AvalonBay COMMUNITIES

REITWEEK
2023 INVESTOR CONFERENCE
JUNE 6 – 8, 2023

Nareit Real estate working for you®

Avalon Woburn
Woburn, MA

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.

- Except as otherwise noted, the projections for AvalonBay Communities, Inc. included in this presentation were originally included in its February 8, 2023, earnings release, which is available under "Investor relations" at www.avalonbay.com. These projections are provided for historical reference and have not been reviewed or updated for purposes of this presentation, and the inclusion of these projections in this presentation is not a reaffirmation of these projections or a confirmation with respect to the accuracy of the projections as of any date after February 8, 2023, or such other date after which any projection was first provided. The projections were based on the expectations, forecasts, and assumptions on February 8, 2023, or such other date as each projection was first provided, which may not be realized and/or may have changed since that date and involve risks and uncertainties that might not be anticipated or could not be predicted accurately. These could cause these projections to be inaccurate as of any date after February 8, 2023, or such other the date after which any projection was first provided, and may also cause actual results to differ materially from those expressed or implied by the projections, as described in "Forward-Looking Statements" in the Appendix.

- AvalonBay does not undertake a duty to update any projections or other forward-looking statements contained in this presentation, including but not limited to its expected 2023 operating results and other financial and economic data forecasts. AvalonBay may, in its discretion, provide information in future public announcements regarding its outlook that may be of interest to the investors, analysts and other members of the financial and investment communities. The format and extent of future outlooks may be different from the format and extent of the information contained in this presentation.

- AvalonBay files annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission. Our SEC filings are available to the public free of charge from the SEC website at www.sec.gov and on our website at the address above. You should read this presentation in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2022, and the Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other reports and documents we file with the SEC after the date of this presentation before you make any investment decisions involving AvalonBay and its securities.

- The date of this presentation is June 2, 2023.

TABLE OF CONTENTS

AvalonBay COMMUNITIES

JUNE 2023 OPERATING UPDATE; 2023 PRIORITIES

AVA RiNo
Denver, CO

June 2023 operating update

- **For Same Store communities:**
  - → Residential rental revenue for the two months ended May 31, 2023, increased 6.5% over the prior year period
    - This is approximately 80 basis points above the Company's expectation for this period(1)
  - → Economic Occupancy was 96.1% and 96.0% in April and May of 2023, respectively
  - → Like-Term Effective Rent Change was 4.8% and 4.7% in April and May of 2023, respectively
  - → Renewal Offers for June and July 2023 were delivered to residents at an average increase in the low-7% range over the existing lease

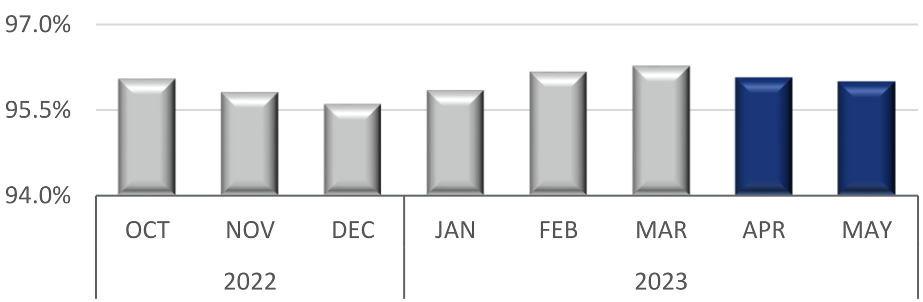
Source: Internal company reports.

(1) As compared to what the Company's expectation was for Same Store Residential rental revenue growth for this two-month period when the Company published its updated projected EPS (diluted), Projected FFO per share (diluted), and Projected Core FFO per share (diluted) for the full year 2023 on April 26, 2023.

