AvalonBay COMMUNITIES

INVESTOR TELECONFERENCE PRESENTATION

First Quarter 2023
April 26, 2023

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

For the reasons described in the referenced forward-looking statements our historical results may not be indicative of future results.

Participants

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

REVIEW OF FIRST QUARTER 2023 RESULTS AND ACTIVITY

2023 RESULTS & ACTIVITY	Q1
CORE FFO PER SHARE YEAR-OVER-YEAR GROWTH	13.7%
SAME STORE RESIDENTIAL RENTAL REVENUE GROWTH	
YEAR-OVER-YEAR	9.5%
SEQUENTIAL	1.1%
DEVELOPMENT STARTS	$ 100M
	SUBSEQUENT EVENT
SETTLEMENT OF EQUITY FORWARD (IN APRIL) | WTD. AVG. INITIAL COST OF EQUITY FORWARD[1]	$ 490M | 4.0%

Source: Internal company reports.
See Appendix for a reconciliation of Net Income attributable to common shareholders to FFO and to Core FFO.
(1) In April 2023, the Company settled the outstanding equity forward contracts entered into in April 2022, issuing 2,000,000 shares of common stock, net of offerings fees and discounts, for $491,912,000 or $245.96 per share.

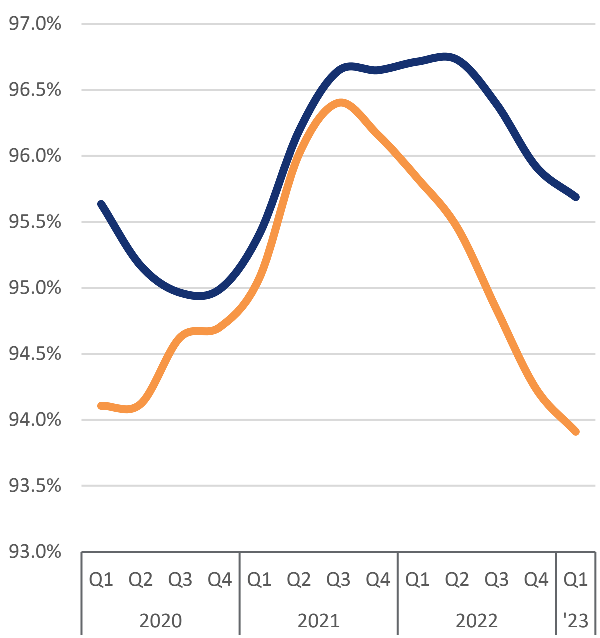
AvalonBay COMMUNITIES

MARKET OCCUPANCY AND RENT GROWTH SHOWING LESS VOLATILITY IN AVB ESTABLISHED REGIONS

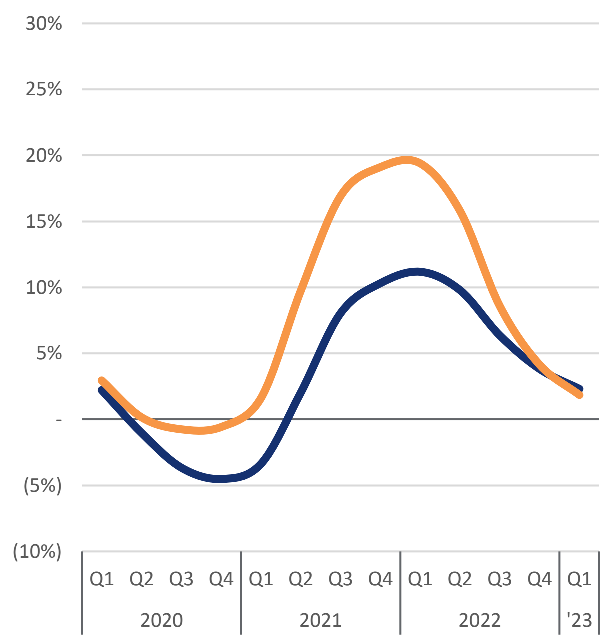
COSTAR MARKET OCCUPANCY AND EFFECTIVE MOVE-IN RENT

AVB ESTABLISHED REGIONS & SUNBELT REGIONS

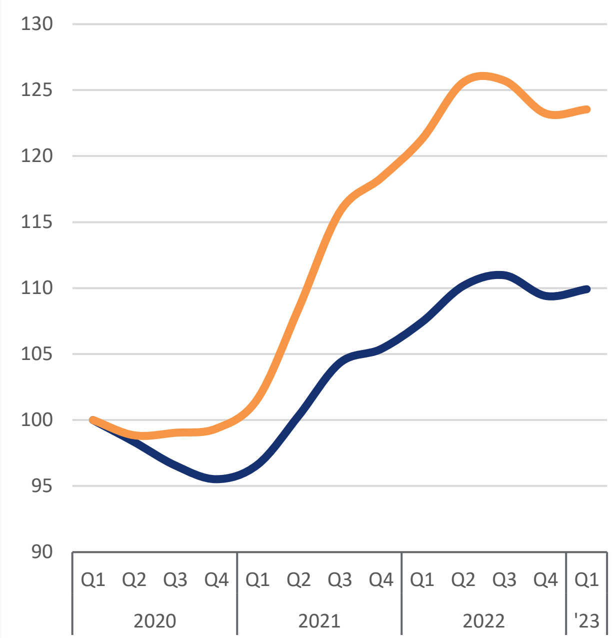
1 PHYSICAL OCCUPANCY



2 EFFECTIVE MOVE-IN RENT YEAR-OVER-YEAR CHANGE



3 EFFECTIVE MOVE-IN RENT INDEXED TO 100 IN Q1 2020



AVB ESTABLISHED REGIONS — SUNBELT REGIONS[1]

Source: AVB Market Research Group.

