Avalon Marlborough
Marlborough, MA

AVA Wheaton
Silver Spring, MD

eaves Mission Ridge
San Diego, CA

AvalonBay
COMMUNITIES

INVESTOR TELECONFERENCE PRESENTATION

Third Quarter 2021
October 27, 2021

See Appendix for information about forward-looking statements and definitions of non-GAAP financial measures and other terms.

For the reasons described in the referenced forward-looking statements, including the impact of the COVID-19 pandemic and related governmental actions and changes in economic conditions, our historical results may not be indicative of future results.

AvalonBay COMMUNITIES

Participants

Tim Naughton	Chairman & Chief Executive Officer
Ben Schall	President
Kevin O'Shea	Chief Financial Officer
Matt Birenbaum	Chief Investment Officer
Sean Breslin	Chief Operating Officer

REVIEW OF THIRD QUARTER AND YEAR-TO-DATE RESULTS AND ACTIVITY

Q3 | YTD 2021 RESULTS & ACTIVITY	Q3	YTD
CORE FFO PER SHARE YEAR-OVER-YEAR CHANGE	0.0%	(10.2%)
SAME STORE RESIDENTIAL RENTAL REVENUE CHANGE		
GAAP BASIS - YEAR-OVER-YEAR | SEQUENTIAL	1.0% | 3.3%	(4.4%) | N/A
CASH BASIS - YEAR-OVER-YEAR | SEQUENTIAL	4.3% | 4.0%	(2.7%) | N/A
DEVELOPMENT COMPLETIONS | WTD. AVG. INITIAL PROJECTED STABILIZED YIELD	$ 70M | 5.7%	$ 1.1B | 5.9%
DEVELOPMENT STARTS	$ 375M	$ 955M
ACQUISITIONS	$ 275M	$ 395M
CAPITAL RAISED | WTD. AVG. INITIAL COST OF CAPITAL[1]	$ 795M | 2.3%	$ 1.4B | 3.0%

Source: Internal company reports.
See Appendix for a reconciliation of Net Income attributable to common shareholders to FFO and to Core FFO.
(1) Capital raised includes net proceeds from all debt and equity issuances, wholly-owned dispositions (including residential condominium sales at The Park Loggia), and distributions from unconsolidated real estate entities. Weighted average initial cost of capital includes all debt (inclusive of the effect of interest rate hedges) and equity issuances, and wholly-owned dispositions (including the average imputed carry cost of the residential condominiums at the Park Loggia) only.

FOURTH QUARTER AND REVISED FULL YEAR OUTLOOK

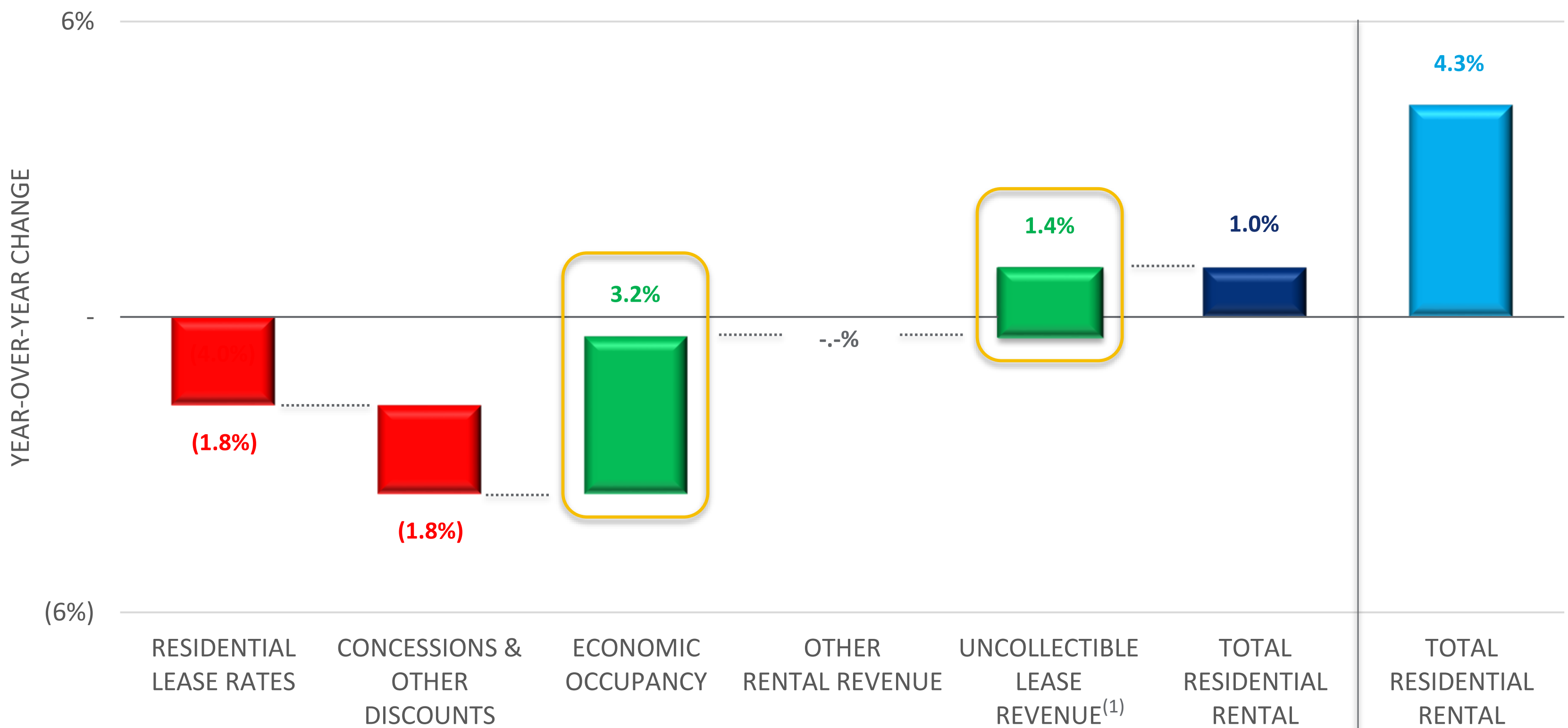
Q4 | FULL YEAR 2021 FINANCIAL & OPERATING OUTLOOK	Q4	FULL YEAR
PROJECTED CORE FFO PER SHARE RANGE	**$ 2.19 - $ 2.29**	**$ 8.18 - $ 8.28**
SAME STORE COMMUNITIES (YEAR-OVER-YEAR)		
RESIDENTIAL REVENUE CHANGE	4.5% – 5.5%	(2.3%) – (1.9%)
RESIDENTIAL OPERATING EXPENSE CHANGE	1.25% – 2.25%	3.4% – 3.8%
RESIDENTIAL NOI CHANGE	5.5% – 7.5%	(5.1%) – (4.3%)

Source: Internal company reports.
See Appendix for a reconciliation of Projected Net Income attributable to common shareholders to Projected FFO and to Projected Core FFO.