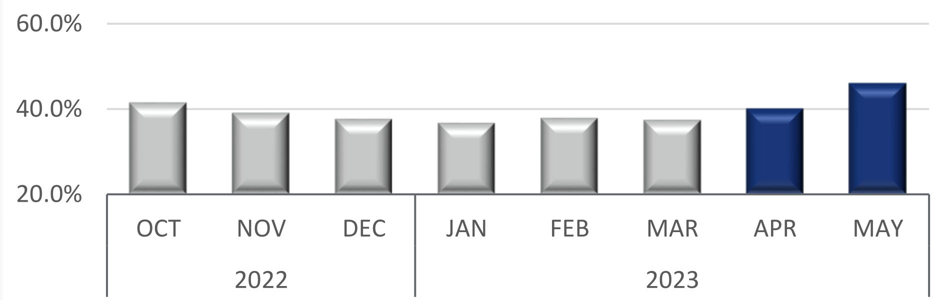
Same Store operating metrics are healthy;
rent change and underlying bad debt are trending favorably

AVB SAME STORE[1]

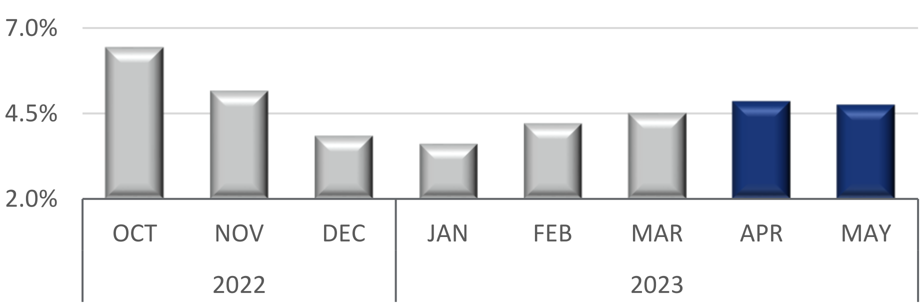
1 **OCCUPANCY REMAINS STABLE…**
ECONOMIC OCCUPANCY



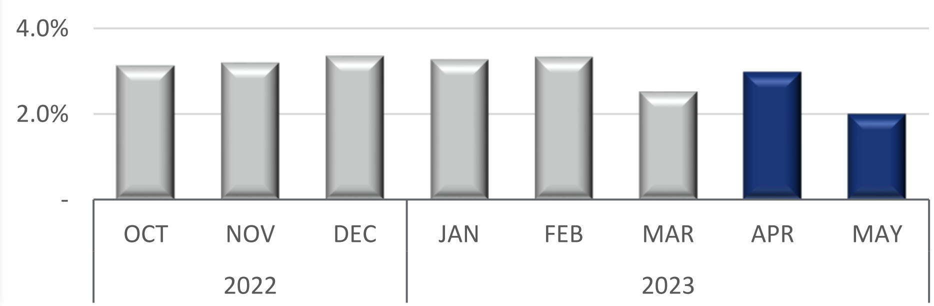
2 **…TURNOVER HAS NORMALIZED…**
ANNUALIZED TURNOVER



3 **…RENT CHANGE IS RUNNING NEAR 5%…**
LIKE-TERM EFFECTIVE RENT CHANGE



4 **…AND UNDERLYING BAD DEBT IS DECLINING**
UNCOLLECTIBLE LEASE REVENUE
AS A % OF TOTAL RESIDENTIAL RENTAL REVENUE[2]



Source: Internal company reports.
(1) Data as of June 1, 2023.
(2) Excluding rent relief.

2023 PRIORITIES

1. EXPANDING INNOVATION EFFORTS TO DRIVE INCREMENTAL NOI WHILE ENHANCING ASSOCIATE AND CUSTOMER EXPERIENCES
2. INCREASING PORTFOLIO ALLOCATION TO AVB EXPANSION REGIONS
3. DRIVING EARNINGS GROWTH THROUGH AVB DEVELOPMENT ACTIVITY, WITH ADDITIONAL GROWTH FROM DEVELOPER FUNDING PROGRAM (DFP) AND STRUCTURED INVESTMENT PROGRAM (SIP)
4. PRESERVING FINANCIAL FLEXIBILITY TO CAPITALIZE ON OPPORTUNISTIC INVESTMENTS
5. MAINTAINING AN ESG LEADERSHIP POSITION

Source: Internal company reports.

