) If, after the receipt by Executive of an amount advanced by the Company pursuant to Section 7(d)(iii), Executive becomes entitled to receive any refund with respect to such claim, Executive shall (subject to the Company's complying with the requirements of Section 7(d)(iii)) promptly pay to the Company so much of such refund (together with any interest paid or credited thereon after taxes applicable thereto) (the "Refund") as is equal to (A) if the Company advanced or paid the entire amount required to be so advanced or paid pursuant to Section 7(d)(iii) hereof (the "Required Section 7(d) Advance"), the aggregate amount advanced or paid by the Company pursuant to this Section 7(d) less the portion of such amount advanced to Executive to reimburse him for related legal and accounting costs, or (B) if the Company advanced or paid less than the Required Section 7(d) Advance, so much of the aggregate amount so advanced or paid by the Company pursuant to this Section 7(d) as is equal to the difference, if any, between (C) the amount refunded to Executive with respect to such claim and (D) the sum of the portion of the Required Section 7(d) Advance that was paid by Executive and not paid or advanced by the Company plus Executive's related legal and accounting fees, as applicable. If, after the receipt by Executive of an amount advanced by the Company pursuant to Section 7(d)(iii), a determination is made that Executive shall not be entitled to any refund with respect to such claim and the Company does not notify Executive in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Partial Gross-Up Payment required to be paid.

(e) Notice of Termination. Notice of non-renewal of this Agreement pursuant to Section 1 hereof or of any termination of Executive's employment (other than by reason of death) shall be communicated by written notice (a "Notice of Termination") from one party hereto to the other party hereto in accordance with this Section 7 and Section 9.

(f) Date of Termination. "Date of Termination," with respect to any termination of Executive's employment during the Employment Period, shall mean (i) if Executive's employment is terminated for Disability, 30 days after Notice of Termination is given (provided that Executive shall not have returned to the full-time performance of Executive's duties during such 30 day period), (ii) if Executive's employment is terminated for Cause, the date on which a Notice of Termination is given which complies with the requirements of Section 7(b)(1) hereof, and (iii) if Executive's employment is terminated for any other reason, the date specified in the Notice of Termination. In the case of a termination by the Company other than for Cause, the Date of Termination shall not be less than 30 days after the Notice of Termination is given. In the case of a termination by Executive, the Date of Termination shall not be less than 15 days from the date such Notice of Termination is given. Notwithstanding the foregoing, in the event that Executive gives a Notice of Termination to the Company, the Company may unilaterally accelerate the Date of Termination and such acceleration shall not result in the termination being treated as a termination without Cause. Upon any termination of his employment, Executive will concurrently resign his membership as a director and/or officer of the Company and all subsidiaries of the Company, to the extent applicable.

(g) No Mitigation. The Company agrees that, if Executive's employment by the Company is terminated during the term of this Agreement, Executive is not required to seek other employment, or to attempt in any way to reduce any amounts payable to Executive by the Company pursuant to Section 7(d)(i) hereof. Further, the amount of any payment provided for in this Agreement shall not be reduced by any compensation earned by Executive as the result of employment by another employer, by retirement benefits, or, except for amounts then due and payable in accordance with the terms of any promissory notes given by Executive in favor of the Company, by offset against any amount claimed to be owed by Executive to the Company or otherwise.

(h) Nature of Payments. The amounts due under this Section 7 are in the nature of severance payments considered to be reasonable by the Company and are not in the nature of a penalty. Such amounts are in full satisfaction of all claims Executive may have in respect of his employment by the Company or its affiliates and are provided as the sole and exclusive benefits to be provided to Executive, his estate, or his beneficiaries in respect of his termination of employment from the Company or its affiliates.

8. Non-Competition; Non-Solicitation; Specific Enforcement.

(a) Non-Competition. Because Executive's services to the Company are special and because Executive has access to the Company's confidential information, Executive covenants and agrees that, during the Employment Period and, for a period of one year following the Date of Termination by the Company for Cause or Disability or a termination by Executive (other than a Constructive Termination Without Cause) prior to a Change in Control, Executive shall not, without the prior written consent of the Board of Directors, become associated with, or engage in any "Restricted Activities" with respect to any

"Competing Enterprise," as such terms are hereinafter defined, whether as an officer, employee, principal, partner, agent, consultant, independent contractor or shareholder. "Competing Enterprise," for purposes of this Agreement, shall mean any person, corporation, partnership, venture or other entity which is engaged in the business of managing, owning, leasing or joint venturing multifamily rental real estate within 30 miles of multifamily rental real estate owned or under management by the Company or its affiliates. "Restricted

Activities," for purposes of this Agreement, shall mean executive, managerial, directorial, administrative, strategic, business development or supervisory responsibilities and activities relating to all aspects of multifamily rental real estate ownership, management, multifamily rental real estate franchising, and multifamily rental real estate joint-venturing.