AvalonBay COMMUNITIES

THE YEAR-OVER-YEAR INCREASE IN SAME STORE REVENUE WAS DRIVEN BY HIGHER OCCUPANCY AND RENT RELIEF COLLECTIONS

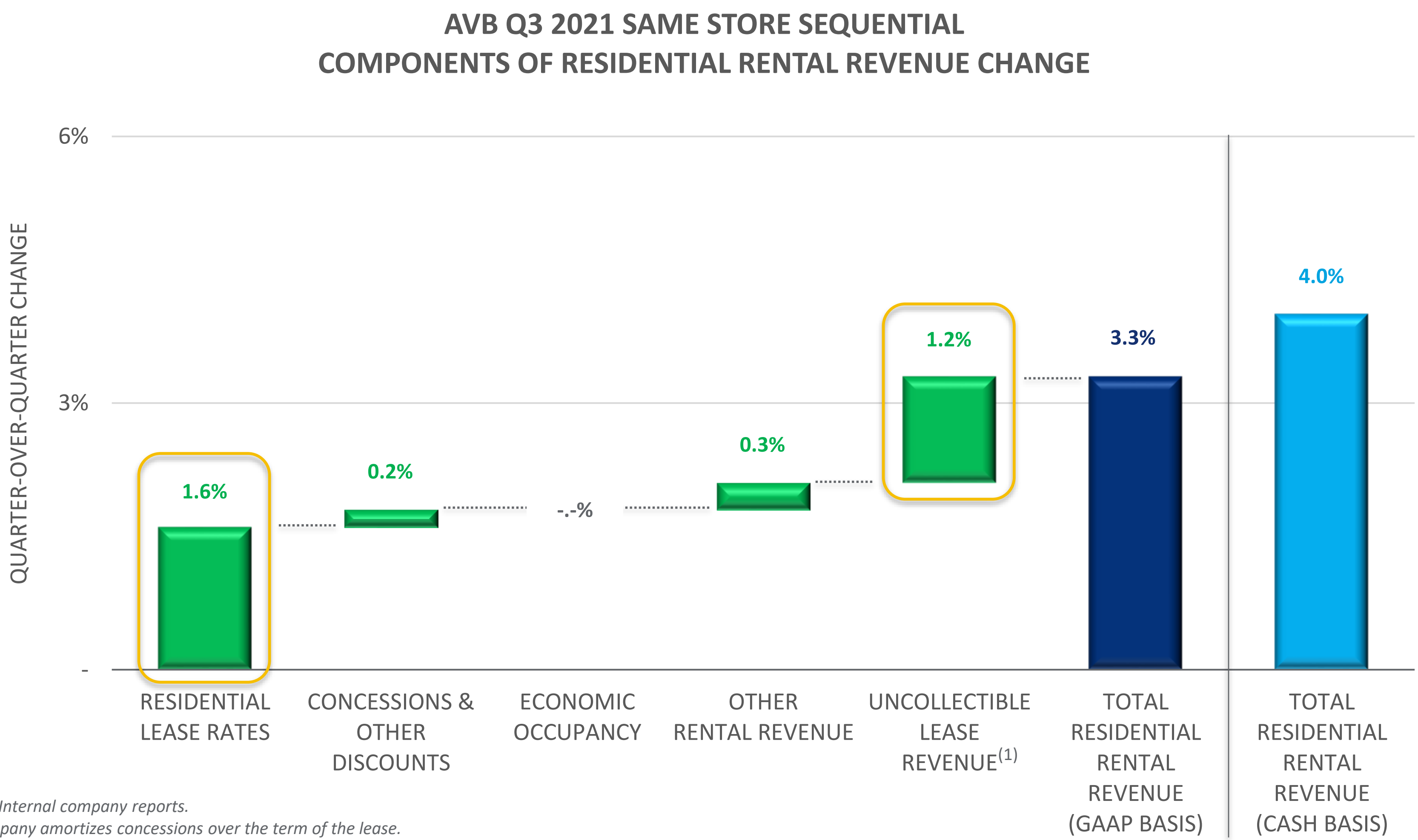
AVB Q3 2021 SAME STORE YEAR-OVER-YEAR COMPONENTS OF RESIDENTIAL RENTAL REVENUE CHANGE



Source: Internal company reports.
The Company amortizes concessions over the term of the lease.
(1) Includes rent relief collections recognized by the Company from the Emergency Rental Assistance Program.

AvalonBay COMMUNITIES

THE SEQUENTIAL INCREASE IN SAME STORE REVENUE WAS PRIMARILY THE RESULT OF HIGHER LEASE RATES AND RENT RELIEF COLLECTIONS

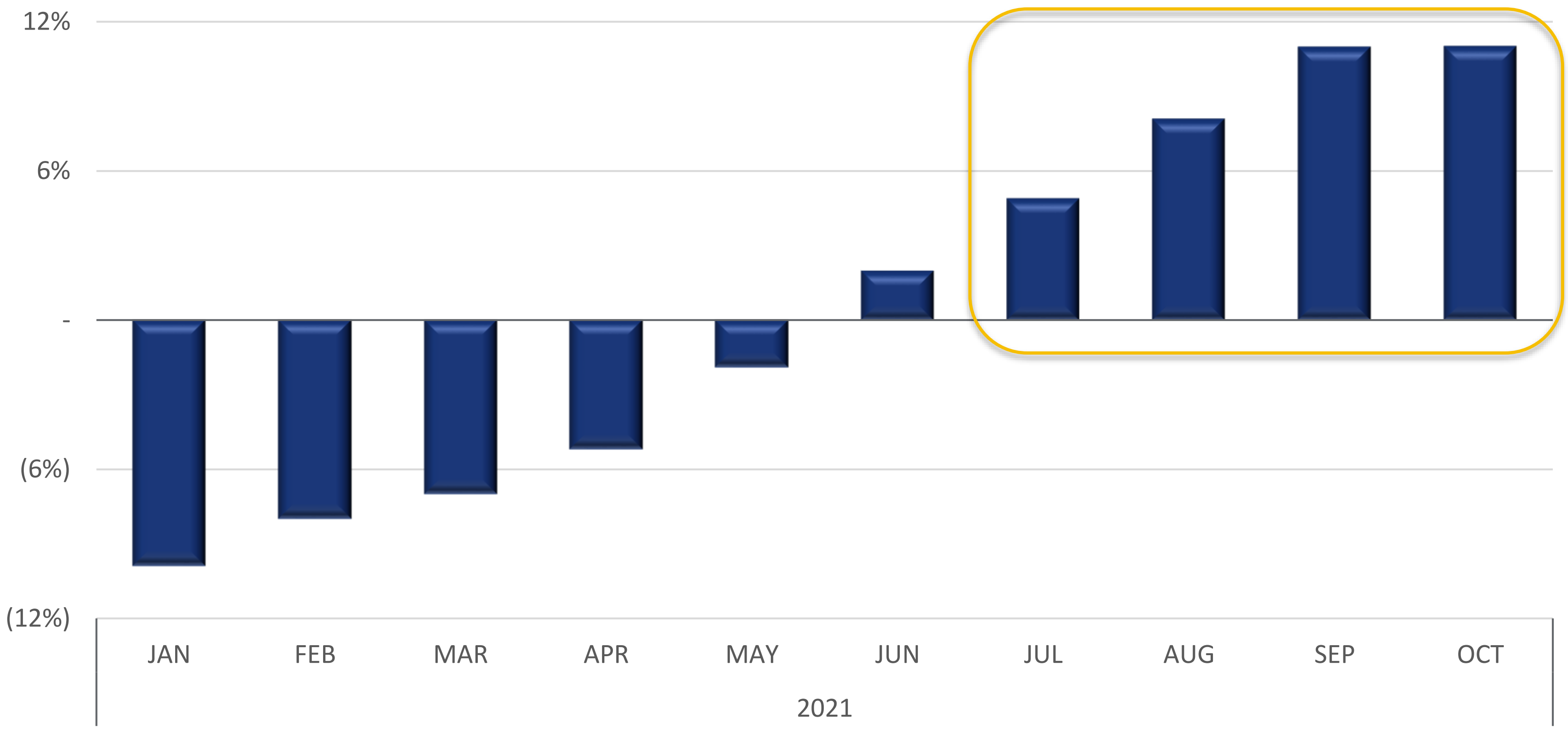


Source: Internal company reports.
The Company amortizes concessions over the term of the lease.
(1) Includes rent relief collections recognized by the Company from the Emergency Rental Assistance Program.