AvalonBay
COMMUNITIES

ABOUT AVALONBAY

Avalon Doral
Doral, FL

AvalonBay at a Glance

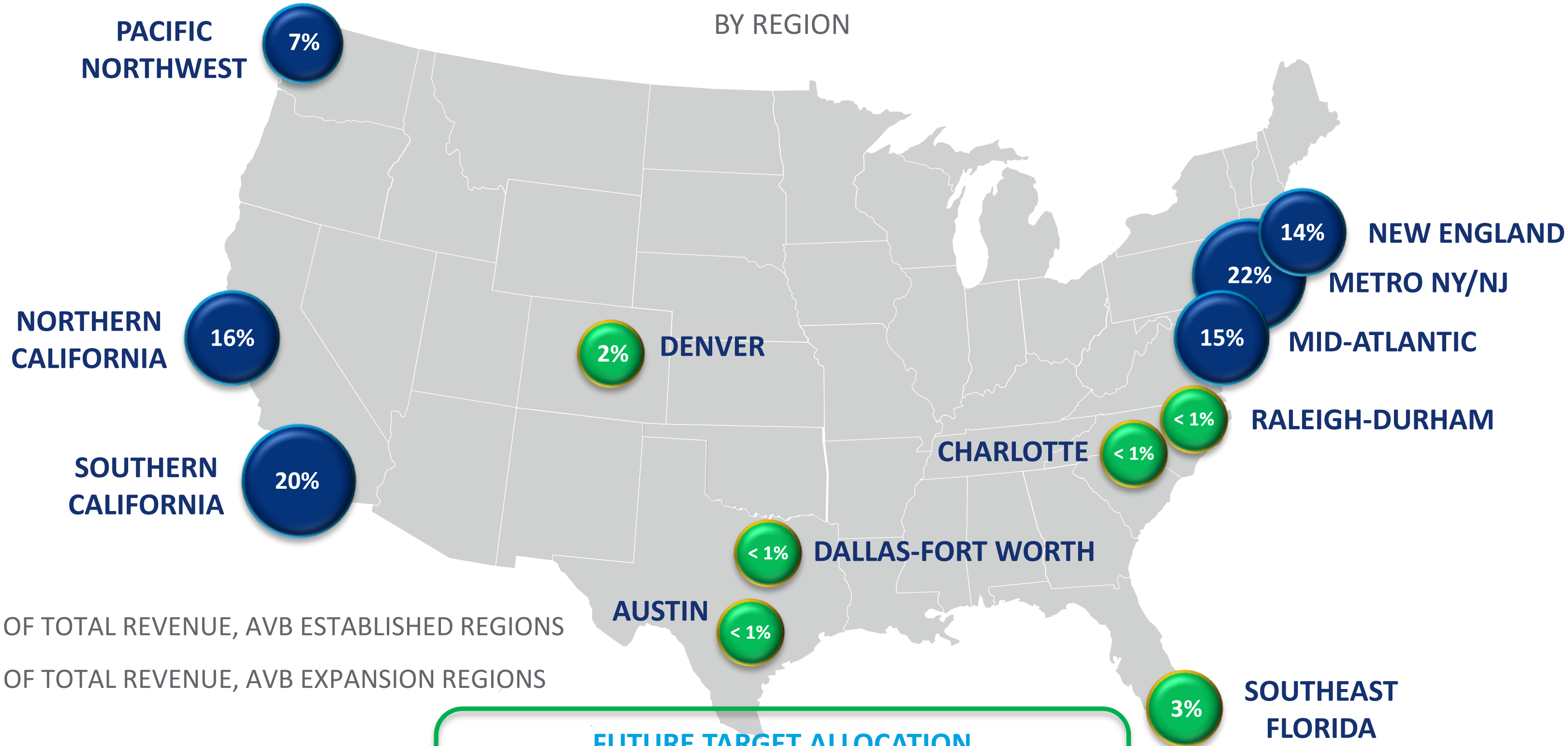
$ 32B **TOTAL ENTERPRISE VALUE** LARGEST AMONG PUBLICLY TRADED MULTIFAMILY REITS	**A3 | A-** **CREDIT RATINGS** **MOODYS | S&P** 1 OF ONLY 8 REITS (IN ALL SECTORS) WITH AN A3 AND A- CREDIT RATING OR BETTER	**1 of 3** **MULTIFAMILY REITS TO HAVE NEVER REDUCED THEIR COMMON QUARTERLY DIVIDEND[(1)]** 4.8% ANNUALIZED DIVIDEND GROWTH[(2)] SINCE IPO[(3)]
12 **U.S. REGIONS**	**295** **COMMUNITIES**	**≈ 89,000** **APARTMENT HOMES**
FULLY INTEGRATED **PLATFORM** PROPERTY OPERATIONS, ASSET MANAGEMENT, DEVELOPMENT, CONSTRUCTION, AND A CENTRALIZED SERVICE CENTER	**≈ 2/3rds** **OF PORTFOLIO LOCATED IN SUPPLY CONSTRAINED COASTAL, SUBURBAN MARKETS** WITH LESS COMPETITION FROM NEW SUPPLY	**LEADING DEVELOPER** **≈ 235 COMMUNITIES COMPLETED SINCE 1994** ≈ 65,000 APARTMENT HOMES DEVELOPED ≈ $ 17B IN TOTAL CAPITAL COST