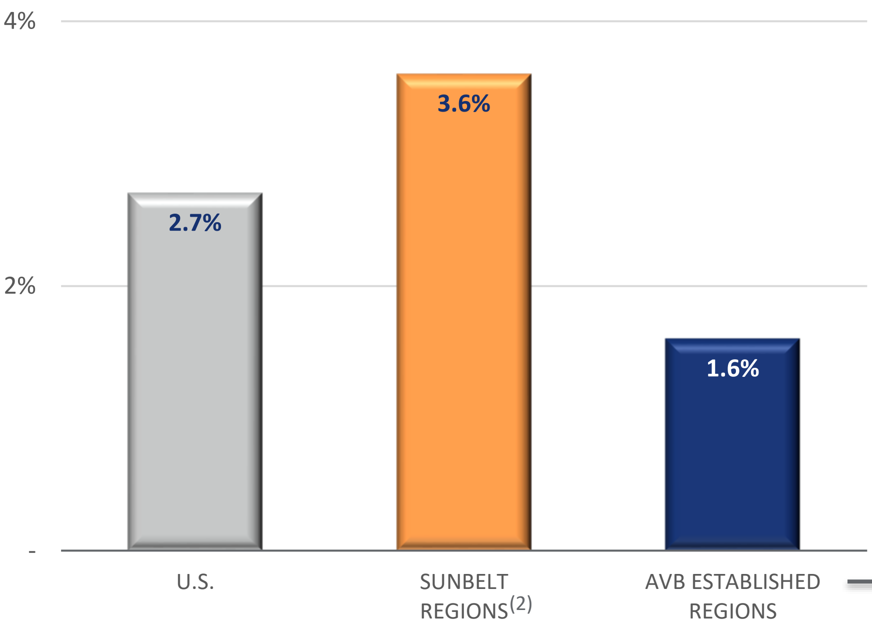
(1) Includes Alabama, Arizona, Florida, Georgia, Kentucky, Louisiana, Mississippi, New Mexico, Nevada, North Carolina, South Carolina, Tennessee, and Texas.

AvalonBay COMMUNITIES

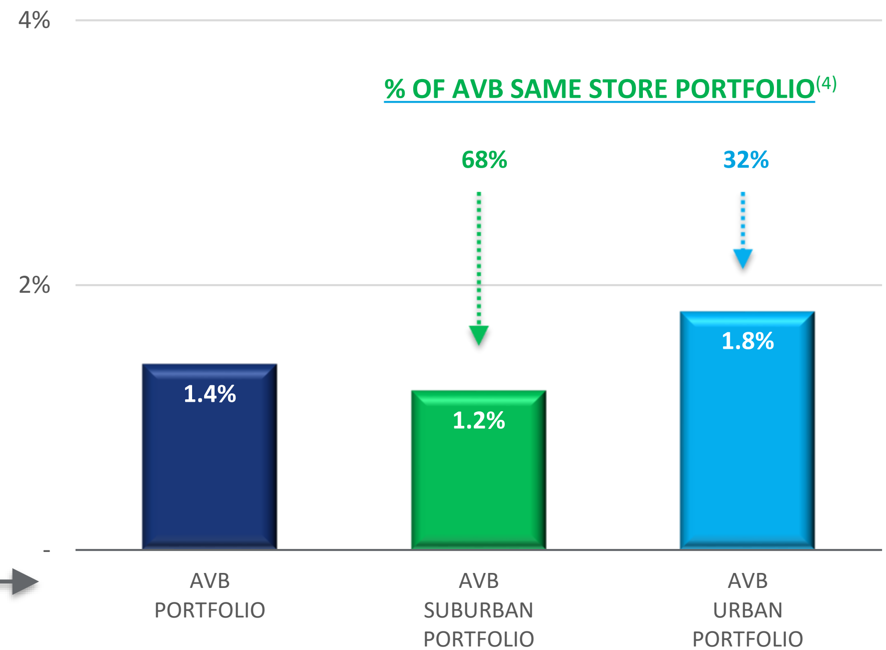
AVB ESTABLISHED REGIONS ARE EXPECTED TO BE MORE INSULATED FROM NEW APARTMENT DELIVERIES IN 2023