AvalonBay COMMUNITIES

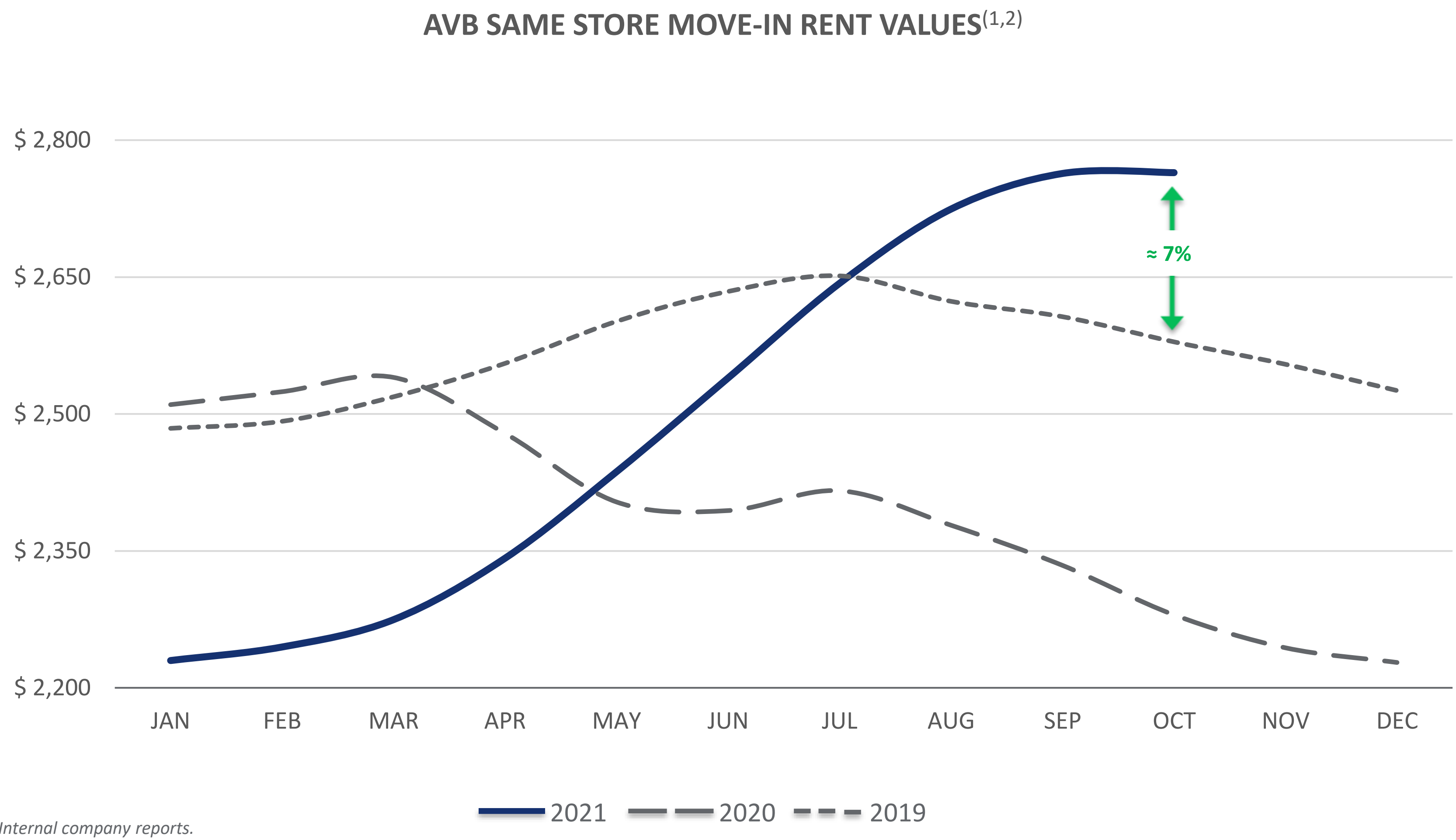
LIKE-TERM EFFECTIVE RENT CHANGE ACCELERATED IN THE THIRD QUARTER AND IS NOW RUNNING AT ROUGHLY 11%

AVB SAME STORE LIKE-TERM EFFECTIVE RENT CHANGE(1)



Source: Internal company reports.
(1) Data as of October 24th, 2021.

MOVE-IN RENT VALUES ARE ≈ 7% ABOVE OCTOBER 2019 LEVELS



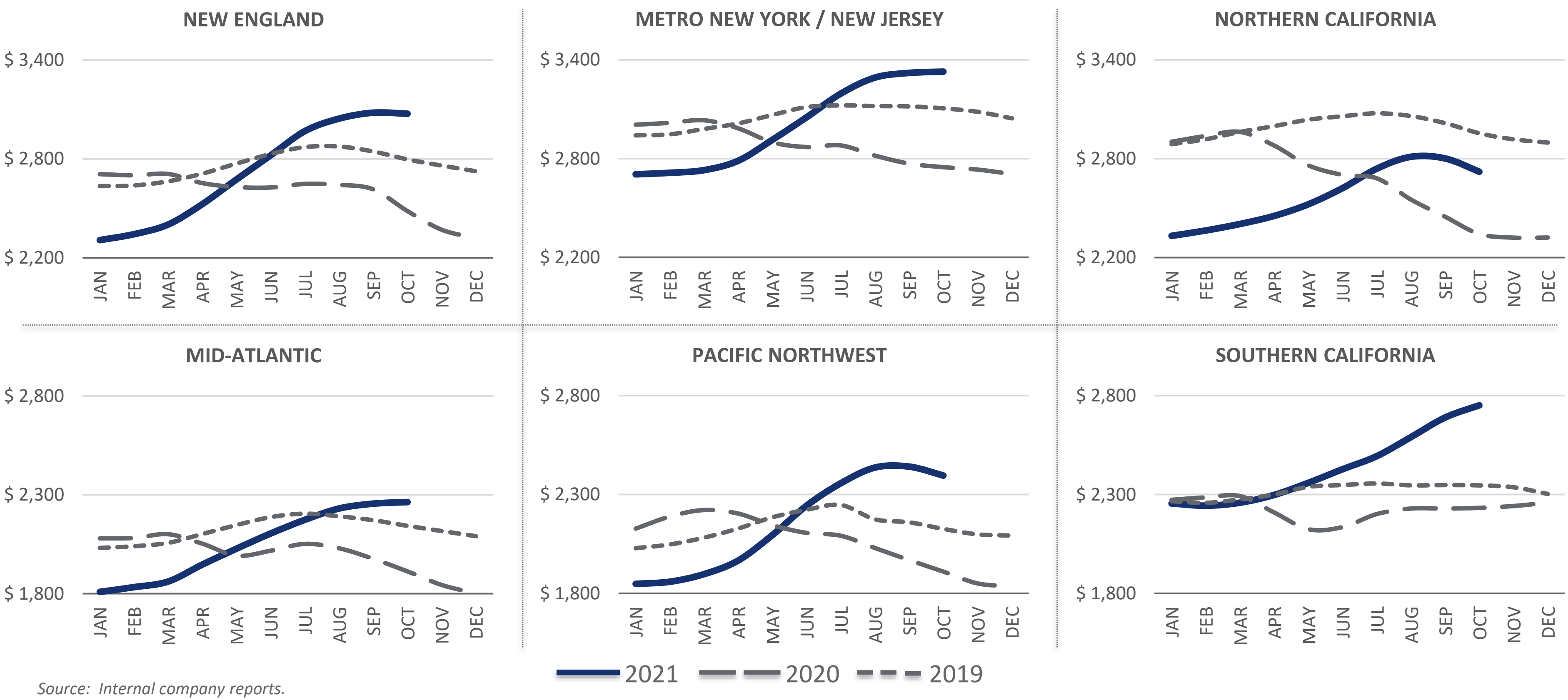
Source: Internal company reports.