11.4%
ANNUALIZED TOTAL SHAREHOLDER RETURN[(3)] SINCE IPO[(3)]

Source: Internal company reports.
Data as of March 31, 2023.
(1) Includes AVB, CPT, EQR, ESS, MAA, and UDR.
(2) Dividend growth includes AVN and BYA prior to merger.
(3) Initial public offering (IPO) occurred on November 11, 1993.
(4) Total shareholder return calculated as the change in the value of the period stated with all dividends reinvested.

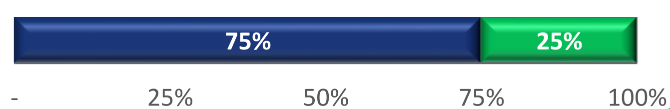
LONG-TERM EMPHASIS ON REGIONS WITH ATTRACTIVE FUNDAMENTALS, INCLUDING ESTABLISHED COASTAL REGIONS AND SELECT EXPANSION MARKETS

PORTFOLIO ALLOCATION[1]
BY REGION



% OF TOTAL REVENUE, AVB ESTABLISHED REGIONS
% OF TOTAL REVENUE, AVB EXPANSION REGIONS

FUTURE TARGET ALLOCATION



Source: Internal company reports.

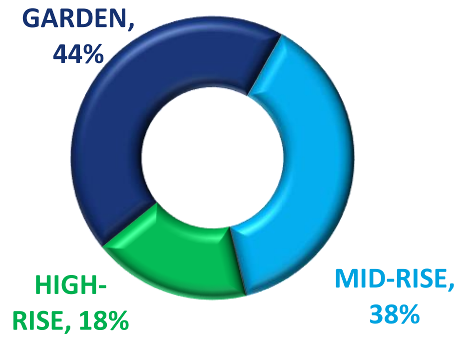
(1) Based on actual 2022 total revenue for all communities with Stabilized Operations throughout the entire 12-month period ended December 31, 2022, and Management's expectation for total revenue for the first full year of Stabilized Operations for all acquisitions and Development communities in 2022.

OFFERING A DIVERSE PRODUCT MIX

GARDEN

AVALON HUNTINGTON STATION
HUNTINGTON STATION, NY

PORTFOLIO PRODUCT MIX



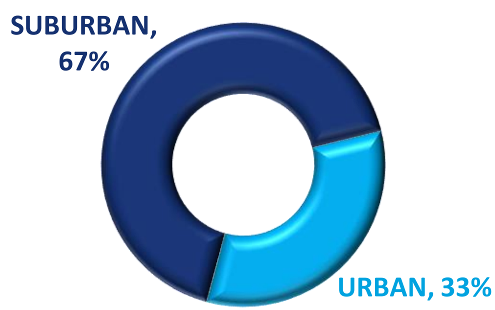
MID-RISE

AVALON DUBLIN STATION
DUBLIN, CA

HIGH-RISE

AVALON TOWERS BELLEVUE
BELLEVUE, WA

PORTFOLIO SUBMARKET MIX



MIXED-USE

AVALON AT ASSEMBLY ROW
SOMERVILLE, MA

Source: Internal company reports.