(b) Non-Solicitation. For so long as the Executive remains employed by the Company (or any successor thereto) and for one year following termination of employment, regardless of reason, Executive shall not, without the prior written consent of the Company, except in the course of carrying out his duties hereunder, solicit or attempt to solicit for employment with or on behalf of any corporation, partnership, venture or other business entity, any employee of the Company or any of its affiliates or any person who was formerly employed by the Company or any of its affiliates within the preceding six months, unless such person's employment was terminated by the Company or any of such affiliates.

(c) Specific Enforcement. Executive and the Company agree that the restrictions, prohibitions and other provisions of this Section 8 are reasonable, fair and equitable in scope, terms, and duration, are necessary to protect the legitimate business interests of the Company and are a material inducement to the Company to enter into this Agreement. Should a decision be made by a court of competent jurisdiction that the character, duration or geographical scope of the provisions of this Section 8 is unreasonable, the parties intend and agree that this Agreement shall be construed by the court in such a manner as to impose all of those restrictions on Executive's conduct that are reasonable in light of the circumstances and as are necessary to assure to the Company the benefits of this Agreement. The Company and Executive further agree that the services to be rendered under this Agreement by Executive are special, unique and of extraordinary character, and that in the event of the breach by Executive of the terms and conditions of this Agreement or if Executive, without the prior consent of the Board of Directors, shall take any action in violation of this Section 8, the Company will suffer irreparable harm for which there is no adequate remedy at law. Accordingly, Executive hereby consents to the entry of a temporary restraining order or ex parte injunction, in addition to any other remedies available at law or in equity, to enforce the provisions hereof. Any proceeding or action seeking equitable relief for violation of this Section 8 must be commenced in the federal or state courts, in either case in Virginia. Executive and the Company irrevocably and unconditionally submit to the jurisdiction of such courts and agree to take any and all future action necessary to submit to the jurisdiction of and venue in such courts.

9. Notice. Any notice required or permitted hereunder shall be in writing and shall be deemed sufficient when given by hand or by nationally recognized overnight courier or by Express, registered or certified mail, postage prepaid, return receipt requested, and addressed, if to the Company at 2900 Eisenhower Avenue, Suite 300, Alexandria, VA 22303, Attention: Chief Executive Officer (with a second copy, sent by the same means and to the same address, Attention: General Counsel), and if to Executive at the address set forth in the Company's records (or to such other address as may be provided by notice).

10. Miscellaneous. This Agreement, together with Annex A and Annex B and the Split Dollar Insurance Agreement and any Equity Award Agreements now or hereafter in effect and a letter from the Company of even date herewith addressing Executive's 2001 compensation, constitutes the entire agreement between the parties concerning the subjects hereof and supersedes any and all prior agreements or understandings, including, without limitation, any plan or agreement providing benefits in the nature of severance, but excluding benefits provided under other Company plans or agreements, except to the extent this Agreement provides greater rights than are provided under such other plans or agreements. This Agreement may not be assigned by Executive without the prior written consent of the Company, and may be

assigned by the Company and shall be binding upon, and inure to the benefit of, the Company's successors and assigns. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise. Headings herein are for convenience of reference only and shall not define, limit or interpret the contents hereof.

11. Amendment. This Agreement may be amended, modified or supplemented by the mutual consent of the parties in writing, but no oral amendment, modification or supplement shall be effective. No waiver by either party of any breach by the other party of any condition or provision contained in this Agreement to be performed by such other party shall be deemed a waiver of a similar or dissimilar condition or provision at the same or any prior or

subsequent time. Any waiver must be in writing and signed by Executive or an authorized officer of the Company, as the case may be.