PROJECTED 2023 NEW MARKET RATE APARTMENT DELIVERIES

1 **U.S., SUNBELT REGIONS, AND AVB ESTABLISHED REGIONS APARTMENT DELIVERIES**
AS A % OF EXISTING MARKET RATE APARTMENT INVENTORY[1]



2 **AVB ESTABLISHED REGIONS DIRECTLY-COMPETITIVE APARTMENT DELIVERIES[3]**
AS A % OF EXISTING MARKET RATE APARTMENT INVENTORY[1]
BY SUBMARKET TYPE

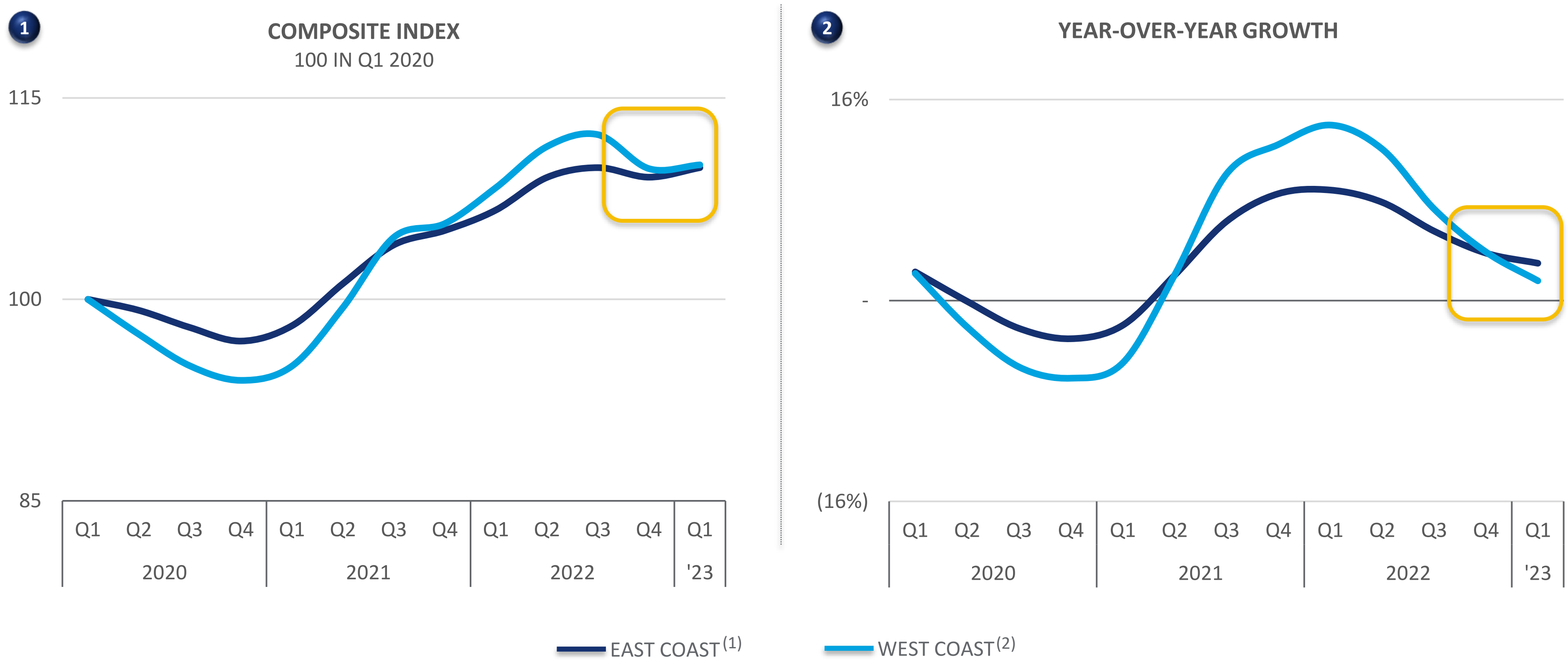


Source: CoStar, AVB Market Research Group.
(1) Existing market rate apartment inventory measured in December 2022.
(2) Includes Alabama, Arizona, Florida, Georgia, Kentucky, Louisiana, Mississippi, New Mexico, Nevada, North Carolina, South Carolina, Tennessee, and Texas.
(3) Includes new supply in submarkets in which AVB has a presence and is weighted by AVB's inventory of Class A apartment communities (homes) in each of those submarkets.
(4) Based on Q1 2023 Same Store Residential rental revenue and includes AVB Established Regions only (i.e., excludes AVB Expansion Regions).

AVB Established Regions: effective rent growth on the West Coast continues to decelerate while the East Coast is stabilizing

COSTAR MARKET EFFECTIVE MOVE-IN RENT

AVB ESTABLISHED REGIONS



Source: AVB Market Research Group.

(1) Includes New England, Metro NY/NJ, and the Mid-Atlantic.