(1) Data as of October 24th, 2021.

(2) Represents the effective rent (net of concessions) for new move-ins only.

MOVE-IN RENT VALUES ARE ABOVE OCTOBER 2019 LEVELS IN ALL REGIONS, EXCEPT FOR NORTHERN CALIFORNIA

AVB SAME STORE MOVE-IN RENT VALUES(1,2)
BY REGION

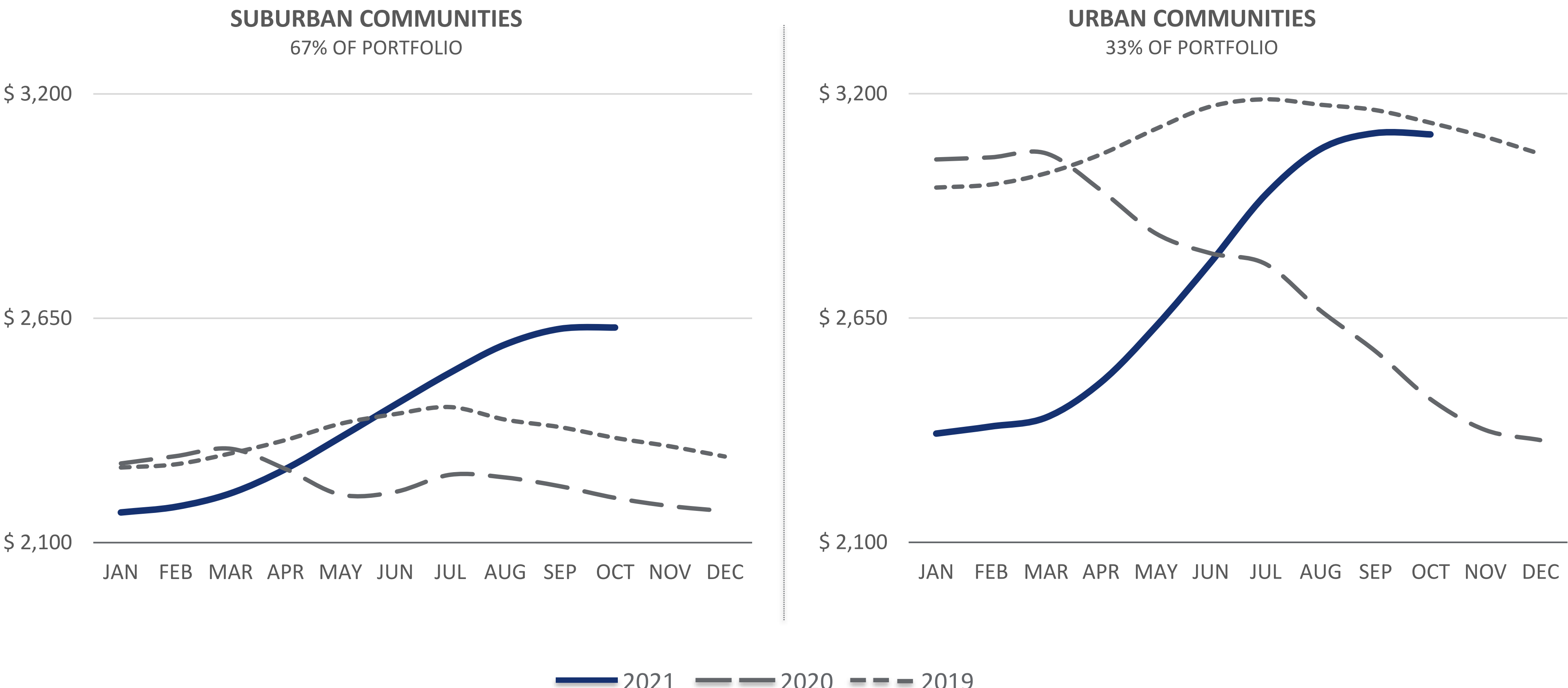


Source: Internal company reports.
(1) Data as of October 24th, 2021 and includes legacy AVB markets only.
(2) Represents the effective rent (net of concessions) for new move-ins only.

SUBURBAN MOVE-IN RENT VALUES ARE UP ≈ 12%, WHILE URBAN MOVE-IN RENT VALUES ARE NOW < 1% BELOW OCTOBER 2019 LEVELS

AVB SAME STORE MOVE-IN RENT VALUES[1,2]

BY SUBMARKET TYPE



Source: Internal company reports.

(1) Data as of October 24th, 2021.

(2) Represents the effective rent (net of concessions) for new move-ins only.

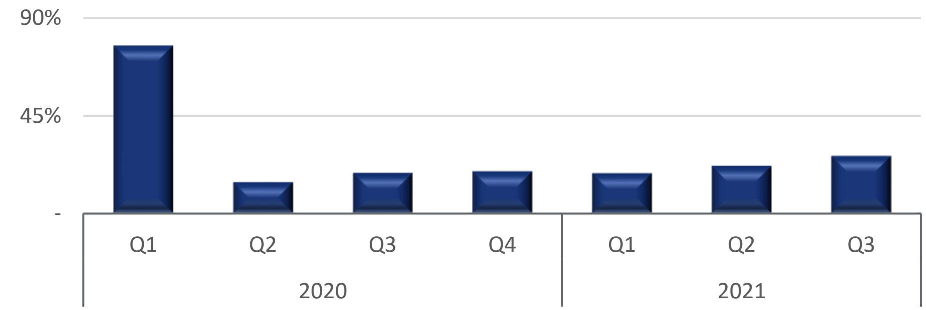
FAVORABLE BACKDROP FOR APARTMENT FUNDAMENTALS IN AVB MARKETS SHOULD SUPPORT HEALTHY GROWTH IN THE YEARS AHEAD

1 **THE LABOR MARKET FOR THE AVB RENTER IS IMPROVING**

U.S. TOTAL PROFESSIONAL SERVICES JOB AND WAGE GROWTH
SEASONALLY ADJUSTED

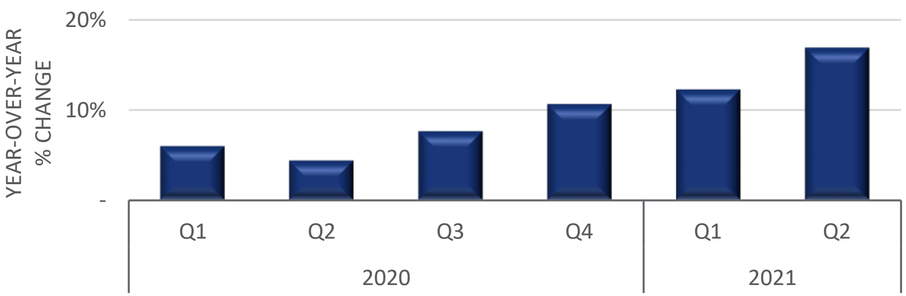
2 **OFFICE USAGE IS EXPECTED TO IMPROVE IN 2022 AND BEYOND**