12. Severability. The provisions of this Agreement are severable. The invalidity of any provision shall not affect the validity of any other provision, and each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

13. Resolution of Disputes.

(a) Procedures and Scope of Arbitration. Except for any controversy or claim seeking equitable relief pursuant to Section 8 of this Agreement, all controversies and claims arising under or in connection with this Agreement or relating to the interpretation, breach or enforcement thereof and all other disputes between the parties, shall be resolved by expedited, binding arbitration, to be held in the District of Columbia metropolitan area in accordance with the applicable rules of the American Arbitration Association governing employment disputes (the "National Rules"). In any proceeding relating to the amount owed to Executive in connection with his termination of employment, it is the contemplation of the parties that the only remedy that the arbitrator may award in such a proceeding is an amount equal to the termination payments, if any, required to be provided under the applicable provisions of Section 7(c) and, if applicable, Section 7(d) hereof, to the extent not previously paid, plus the costs of arbitration and Executive's reasonable attorneys fees and expenses as provided below. Any award made by such arbitrator shall be final, binding and conclusive on the parties for all purposes, and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

(b) Attorneys Fees.

(i) Reimbursement After Executive Prevails. Except as otherwise provided in this paragraph, each party shall pay the cost of his or its own legal fees and expenses incurred in connection with an arbitration proceeding. Provided an award is made in favor of Executive in such proceeding, all of his reasonable attorneys fees and expenses incurred in pursuing or defending such proceeding shall be promptly reimbursed to Executive by the Company within five days of the entry of the award. Any award of reasonable attorneys' fees shall take into account any offer of the Company, such that an award of attorneys' fees to the Executive may be limited or eliminated to the extent that the final decision in favor of the Executive does not represent a material increase in value over the offer that was made by the Company during the course of such proceeding. However, any elimination or limitation on attorneys' fees shall only apply to those attorneys' fees incurred after the offer by the Company.

(ii) Reimbursement in Actions to Stay, Enjoin or Collect. In any case where the Company or any other person seeks to stay or enjoin the commencement or continuation of an arbitration proceeding, whether before or after an award has been made, or where Executive seeks recovery of amounts due after an award has been made, or where the Company brings any proceeding challenging or contesting the award, all of Executive's reasonable attorneys fees and expenses incurred in connection therewith shall be promptly reimbursed by the Company to Executive, within five days of presentation of an itemized request for reimbursement, regardless of whether Executive prevails, regardless of the forum in which such proceeding is brought, and regardless of whether a Change in Control has occurred.

(iii) Reimbursement After a Change in Control. Without limitation on the foregoing, solely in a proceeding commenced by the Company or by Executive after a Change in Control has occurred, the Company shall advance to Executive, within five days of presentation of an itemized request for reimbursement, all of Executive's legal fees and expenses incurred in connection therewith, regardless of the forum in which such proceeding was commenced, subject to delivery of an undertaking by Executive to reimburse the Company for such advance if he does not prevail in such proceeding (unless such fees are to be reimbursed regardless of whether Executive prevails as provided in clause (ii) above).

14. Survivorship. The provisions of Sections 4(b), 6, 8 (to the extent described below) and 13 of this Agreement shall survive Executive's termination of employment. Other provisions of this Agreement shall survive any termination of Executive's employment to the extent necessary to the intended

preservation of each party's respective rights and obligations. The provisions of Section 8(a) shall in no event apply if Executive's employment terminates for any reason after the expiration of the Employment Period (for clarification, this means that if Executive's employment terminates on or prior to the expiration of the Original Term or any later Renewal Term then the one year post-termination non-compete set forth in Section 8(a) will apply if the termination is for one of the reasons set forth in Section 8(a)). The provisions of Section 8(b) shall apply during the Employment Period, and shall also apply with respect to any termination of Executive's employment for any reason during the two year period following the expiration of the Employment Period (for clarification, this means that if Executive's employment terminates for any reason on or prior to the second anniversary of the expiration of the Original Term or any later Renewal Term, then the non-solicitation requirement of Section 8(b) shall apply to Executive for one year following termination of employment).

15. Board Action. Where an action called for under this Agreement is required to be taken by the Board of Directors, such action shall be taken by the vote of not less than a majority of the members then in office and authorized to vote on the matter.

16. Withholding. All amounts required to be paid by the Company shall be subject to reduction in order to comply with applicable federal, state and local tax withholding requirements.

17. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. The execution of this Agreement may be by actual or facsimile signature.

18. Governing Law. This Agreement shall be construed and regulated in all respects under the laws of the State of Maryland.

IN WITNESS WHEREOF, this Agreement is entered into as of the date and year first above written.

AVALONBAY COMMUNITIES, INC.