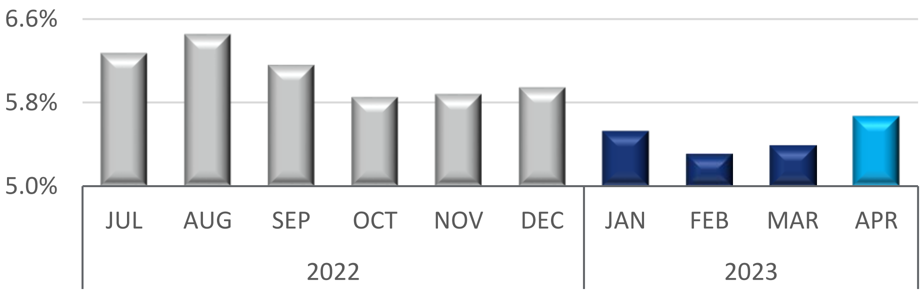
(2) Includes the Pacific Northwest (Seattle), Northern California, and Southern California.

SAME STORE PORTFOLIO TRENDS REMAINED HEALTHY IN THE FIRST QUARTER; WELL-POSITIONED FOR THE PEAK LEASING SEASON

AVB SAME STORE(1)

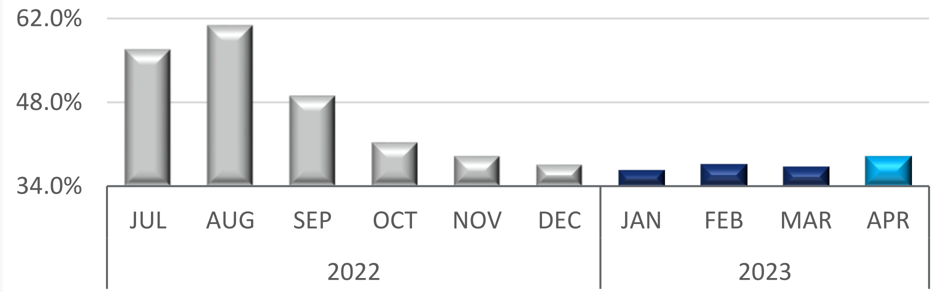
1 **AVAILABILITY REMAINED IN THE LOW 5% RANGE THROUGHOUT THE FIRST QUARTER…**

60-DAY AVAILABILITY



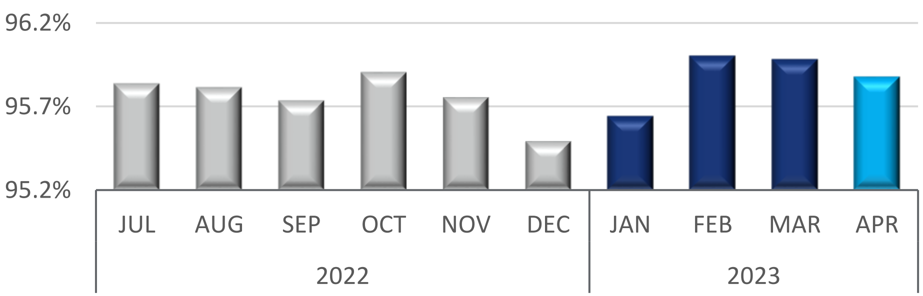
2 **…TURNOVER WAS STABLE…**

ANNUALIZED TURNOVER



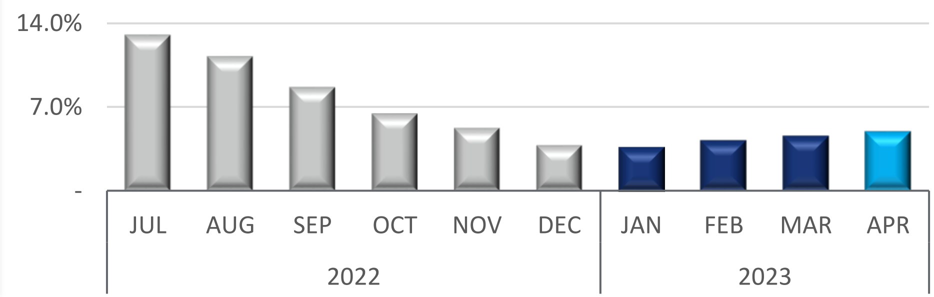
3 **…OCCUPANCY HOVERED AROUND 96%…**

PHYSICAL OCCUPANCY



4 **…AND RENT CHANGE PICKED UP A BIT**

LIKE-TERM EFFECTIVE RENT CHANGE



Source: Internal company reports.

(1) Data for April as of April 24th.

CURRENT LEASE-UPS SIGNIFICANTLY OUTPERFORMING INITIAL EXPECTATIONS; RENTS ON SEVEN ADDITIONAL 2023 LEASE-UPS NOT YET MARKED-TO-MARKET

LEASE-UP PERFORMANCE	CURRENT PROJECTION	ORIGINAL PROJECTION[1]	VARIANCE
CURRENT LEASE-UPS[2]			
PROJECTED TOTAL CAPITAL COST ≈ $ 385 MILLION			
WTD. AVG. MONTHLY RENTAL REVENUE PER HOME	$ 3,330	$ 2,845	$ 485 | 17.0%
WTD. AVG. INITIAL PROJECTED STABILIZED YIELD	6.7%	6.0%	70 BPS

SEVEN ADDITIONAL COMMUNITIES EXPECTED TO ENTER LEASE-UP BEFORE YEAR-END 2023[3]

ORIGINAL PROJECTIONS[1]

TOTAL CAPITAL COST: $ 1.0B

WTD. AVG. MONTHLY RENTAL REVENUE PER HOME: $ 3,000

WTD. AVG. INITIAL STABILIZED YIELD: 5.8%

Source: Internal company reports.