WORKPLACE OCCUPANCY BAROMETER



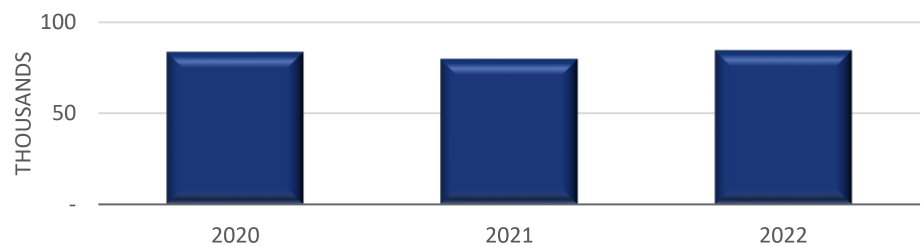
3 **RISING HOME PRICES IN AVB MARKETS LIKELY TO FAVOR RENTERSHIP IN THE NEAR TERM…**

HOME PRICE INDEX – PURCHASE ONLY
AVB COASTAL FOOTPRINT



4 **…AND SUPPLY IS PROJECTED TO REMAIN RELATIVELY STABLE IN OUR MARKETS OVER THE NEXT FEW YEARS**

MARKET RATE APARTMENT DELIVERIES
AVB COASTAL FOOTPRINT

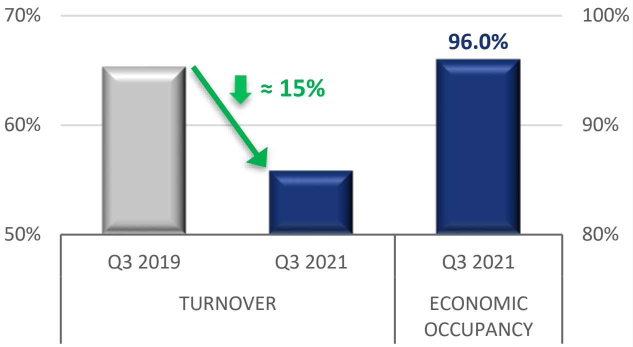


Source: U.S. Bureau of Labor Statistics, Kastle, FHFA, AVB Market Research Group.
Total professional services includes professional services, information technology and finance.
Workplace Occupancy Barometer includes New York City, Washington, D.C., San Francisco, Los Angeles, and San Jose.
AVB coastal footprint excludes Southeast Florida.

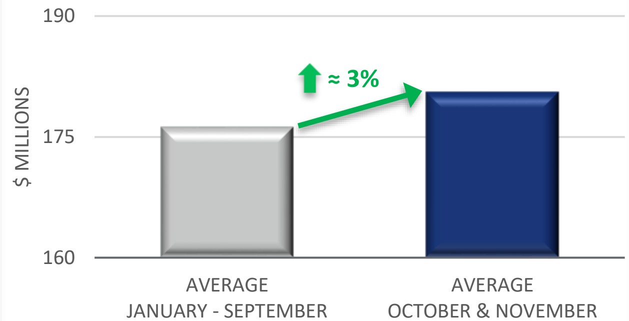
KEY TAILWINDS TO FUTURE REVENUE GROWTH

AVB SAME STORE SELECT REVENUE METRICS

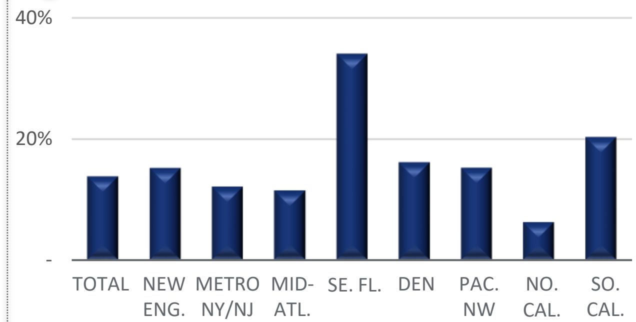
1 LOW TURNOVER AND HIGH OCCUPANCY
TURNOVER & ECONOMIC OCCUPANCY



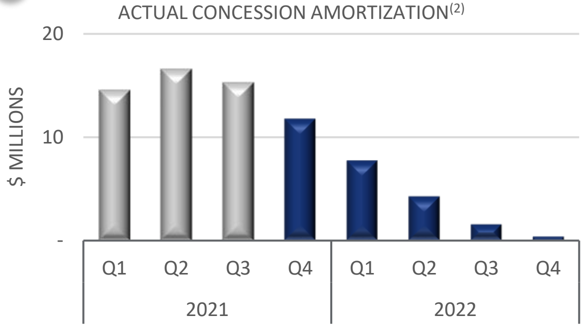
2 EMBEDDED GROSS POTENTIAL GROWTH OF ≈ 3%
2021 GROSS POTENTIAL



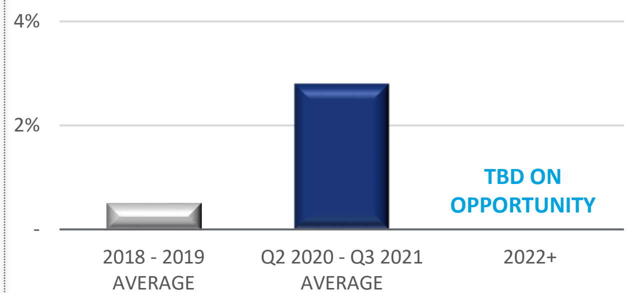
3 LOSS TO LEASE CURRENTLY ≈ 14%
LOSS TO LEASE[1]



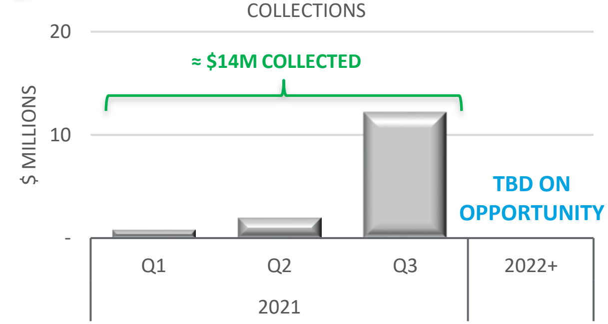
4 DECLINING IMPACT OF AMORTIZED CONCESSIONS
ACTUAL CONCESSION AMORTIZATION[2]



5 UNCOLLECTIBLE LEASE REVENUE
AS A % OF TOTAL REVENUE



6 EMERGENCY RENTAL ASSISTANCE PROGRAM
COLLECTIONS



Source: Internal company reports.

(1) Represents the percentage difference between the average market rent and average gross potential rent for the four-week period ending September 30, 2021 and excludes the impact of regulatory constraints (e.g., rent regulation, rent control, other) that limit rent increases in certain regions.

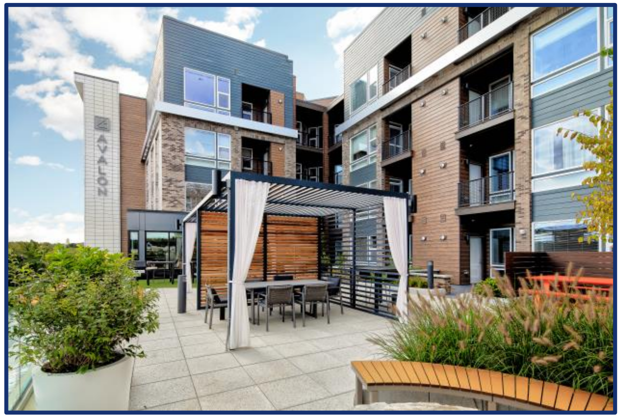
(2) Includes concessions granted on leases signed through October 25, 2021.