MULTIPLE GROWTH PLATFORMS

ACTIVITY SINCE 2013[1,2]

DEVELOPMENT

GROWING THE PORTFOLIO

DEVELOPMENT COMPLETIONS
≈ $ 9.4 BILLION
6.4%
INITIAL PROJECTED
STABILIZED YIELD

ACQUISITIONS | DISPOSITIONS

SHAPING THE PORTFOLIO

ACQUISITIONS
≈ $ 3.0 BILLION
4.3% MARKET CAP RATE
AVERAGE AGE ≈ 4 YEARS

DISPOSITIONS
≈ $ 5.8 BILLION
4.6% MARKET CAP RATE
AVERAGE AGE ≈ 16 YEARS

REDEVELOPMENT

POSITIONING THE PORTFOLIO

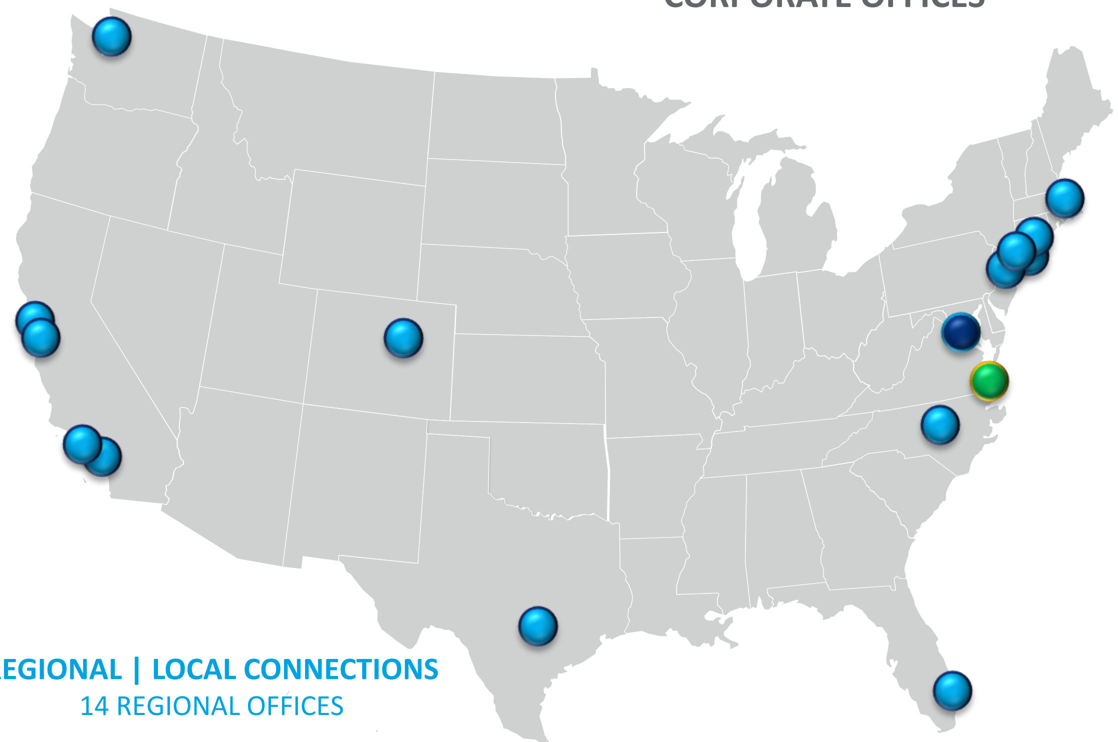
REDEVELOPMENT COMPLETIONS
≈ $1.4 BILLION

Source: Internal company reports.
(1) Initial Projected Stabilized Yield is weighted based on the Total Capital Cost of each community. Market Cap Rate is weighted based on the gross purchase or sales price of each community.
(2) Includes wholly-owned activity only.