(1) As of each Development community's construction start date (see Attachment 8 in the Company's earnings release dated April 26, 2023, for additional information).

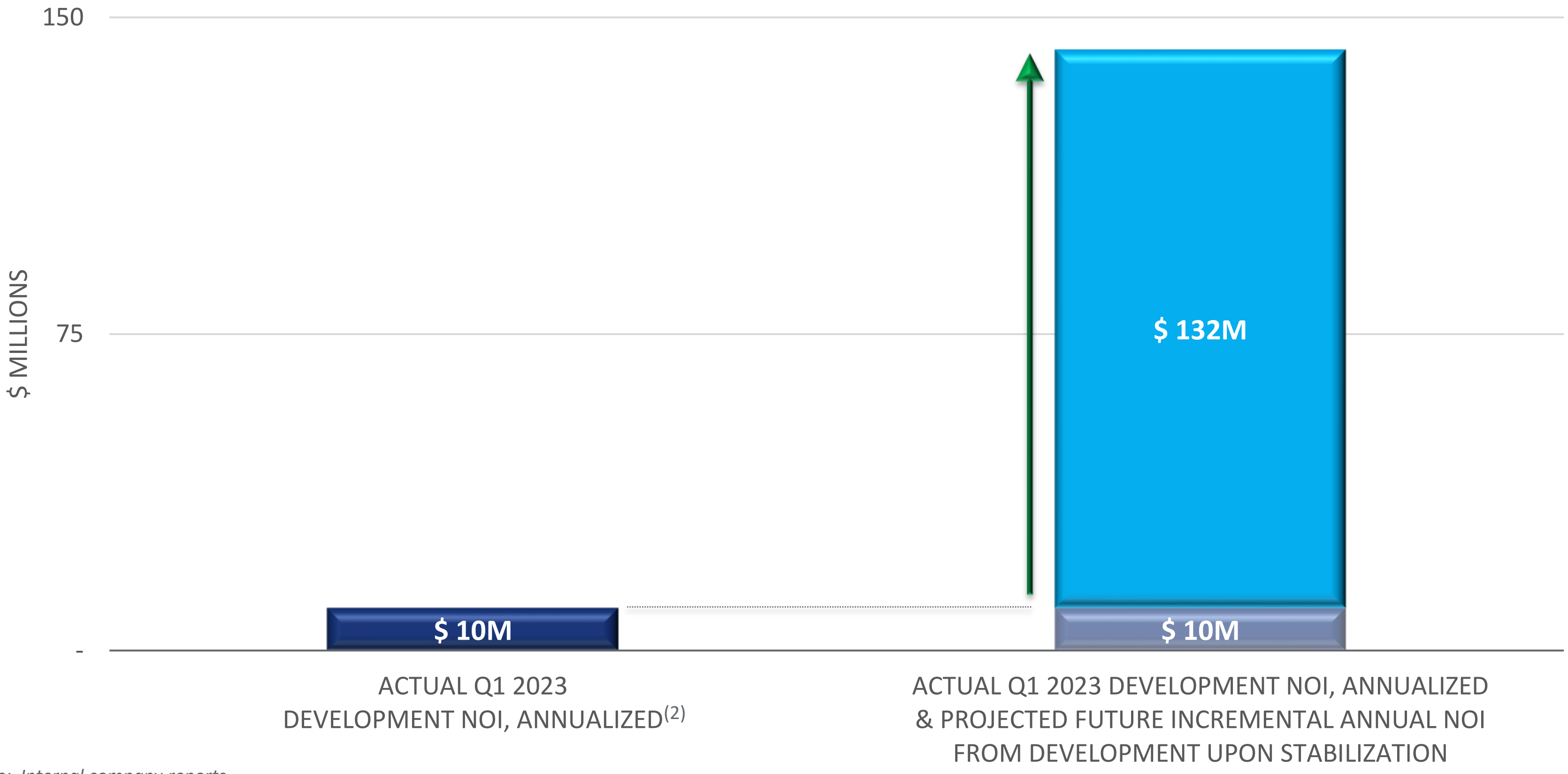
(2) Includes Avalon Harrison, Avalon Somerville Station, Avalon North Andover, and Avalon Brighton.

(3) Includes Avalon Merrick Park, Avalon Amityville, Avalon Bothell Commons I, Avalon West Dublin, Avalon Princeton Circle, Avalon Montville, and Avalon Redmond Campus.

DEVELOPMENT UNDERWAY IS EXPECTED TO DELIVER > $ 130 MILLION OF INCREMENTAL NOI ANNUALLY UPON STABILIZATION

ACTUAL AND PROJECTED STABILIZED NOI FROM DEVELOPMENT UNDERWAY[(1)]

AS OF MARCH 31, 2023



Source: Internal company reports.