AvalonBay COMMUNITIES

SIX LEASE-UPS, REPRESENTING ≈ $680M IN PROJECTED TOTAL CAPITAL COST, BEATING EXPECTATIONS AND DELIVERING STRONG VALUE CREATION

CURRENT LEASE-UP ACTIVITY[(1)]	CURRENT PROJECTION	ORIGINAL PROJECTION	VARIANCE
WTD. AVG. RENT PER HOME	$ 2,780	$ 2,600	$ 180 | 6.9%
WTD. AVG. INITIAL PROJECTED STABILIZED YIELD	6.0%	5.7%	30 BPS

AVALON MONROVIA
MONROVIA, CA



AVALON WOBURN
WOBURN, MA

Source: Internal company reports.

(1) Includes Avalon Harrison, Avalon Brea Place, Avalon Foundry Row, Avalon Woburn, Avalon Easton II, and Avalon Monrovia.

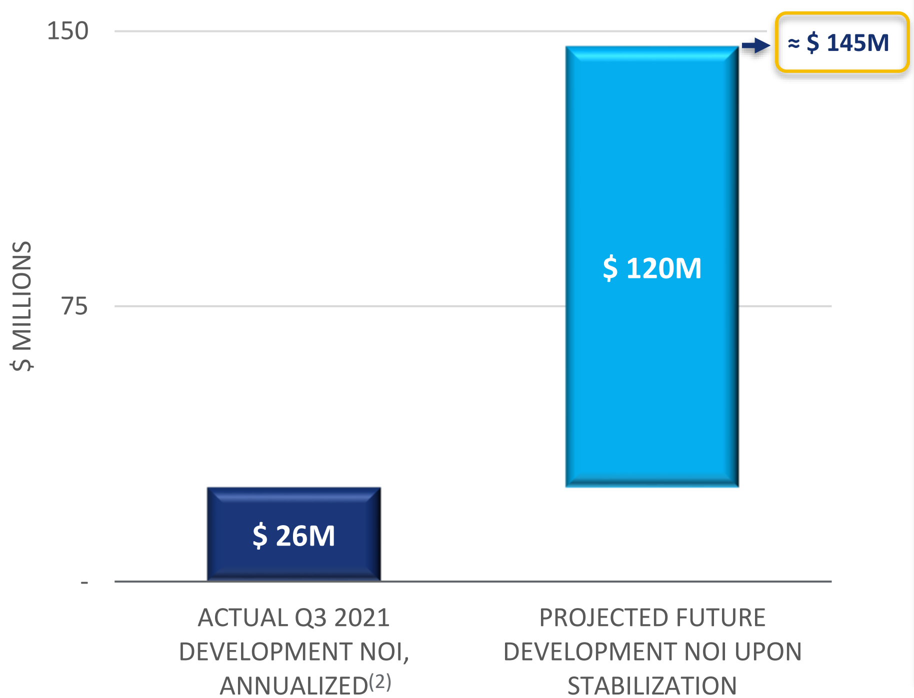
AvalonBay COMMUNITIES

CURRENT DEVELOPMENT UNDERWAY PROJECTED TO GENERATE ≈ $145M OF NOI AND DELIVER > $8 PER SHARE OF VALUE CREATION

AVB ACTUAL & PROJECTED

STABILIZED NOI FROM CURRENT DEVELOPMENT(1)

AS OF SEPTEMBER 30, 2021



VALUE CREATION PER SHARE FROM CURRENT DEVELOPMENT		
ACTUAL | PROJECTED ANNUAL INITIAL STABILIZED NOI FROM CURRENT DEVELOPMENT	$ 145M	A
MARKET VALUE OF PROJECTED STABILIZED NOI FROM CURRENT DEVELOPMENT AT A 3.8% ESTIMATED MARKET CAPITALIZATION RATE	3.8B	B = A / 3.8%
LESS: PROJECTED TOTAL CAPITAL COST OF CURRENT DEVELOPMENT	(2.6B)	C
PROJECTED VALUE CREATION	**$ 1.2B**	D = B + C
Q3 2021 TOTAL OUTSTANDING COMMON SHARES AND DOWNREIT UNITS	140M	E
PROJECTED VALUE CREATION PER SHARE FROM CURRENT DEVELOPMENT	**$ 8.68**	F = D / E

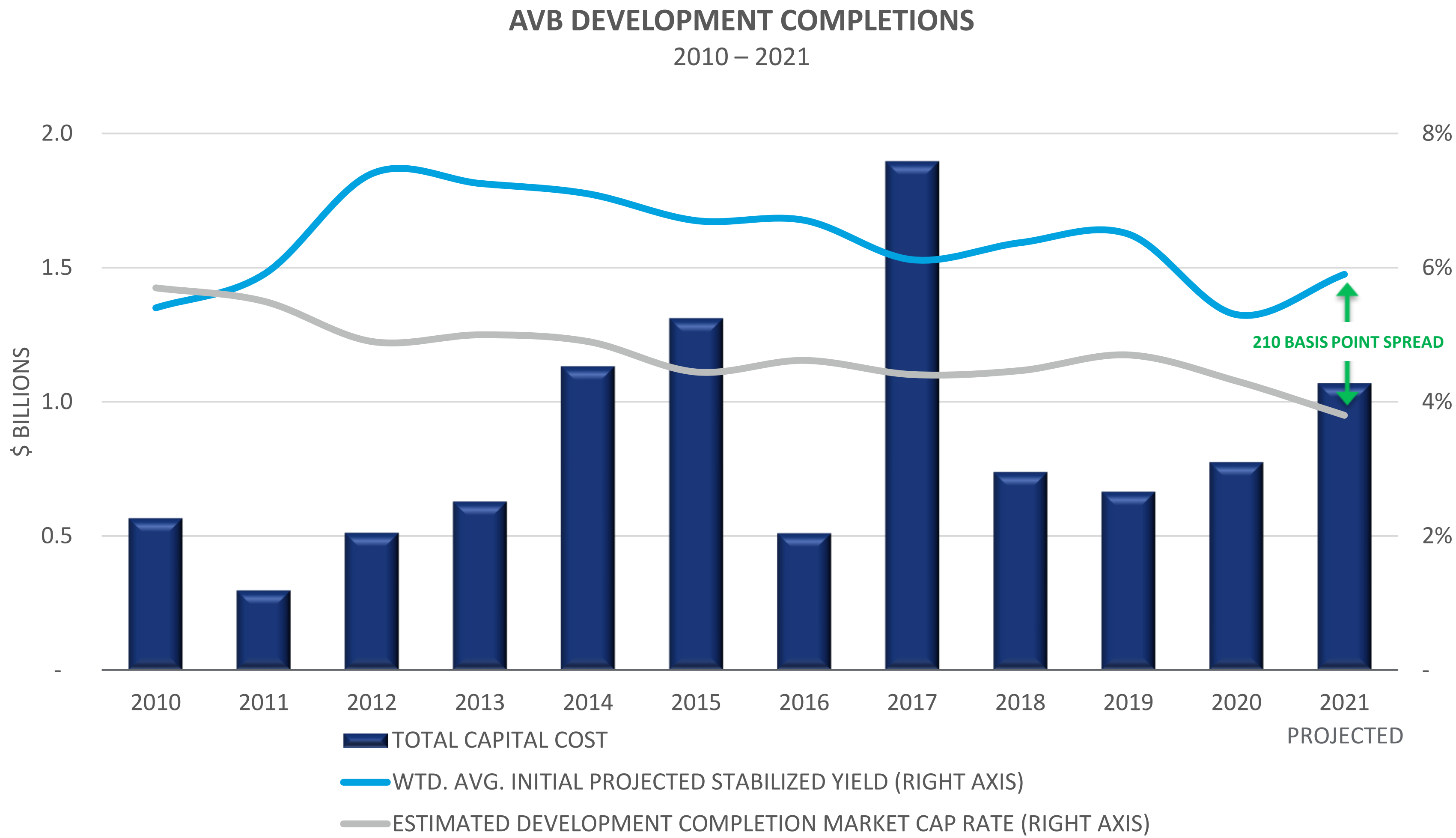
Source: Internal company reports.