By: /s/ Bryce Blair

Bryce Blair
Its: Chief Executive Officer

/s/ Samuel B. Fuller

Samuel B. Fuller

Exhibit 12.1

AVALONBAY COMMUNITIES, INC.
RATIOS OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

<TABLE>
<CAPTION>

	Year Ended December 31, 2001	Year Ended December 31, 2000	Year Ended December 31, 1999	Year Ended December 31, 1998	Year Ended December 31, 1997	Year Ended December 31, 1996
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net Operating Income	$ 248,997	$ 210,604	$ 172,276	$ 123,535	$ 64,916	$ 51,651
(Less) Nonrecurring item:						
Gain on sale	$ (62,852)	$ (40,779)	$ (47,093)	$ (25,270)	$ (677)	$ (7,850)
Non-recurring charges	--	--	16,782	--	--	--
(Plus) Extraordinary item:						
Unamortized loan fee write-off	$ --	$ --	$ --	$ 245	$ 1,183	$ 2,356
(Plus) Fixed charges:						
Portion of rents representative of the interest factor	$ 472	$ 461	$ 526	$ 293	$ 172	$ 150
Interest expense	103,203	83,609	74,699	54,650	16,977	9,545
Interest capitalized	27,635	18,328	21,888	14,724	9,024	12,883
Debt cost amortization	3,716	2,924	2,624	2,068	700	1,842
Preferred dividend	32,497	39,779	39,779	28,132	19,656	10,422
Total fixed charges (1)	$ 167,523	$ 145,101	$ 139,516	$ 99,867	$ 46,529	$ 34,842
(Less):						
Interest capitalized	$ 27,635	$ 18,328	$ 21,888	$ 14,724	$ 9,024	$ 12,883
Preferred dividend	32,497	39,779	39,779	28,132	19,656	10,422
Adjusted earnings (2)	$ 293,536	$ 256,819	$ 219,814	$ 155,521	$ 83,271	$ 57,694
Ratio (2 divided by 1)	1.75	1.77	1.58	1.56	1.79	1.66

</TABLE>

EXHIBIT 12.1 (CONTINUED)

AVALONBAY COMMUNITIES, INC.
RATIOS OF EARNINGS TO FIXED CHARGES

<TABLE>
<CAPTION>

	Year Ended December 31, 2001	Year Ended December 31, 2000	Year Ended December 31, 1999	Year Ended December 31, 1998	Year Ended December 31, 1997	Year Ended December 31, 1996

<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net Operating Income	$ 248,997	$ 210,604	$ 172,276	$ 123,535	$ 64,916	$ 51,651
(Less) Nonrecurring item:						
Gain on sale	$ (62,852)	$ (40,779)	$ (47,093)	$ (25,270)	$ (677)	$ (7,850)
Non-recurring charges	--	--	16,782	--	--	--
(Plus) Extraordinary item:						
Unamortized loan fee write-off	$ --	$ --	$ --	$ 245	$ 1,183	$ 2,356
(Plus) Fixed charges:						
Portion of rents representative of the interest factor	$ 472	$ 461	$ 526	$ 293	$ 172	$ 150
Interest expense	103,203	83,609	74,699	54,650	16,977	9,545
Interest capitalized	27,635	18,328	21,888	14,724	9,024	12,883
Debt cost amortization	3,716	2,924	2,624	2,068	700	1,842
	---------	---------	---------	---------	---------	---------
Total fixed charges (1)	$ 135,026	$ 105,322	$ 99,737	$ 71,735	$ 26,873	$ 24,420
(Less):						
Interest capitalized	$ 27,635	$ 18,328	$ 21,888	$ 14,724	$ 9,024	$ 12,883
Adjusted earnings (2)	$ 293,536	$ 256,819	$ 219,814	$ 155,521	$ 83,271	$ 57,694
	---------	---------	---------	---------	---------	---------
Ratio (2 divided by 1)	2.17	2.44	2.20	2.17	3.10	2.36
	=========	=========	=========	=========	=========	=========

</TABLE>

EXHIBIT 21.1

SUBSIDIARY LIST (BY JURISDICTION)

CALIFORNIA

230 Bay Place, L.P.
Bay Rincon, L.P.
Foxchase Drive San Jose Partners II, L.P.
San Francisco Bay Partners II, Ltd.
San Francisco Bay Partners III, L.P.
Toyon Road San Jose Partners, L.P.