(1) Includes one non-stabilized Development completion.

(2) See Attachment 8, footnote 4, in the Company's earnings release dated April 26, 2023, for additional information.

AvalonBay COMMUNITIES

DEVELOPMENT MARKET ADJUSTING TO CHANGES IN THE CAPITAL MARKETS

- PRIVATE MULTIFAMILY DEVELOPERS DELAYING OR ABANDONING STARTS AS THEY STRUGGLE TO SOURCE CONSTRUCTION FINANCING
- SOME ENTITLED SITES ARE STARTING TO COME BACK TO MARKET, OFTEN AT MATERIALLY REDUCED LAND PRICING
- HARD COSTS STARTING TO CORRECT; ≈ 5% TO 10% REDUCTIONS IN MOST COASTAL MARKETS OVER THE PAST TWO QUARTERS AND STRONGER BID COVERAGE
- DISLOCATIONS IN DEVELOPMENT MARKET HAVE HISTORICALLY LED TO VERY COMPELLING OPPORTUNITIES FOR AVB

Source: Internal company reports.

BALANCE SHEET IS STRONG AND POSITIONED TO SUPPORT GROWTH

BALANCE SHEET METRICS	Q1 2023
NET DEBT-TO-CORE EBITDAre	4.6x
TARGET RANGE	**5.0x – 6.0x**
INTEREST COVERAGE	6.9x
UNENCUMBERED NOI	95%
WTD. AVG. YEARS-TO-MATURITY OF TOTAL DEBT(1)	7.9
MATCH-FUNDING - DEVELOPMENT UNDERWAY	> 100%
CREDIT RATINGS	S&P: A-, STABLE OUTLOOK MOODY'S: A3, STABLE OUTLOOK
THE COMPANY IS 1 OF ONLY 8 REITs (IN ALL SECTORS) WITH AN A3 AND A- CREDIT RATING OR BETTER(2)	

Source: Internal company reports.
See Appendix for a reconciliation of Net Debt-to-Core EBITDAre, Interest Coverage, Unencumbered NOI and Match-funding - Development underway.
(1) Excludes the Company's (i) Credit Facility, (ii) commercial paper and (iii) any associated issuance discount, mark-to-market discounts and deferred financing costs, if applicable.
(2) From Moody's and S&P, respectively.

AvalonBay COMMUNITIES

Customer Care Center: one of AVB's operating model differentiators now being extended to third-parties for select offerings

About

- Centralized service center
- Established in 2007
- Located in Virginia Beach, VA
- ≈ 230 associates (in-person and remote)

Benefits

- Creates operating and scale efficiencies through centralization
- Drives incremental revenue by improving accuracy and compliance
- Functional specialists enhance customer experience

History of our Customer Care Center ("CCC")

2007
Financial and operating administrative support
Reduced on-site Assistant Community Managers

2011
Collections process management
Increased other rental revenue per apartment home

2012
Online reputation | social media management
Improved online reputation ratings

2019
Kanso brand management
First fully centralized lease-up

JAN 2023
Centralized renewal specialists
Optimize renewal outcomes and reduce net headcount

APR 2023
Agreed to provide back-office, financial administrative support services to Gables Residential
Leverage CCC platform investment; additional revenue source

2024 +
Anticipated future innovation

Source: Internal company reports.

Key takeaways

- First quarter results were strong;
  Full year 2023 Core FFO per share midpoint increased
- Supply constrained, coastal suburban footprint projected to outperform
- Current lease-ups materially exceeding initial rent and yield expectations; another $ 1.0 billion of development to commence leasing this year
- Dislocation in the development market may present attractive opportunities
- Strong balance sheet positioned to support growth
- Operating model transformation continues; extended back-office, financial and administrative support services to a third-party

Source: Internal company reports.

FORWARD-LOOKING STATEMENTS

- This presentation dated April 26, 2023 is provided in connection with AvalonBay's first quarter 2023 earnings conference call on April 27, 2023. This presentation is intended to accompany AvalonBay's earnings release dated April 26, 2023 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 https://investors.avalonbay.com/earnings-release/default.aspx

- For definitions, additional information and reconciliations of non-GAAP financial information and certain defined terms included in this presentation, see pages 16 to 27 in this presentation in addition to Attachment 11 to the earnings release.

- This presentation dated April 26, 2023 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. Forward-looking statements, by their very nature, are subject to inherent risks and uncertainties are based on several assumptions, both general and specific, which give rise to the possibility that actual results or events could differ materially from our expectations expressed in or implied by such forward-looking statements. These statements are not guarantees of future performance or events and the Company cautions you against relying on any of these forward-looking statements. For information concerning risks and other factors that could cause such differences, see "Forward-Looking Statements" in AvalonBay's first quarter 2023 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.

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

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

Average Monthly Rental Revenue 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.

AVB Established Regions include markets located in New England, the New York/New Jersey Metro area, the Mid-Atlantic, the Pacific Northwest, and Northern and Southern California.