(1) Data includes non-stabilized Development Community completions, and wholly-owned Development Communities only.

(2) See footnote 2 on Attachment 9 in the Company's Third Quarter 2021 Earnings Release dated October 27, 2021 for additional information.

AvalonBay COMMUNITIES

AVB DEVELOPMENT PLATFORM DRIVES CONSISTENT VALUE CREATION ACROSS THE CYCLE; CURRENT DEVELOPMENT RIGHTS PIPELINE ≈ $ 3B



Source: Internal company reports.

FURTHER EXPANDING FOOTPRINT INTO TEXAS AND NORTH CAROLINA WITH A FOCUS ON MIDSIZED, KNOWLEDGE-BASED METROPOLITAN AREAS

MARKET ATTRIBUTES	AVB COASTAL MARKETS	RALEIGH-DURHAM	CHARLOTTE	DALLAS	AUSTIN
KNOWLEDGE–BASED ECONOMY | DEMOGRAPHICS (STEM, FINANCE, EDUCATION & HEALTH CARE JOBS; COLLEGE EDUCATED MILLENNIALS; RENTER PROPENSITY)					
HIGH COST OF HOMEOWNERSHIP					
FAVORABLE REGULATORY ENVIRONMENT (RENT CONTROL; LANDLORD-TENANT LAWS; GHG EMISSIONS)					
PUBLIC INVESTMENT IN INFRASTRUCTURE & CULTURAL AMENITIES					

= U.S. MAJOR METRO AVERAGE

Conceptual presentation.

AvalonBay COMMUNITIES

New expansion markets feature many favorable apartment demand drivers

RALEIGH – DURHAM, NC

- Young, well-educated workforce
- High cluster of STEM employment
- Home to three major research universities
- Large government, education, and life sciences industries provide economic stability

DALLAS – FORT WORTH, TX

- Fourth largest metro area in the U.S.
- Young, well-educated workforce
- Benefitting from relocations and in-migration
- Home to 21 S&P 500 company headquarters
- Growing concentration of STEM employment

CHARLOTTE, NC

- Strong domestic in-migration
- Elevated public investment in infrastructure
- Southeastern regional office hub
- Cultural amenities create dynamic living environment

AUSTIN, TX

- Dynamic high-tech economy that is attracting an outsized share of millennials
- Benefitting from in-migration
- High concentration of STEM jobs
- Highest per capita income and home values of Texas cities
- Quality of life/cultural amenities draw target renters

Source: AVB Market Research Group.

Key takeaways

- Macro trends support continuing strong demand, with stable supply in AVB markets
- Meaningful revenue tailwinds from embedded gross potential, loss to lease, and normalization of concessions and bad debt
- Further momentum in our urban communities (≈ *1/3rd of portfolio*) to come from fuller reopening
- Operating model innovations creating enhanced offering for residents and generating meaningful operating efficiencies
- Development creating significant value and supporting near-term, incremental NOI growth
- Expansion markets providing additional growth opportunities

AvalonBay COMMUNITIES

FORWARD-LOOKING STATEMENTS

- This presentation dated October 27, 2021 is provided in connection with AvalonBay's third quarter 2021 earnings conference call on October 28, 2021. This presentation is intended to accompany AvalonBay's earnings release dated October 27, 2021 and should be read in conjunction with the earnings release. AvalonBay does not intend to update any of these documents, which speak only as of their respective dates.

- The earnings release is available on AvalonBay's website at www.avalonbay.com/earnings

- For definitions, additional information and reconciliations of non-GAAP financial information and certain defined terms included in this presentation, see pages 21 to 26 in this presentation in addition to Attachment 12 to the earnings release.

- This presentation dated October 27, 2021 contains forward-looking statements, which are indicated by the use of words such as "expects," "projects," "forecast," "outlook," "estimate" and other words that do not relate to historical matters. Actual results may differ materially. For information concerning risks and other factors that could cause such differences, see "Forward Looking Statements" in AvalonBay's earnings release that accompanies this presentation. The Company does not undertake a duty to update the projections and expectations stated in this presentation, which speak only as of the date of this presentation unless otherwise referenced.

AvalonBay
COMMUNITIES

Definitions and reconciliations of non-GAAP financial measures and other terms

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

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

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

Estimated Development Completion Market Capitalization Rate is Management's estimate of the Initial Year Market Cap Rate for each development completion, weighted by the Total Capital Cost of each community.

FFO and Core FFO are considered by management to be supplemental measures of our operating and financial performance. FFO is calculated by the Company in accordance with the definition adopted by NAREIT. FFO is calculated by the Company as Net income or loss attributable to common stockholders computed in accordance with GAAP, adjusted for gains or losses on sales of previously depreciated operating communities, cumulative effect of a change in accounting principle, impairment writedowns of depreciable real estate assets, write-downs of investments in affiliates which are driven by a decrease in the value of depreciable real estate assets held by the affiliate and depreciation of real estate assets, including adjustments for unconsolidated partnerships and joint ventures. By excluding gains or losses related to dispositions of previously depreciated operating communities and excluding real estate depreciation (which can vary among owners of identical assets in similar condition based on historical cost accounting and useful life estimates), FFO can help one compare the operating and financial performance of a company's real estate between periods or as compared to different companies. Core FFO is the Company's FFO as adjusted for non-core items outlined in the table below. By further adjusting for items that are not considered by us to be part of our core business operations, Core FFO can help one compare the core operating and financial performance of the Company between periods. A reconciliation of Net income attributable to common stockholders to FFO and to Core FFO is as follows (dollars in thousands):

DEFINITIONS AND RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES AND OTHER TERMS