CONNECTICUT

Bronxville West, LLC
Smithtown Galleria Associates Limited Partnership
Town Close Associates Limited Partnership
Town Grove, LLC

DELAWARE

AVB Realeum Employee LLC
Avalon Ballston II, L.P.
Avalon DownREIT V, L.P.
Avalon Grosvenor, L.P.
Avalon Park Tower, LLC
Avalon Riverview I, LLC
Avalon Riverview II, LLC
Avalon Riverview III, LLC
Avalon Terrace LLC
AvalonBay Redevelopment LLC
Bay Countrybrook L.P.
Bay Pacific Northwest, L.P.
Chrystie Venture Partners, LLC
Falkland Partners, LLC
Glen Cove Development LLC

DISTRICT OF COLUMBIA

4100 Massachusetts Avenue Associates, L.P.

MARYLAND

AVB Service Provider, Inc.
AVB Trillium Holdings, Inc.
Avalon 4100 Massachusetts Avenue, Inc.
Avalon BFG, Inc.
Avalon Ballston II, Inc.
Avalon Chase Glen, Inc.
Avalon Chase Grove, Inc.
Avalon Chase Hampton, II, Inc.
Avalon Chase Heritage, Inc.
Avalon Collateral, Inc.
Avalon Commons, Inc.
Avalon Decoverly, Inc.
Avalon Development Services, Inc.

MARYLAND (CONTINUED)

Avalon DownREIT V, Inc.
Avalon Fairway Hills I Associates
Avalon Fairway Hills II Associates
Avalon Fairway II, Inc.
Avalon Mills, Inc.
Avalon Oaks West, Inc.
Avalon Oaks, Inc.
Avalon Rock Spring Associates, LLC
Avalon Town Green II, Inc.
Avalon Town Meadows, Inc.
Avalon Town View, Inc.
Avalon Upper Falls Limited Dividend Corporation
Avalon Village North, Inc.
Avalon Village South, Inc.
Avalon Wilson Blvd, Inc.
Avalon at Great Meadow, Inc.

Avalon at St. Clare, Inc.
AvalonBay Arna Valley, Inc.
AvalonBay Cable I, Inc.
AvalonBay Communities, Inc.
AvalonBay Grosvenor, Inc.
AvalonBay Ledges, Inc.
AvalonBay NYC Development, Inc.
AvalonBay Orchards, Inc.
AvalonBay Parking, Inc.
Bay Asset Group, Inc.
Bay Development Partners, Inc.
Bay GP, Inc.
Bay Waterford, Inc.
Lexington Ridge-Avalon, Inc.

MASSACHUSETTS

AvalonBay BFG Limited Partnership

MINNESOTA

AvalonBay Devonshire L.L.C.
AvalonBay Edinburgh L.L.C.

NEW JERSEY

Town Cove II Jersey City Urban Renewal, Inc.
Town Cove Jersey City Urban Renewal, Inc.
Town Run Associates

VIRGINIA

Arna Valley View Limited Partnership
Avalon Decoverly Associates Limited Partnership

EXHIBIT 23.1

Consent of Independent Public Accountants

As independent public accountants, we hereby consent to the incorporation of our report included in this Form 10-K, into the Company's previously filed Registration Statements on Form S-8 No. 333-16837, on Form S-8 No. 333-56089, on Form S-3 No. 333-87063, on Form S-3 No. 333-15407, on Form S-3 No. 333-62855, on Form S-3 No. 333-57888 and on Form S-3 No. 333-87219.

/s/ Arthur Andersen LLP

Vienna, Virginia
March 25, 2002

Exhibit 99.1

AVALONBAY COMMUNITIES, INC.
2900 Eisenhower Avenue, Suite 300
Alexandria, VA 22314

March 22, 2002

Securities and Exchange Commission
450 Fifth Street, N.W.
Judiciary Plaza
Washington, DC 20549

Re: Confirmation of Arthur Andersen Representations Pursuant to Temporary Note 3T

Ladies and Gentlemen:

Pursuant to Temporary Note 3T to Article 3 of Regulation S-X, this letter confirms that AvalonBay Communities, Inc. has received from Arthur Andersen LLP, the independent public accountant engaged by the company to examine the company's financial statements that are included in the Form 10-K to which this letter is filed as an exhibit, a representation letter dated March 21, 2002 addressed to the company in which Arthur Andersen LLP stated in full as follows:

"We represent that this audit was subject to our quality control system for U.S. accounting and auditing practice to provide reasonable assurance that the engagement was conducted in compliance with professional standards, that there was appropriate continuity of Arthur Andersen personnel working on the audit, availability of national office consultation, and availability of personnel at foreign affiliates of Arthur Andersen to conduct the relevant portions of the audit."

Very truly yours,

AVALONBAY COMMUNITIES, INC.

By: /s/ Edward M. Schulman

Name: Edward M. Schulman
Title: Vice President - General Counsel