AVB Expansion Regions include markets located in Raleigh-Durham and Charlotte, North Carolina, Southeast Florida, Dallas and Austin, Texas, and Denver, Colorado.

Development is composed of 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.

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

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

	Q1 2023
Net income	$ 146,775
Interest expense and loss on extinguishment of debt	61,745
Income tax expense	3,560
Depreciation expense	204,743
EBITDA	$ 416,823
Casualty loss	5,051
Loss on sale of communities	13
Unconsolidated entity EBITDAre adjustments (1)	2,793
EBITDAre	$ 424,680
Unconsolidated entity gains, net	(3,056)
Structured Investment Program loan reserve	(19)
Hedge accounting activity	228
Executive transition compensation costs	347
Severance related costs	1,173
Expensed transaction, development and other pursuit costs, net of recoveries	2,451
Other real estate activity	(129)
Legal settlements	(98)
Core EBITDAre	$ 425,577

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

AvalonBay COMMUNITIES

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

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

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

	Q1 2023	Q1 2022
Net income attributable to common stockholders	$ 146,902	$ 262,044
Depreciation - real estate assets, including joint venture adjustments	203,280	200,652
Distributions to noncontrolling interests	12	12
Loss (gain) on sale of previously depreciated real estate	13	(148,800)
Casualty loss on real estate	5,051	-
FFO attributable to common stockholders	355,258	313,908
Adjusting items:		
Unconsolidated entity gains, net (1)	(3,056)	(255)
Structured Investment Program loan reserve (2)	(19)	-
Hedge accounting activity	228	(729)
Advocacy contributions	-	150
Executive transition compensation costs	347	402
Severance related costs	1,173	41
Expensed transaction, development and other pursuit costs, net of recoveries	2,451	159
Other real estate activity	(129)	(273)
For-sale condominium imputed carry cost (3)	255	919
Legal settlements	(98)	130
Income tax expense (4)	3,560	2,471
Core FFO attributable to common stockholders	$ 359,970	$ 316,923
Average shares outstanding - diluted	140,023,810	139,976,082
Earnings per share - diluted	$ 1.05	$ 1.87
FFO per common share - diluted	$ 2.54	$ 2.24
Core FFO per common share - diluted	$ 2.57	$ 2.26

** FOOTNOTES PRESENTED ON THE FOLLOWING PAGE **

AvalonBay COMMUNITIES

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

(1) Amounts consist primarily of net unrealized gains on technology investments.
(2) Amounts are the expected credit losses associated with the Company's lending commitments under its Structured Investment Program. The timing and amount of any actual losses that will be incurred, if any, is to be determined.
(3) Represents the imputed carry cost of the for-sale residential condominiums at The Park Loggia. The Company computes this adjustment by multiplying the Total Capital Cost of completed and unsold for-sale residential condominiums by the Company's weighted average unsecured debt effective interest rate.
(4) Amounts are primarily for the recognition of taxes associated with The Park Loggia.

Interest Coverage is calculated by the Company as Core EBITDAre divided by interest expense. Interest Coverage is presented by the Company because it provides rating agencies and investors an additional means of comparing our ability to service debt obligations to that of other companies. A calculation of Interest Coverage for the three months ended March 31, 2023 is as follows (dollars in thousands):

Core EBITDAre	$ 425,577
Interest expense (1)	$ 61,745
Interest Coverage	6.9 times

(1) Excludes the impact of hedge accounting activity.

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. Like-term effective rent change as presented excludes any third-party managed communities.

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

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

Market Rents as reported by the Company are based on the current market rates set by the Company based on its experience in renting apartments and publicly available market data. Market Rents for a period are based on the average Market Rents during that period and do not reflect any impact for cash concessions.

Match-funding – Development underway is calculated by the Company as the sum of (i) cash and cash equivalents, (ii) the net proceeds from the Company's equity forward, which was settled in April 2023, and (iii) Q1 2023 cash from operations available for investment, annualized divided by the Total Capital Cost, remaining to invest on the Company's consolidated Development activity (see Attachment 8 in the Company's earnings release dated April 26, 2023 for additional information). A calculation of Match-funding – Development underway is as follows (dollars in millions):

	Q1 2023
Total Capital Cost, remaining to invest	$ 1,082
Cash and cash equivalents	254
Equity forward	492
Q1 2023 cash from operations available for investment, annualized	424
Total projected corporate liquidity, excluding the Company's Credit Facility and commercial paper program	$ 1,170
Match-funding - Development underway	108%

AvalonBay COMMUNITIES

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

Net Debt-to-Core EBITDAre is calculated by the Company as total debt (secured and unsecured notes, and the Company's Credit Facility and commercial paper program) that is consolidated for financial reporting purposes, less consolidated cash and cash in escrow, divided by annualized first quarter 2023 Core EBITDAre. A calculation of Net Debt-to-Core EBITDAre is as follows (dollars in thousands):

Total debt principal (1)	$ 8,126,927
Cash and cash in escrow	(376,064)
Net debt	$ 7,750,863
Core EBITDAre	$ 425,577
Core EBITDAre, annualized	$ 1,702,308
Net Debt-to-Core EBITDAre	4.6 times

(1) Balance at March 31, 2023 excludes $46,279 of debt discount and deferred financing costs as reflected in unsecured notes, net, and $13,753 of debt discount and deferred financing costs as reflected in notes payable, net, on the Condensed Consolidated Balance Sheets.