	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Net income attributable to common stockholders	$ 78,914	$ 147,703	$ 669,090	$ 486,502
Depreciation - real estate assets, including joint venture adjustments	192,435	174,505	558,006	527,491
Distributions to noncontrolling interests	12	12	36	36
Gain on sale of unconsolidated entities holding previously depreciated real estate	-	(5,157)	(23,305)	(5,157)
Gain on sale of previously depreciated real estate	(58)	(31,607)	(388,354)	(91,338)
Casulty and impairment loss on real estate	1,940	-	3,117	-
FFO attributable to common stockholders	273,243	285,456	818,590	917,534
Adjusting items:				
Unconsolidated entity gains, net	(6,924)	86	(9,056)	86
Business interruption insurance proceeds	-	(282)	-	(385)
Lost NOI from casualty losses covered by business interruption insurance	-	-	-	48
Loss (gain) on extinguishment of consolidated debt	17,890	(105)	17,768	9,333
Gain on interest rate contract	-	-	(2,654)	-
Advocacy contributions	-	1,308	-	3,074
Executive transition compensation costs	411	-	2,599	-
Severance related costs	284	75	386	2,115
Development pursuit write-offs and expensed transaction costs, net of recoveries	273	147	575	3,536
Gain on for-sale condominiums	(1,345)	(727)	(2,051)	(8,174)
For-sale condominium marketing, operating and administrative costs	1,187	1,373	3,453	4,012
For-sale condominium imputed carry cost	1,648	2,580	5,779	9,013
Gain on other real estate transactions, net	(1,543)	(129)	(2,002)	(328)
Legal settlements	22	59	1,100	35
Income tax expense (benefit)	2,179	(27)	1,434	(1,069)
Core FFO attributable to common stockholders	$ 287,325	$ 289,814	$ 835,921	$ 938,830
Average shares outstanding - diluted	139,737,725	140,603,722	139,645,069	140,702,803
Earnings per share - diluted	$ 0.56	$ 1.05	$ 4.79	$ 3.46
FFO per common share - diluted	$ 1.96	$ 2.03	$ 5.86	$ 6.52
Core FFO per common share - diluted	$ 2.06	$ 2.06	$ 5.99	$ 6.67

DEFINITIONS AND RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES AND OTHER TERMS

Gross Potential is the amount of rental revenue we expect our apartments could generate based on leased rates for apartments rented during the applicable period and an estimate of market rates for vacant apartments.

Initial Projected Stabilized Yield is Projected NOI as a percentage of Total Capital Cost. The weighted average Projected NOI as a percentage of Total Capital Cost is weighted based on the Total Capital Cost of each community.

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

Market Capitalization Rate is defined by the Company as Projected NOI of a single community for the first 12 months of operations (assuming no repositioning), less estimates for non-routine allowance of approximately $300 - $500 per apartment home, divided by the gross sales price for the community. Projected NOI, as referred to above, represents management’s estimate of projected rental revenue minus projected operating expenses before interest, income taxes (if any), depreciation and amortization. For this purpose, management’s projection of operating expenses for the community includes a management fee of 2.25%. The Market Capitalization Rate, which may be determined in a different manner by others, is a measure frequently used in the real estate industry when determining the appropriate purchase price for a property or estimating the value for a property. Buyers may assign different Market Capitalization Rates to different communities when determining the appropriate value because they (i) may project different rates of change in operating expenses and capital expenditure estimates and (ii) may project different rates of change in future rental revenue due to different estimates for changes in rent and occupancy levels. The weighted average Market Capitalization Rate is weighted based on the gross sales price of each community.

Move-in Rent Value reflects the average effective rent that our apartments would rent for based on recent leasing activity, adjusting for apartment specific characteristics (e.g., view premiums, renovation premiums). For a given month, up to the ten most recent leases during the immediately preceding last three months are used for each unit type at a property. If no recent leasing activity has occurred for a sparse unit type, then active leases or current asking rents, in that order, would be used.

DEFINITIONS AND RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES AND OTHER TERMS

Projected FFO and Projected Core FFO are calculated on a basis consistent with historical FFO and Core FFO, and are therefore considered to be appropriate supplemental measures to projected Net Income from projected operating performance. A reconciliation of the ranges provided for Projected FFO per share (diluted) for the third quarter 2021 to the ranges provided for projected EPS (diluted) and corresponding reconciliation of the ranges for Projected FFO per share to the ranges for Projected Core FFO per share are as follows:

	LOW RANGE	HIGH RANGE
Projected EPS (diluted) - Q4 2021	$ 2.25	$ 2.35
Depreciation (real estate related)	1.36	1.36
Gain on sale of communities	(1.44)	(1.44)
Projected FFO per share (diluted) - Q4 2021	$ 2.17	$ 2.27
Adjustments related to residential for-sale condominiums at The Park Loggia	0.01	0.01
Other	0.01	0.01
Projected Core FFO per share (diluted) - Q4 2021	$ 2.19	$ 2.29
Projected EPS (diluted) - Full Year 2021	$ 7.04	$ 7.14
Depreciation (real estate related)	5.35	5.35
Gain on sale of communities	(4.36)	(4.36)
Projected FFO per share (diluted) - Full Year 2021	$ 8.03	$ 8.13
Adjustments related to residential for-sale condominiums at The Park Loggia	0.06	0.06
Loss on extinguishment of consolidated debt and gain on interest rate contract	0.11	0.11
Unconsolidated entity gains, net	(0.07)	(0.07)
Legal and other settlements	0.01	0.01
Executive transition compensation costs	0.02	0.02
Income taxes	0.02	0.02
Projected Core FFO per share (diluted) - Full Year 2021	$ 8.18	$ 8.28

DEFINITIONS AND RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES AND OTHER TERMS

Projected NOI, as used within this presentation for certain Development Communities and in calculating the Market Capitalization Rate for dispositions, represents management's estimate, as of the date of this presentation (or as of the date of the buyer's valuation in the case of dispositions), of projected stabilized rental revenue minus projected stabilized operating expenses. For Development communities, Projected NOI is calculated based on the first twelve months of Stabilized Operations following the completion of construction. In calculating the Market Capitalization Rate, Projected NOI for dispositions is calculated for the first twelve months following the date of the buyer's valuation. Projected stabilized rental revenue represents management's estimate of projected gross potential minus projected stabilized economic vacancy and adjusted for projected stabilized concessions plus projected stabilized other rental revenue. Projected stabilized operating expenses do not include interest, income taxes (if any), depreciation or amortization, or any allocation of corporate-level property management overhead or general and administrative costs. In addition, projected stabilized operating expenses for Development communities do not include property management fee expense. Projected gross potential for Development communities and dispositions is generally based on leased rents for occupied homes and management's best estimate of rental levels for homes which are currently unleased, as well as those homes which will become available for lease during the twelve month forward period used to develop Projected NOI. The weighted average Projected NOI as a percentage of Total Capital Cost ("Weighted Average Initial Projected Stabilized Yield") is weighted based on the Company's share of the Total Capital Cost of each community, based on its percentage ownership.

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

Same Store is comprised of consolidated communities in the markets where the Company has a significant presence and where a comparison of operating results from the prior year to the current year is meaningful, as these communities were owned and had Stabilized Operations, as defined below, as of the beginning of the respective prior year period. Therefore, for 2021 operating results, Same Store is comprised of consolidated communities that have Stabilized Operations as of January 1, 2020, are not conducting or are not probable to conduct substantial redevelopment activities and are not held for sale or probable for disposition within the current year.

Definitions and reconciliations of non-GAAP financial measures and other terms

Suburban Communities are communities located in submarkets with less than 3,500 households per square mile.

Total Capital Cost includes all capitalized costs projected to be or actually incurred to develop the respective Development or Redevelopment 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, offset by proceeds from the sale of any associated land or improvements, all as determined in accordance with GAAP. Total Capital Cost also includes costs incurred related to first generation commercial tenants, such as tenant improvements and leasing commissions. For Redevelopment communities, Total Capital Cost excludes costs incurred prior to the start of redevelopment when indicated. With respect to communities where development or redevelopment was completed in a prior or the current period, Total Capital Cost reflects the actual cost incurred, plus any contingency estimate made by management. Total Capital Cost for communities identified as having joint venture ownership, either during construction or upon construction completion, represents the total projected joint venture contribution amount. For joint ventures not in construction, Total Capital Cost is equal to gross real estate cost.

Urban Communities are communities located in submarkets with 3,500 households or more per square mile.

AvalonBay
COMMUNITIES