AvalonBay COMMUNITIES

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

NOI is defined by the Company as total property revenue less direct property operating expenses (including property taxes), and excluding corporate-level income (including management, development and other fees), corporate-level property management and other indirect operating expenses, expensed transaction, development and other pursuit costs, net of recoveries, interest expense, net, loss on extinguishment of debt, net, general and administrative expense, income from investments in unconsolidated entities, depreciation expense, income tax expense (benefit), casualty loss, gain on sale of communities, other real estate activity, net for-sale condominium activity and net operating income from real estate assets sold or held for sale. The Company considers NOI to be an important and appropriate supplemental performance measure to Net Income of operating performance of a community or communities because it helps both investors and management to understand the core operations of a community or communities prior to the allocation of any corporate-level property management overhead or financing-related costs. NOI reflects the operating performance of a community, and allows for an easier comparison of the operating performance of individual assets or groups of assets. In addition, because prospective buyers of real estate have different financing and overhead structures, with varying marginal impact to overhead as a result of acquiring real estate, NOI is considered by many in the real estate industry to be a useful measure for determining the value of a real estate asset or groups of assets.

Residential NOI represents results attributable to the Company's apartment rental operations, including parking and other ancillary Residential revenue. A reconciliation of Residential NOI to Net Income, as well as a breakdown of Residential NOI by operating segment, is presented on the following page (dollars in thousands):

AvalonBay COMMUNITIES

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

	Q1 2023
Net income	$ 146,775
Property management and other indirect operating expenses, net of corporate income	30,784
Expensed transaction, development and other pursuit costs, net of recoveries	2,992
Interest expense, net	56,821
General and administrative expense	20,400
Income from investments in unconsolidated entities	(4,845)
Depreciation expense	204,743
Income tax expense	3,560
Casualty loss	5,051
Loss (gain) on sale of communities	13
Other real estate activity	(129)
NOI from real estate assets sold or held for sale	(1,126)
NOI	465,039
Commercial NOI	(8,753)
Residential NOI	$ 456,286

AvalonBay COMMUNITIES

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

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

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

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

Q1 2023 cash from operations available for investment, annualized is the Company’s first quarter 2023 Core FFO, less (i) first quarter 2023 dividends declared – common and (ii) first quarter 2023 Asset Preservation Capex, annualized. Q1 2023 cash from operations available for investment, annualized does not represent the Company’s Net cash provided by operating activities as presented in the Company’s consolidated financial statements. A reconciliation of Q1 2023 cash from operations available for investment, annualized to Core FFO is as follows (dollars in thousands):

	Q1 2023
Core FFO attributable to common stockholders	$ 359,970
Dividends declared - common	(231,438)
Established and Other Stabilized Asset Preservation Capex	(22,542)
Q1 2023 cash from operations available for investment	$ 105,990
Q1 2023 cash from operations available for investment, annualized	$ 423,960

Residential represents results attributable to the Company's apartment rental operations, including parking and other ancillary Residential revenue.

Same Store is composed of consolidated communities where a comparison of operating results from the prior year to the current year is meaningful as these communities were owned and had Stabilized Operations, as defined below, as of the beginning of the respective prior year period. Therefore, for 2023 operating results, Same Store is composed of consolidated communities that have Stabilized Operations as of January 1, 2022, 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

Stabilized Operations is defined as the earlier of (i) attainment of 90% physical occupancy or (ii) the one-year anniversary of completion of development.

Suburban submarkets are defined as having 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 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 and a contingency estimate, 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. With respect to communities where development was completed in a prior or the current period, Total Capital Cost reflects the actual cost incurred, plus any contingency estimate made by management.

Unencumbered NOI as calculated by the Company represents NOI generated by real estate assets unencumbered by outstanding secured notes payable as of March 31, 2023 as a percentage of total NOI generated by real estate assets. The Company believes that current and prospective unsecured creditors of the Company view Unencumbered NOI as one indication of the borrowing capacity of the Company. Therefore, when reviewed together with the Company's Interest Coverage, EBITDA and cash flow from operations, the Company believes that investors and creditors view Unencumbered NOI as a useful supplemental measure for determining the financial flexibility of an entity. A calculation of Unencumbered NOI for the three months ended March 31, 2023 is as follows (dollars in thousands):

	Q1 2023 NOI
Total Residential NOI	$ 456,286
Commercial NOI	8,753
NOI from real estate assets sold or held for sale	1,126
Total NOI generated by real estate assets	466,165
Less NOI on encumbered assets	(22,404)
NOI on unencumbered assets	$ 443,761
Unencumbered NOI	95%

Urban submarkets are defined as having 3,500 households or more per square mile.

AvalonBay
COMMUNITIES