AvalonBay COMMUNITIES

Integrated corporate structure enhances growth capabilities

CORPORATE OFFICES



CORPORATE CAPABILITIES
ARLINGTON, VA

PROVIDES STRATEGIC GUIDANCE AND SUPPORT

- ✓ CORPORATE GOVERNANCE
- ✓ HR & IT
- ✓ FINANCIAL SERVICES
- ✓ BRAND MANAGEMENT & MARKETING
- ✓ MARKET RESEARCH
- ✓ DESIGN
- ✓ PROCUREMENT
- ✓ RISK MANAGEMENT

CENTRALIZED SERVICES
VIRGINIA BEACH, VA

PROVIDES BACK-OFFICE AND CALL CENTER SUPPORT

- ✓ PROPERTY ACCOUNTING
- ✓ LEASE ADMINISTRATION & COLLECTIONS
- ✓ CUSTOMER CALL CENTER
- ✓ ONLINE REPUTATION MANAGEMENT
- ✓ BACK-OFFICE, FINANCIAL ADMINISTRATIVE SUPPORT SERVICES TO THIRD-PARTIES

REGIONAL | LOCAL CONNECTIONS
14 REGIONAL OFFICES

MARKET LEADERS EMBEDDED IN LOCAL MARKETS

- ✓ OPERATIONS
- ✓ ASSET MANAGEMENT
- ✓ DEVELOPMENT
- ✓ CONSTRUCTION

Source: Internal company reports.

Recognized Leader in Environmental, Social, and Governance ("ESG") Practices

SECTOR LEADER
GLOBAL AND REGIONAL
STANDING INVESTMENT SCORE OF 89

WINNER
RESIDENTIAL
FOUR CONSECUTIVE YEARS

WINNER
RESIDENTIAL

A-
2022 ESG SCORE

A
2022 ESG RATING

Source: Internal company reports.

CONTINUING TO ADVANCE OUR SUSTAINABILITY, INCLUSION & DIVERSITY, AND COMMUNITY ENGAGEMENT EFFORTS

ENVIRONMENTAL SUSTAINABILITY

SCIENCE-BASED TARGETS(1)

REDUCTION IN SCOPE 1 & 2 GHG EMISSIONS / SQ. FT. BY 2030	GOAL 53%	**PROGRESS** **32%** REDUCTION SINCE 2017 BASELINE YEAR
REDUCTION IN SCOPE 3 GHG EMISSIONS / SQ. FT. BY 2030	GOAL 47%	**PROGRESS** **23%** REDUCTION SINCE 2017 BASELINE YEAR
CLIMATE RISK ASSESSMENT	**FULL PORTFOLIO** 14 CLIMATE RISK INDICATORS	

I&D VISION AND COMMUNITY ENGAGEMENT

PARITY VISION(2),(3)

GENDER PARITY INCREASE WOMEN IN LEADERSHIP TO ACHIEVE GENDER PARITY BY 2025	2020 35%	2021 37%	**2022** **38%**
INCREASE PEOPLE OF COLOR INCREASE PEOPLE OF COLOR IN LEADERSHIP TO 20% BY 2025 AND 25% BY 2030	2020 15%	2021 17%	**2022** **21%**
CASH + IN-KIND DONATIONS	**$ 2.5M**	American Red Cross	National Urban League

Source: Internal company reports.

(1) Science-Based Targets progress as of year-end 2021; 2022 progress expected to be provided in the Company's 2022 ESG Report.

(2) Leadership is defined as director-level associates and above.

(3) Parity is defined as achieving a level within +/- 2% of the available workforce (41% in 2020, when the Company's baseline was established) as calculated using third-party resources by level, function and geography.

AvalonBay COMMUNITIES

OPERATING UPDATE

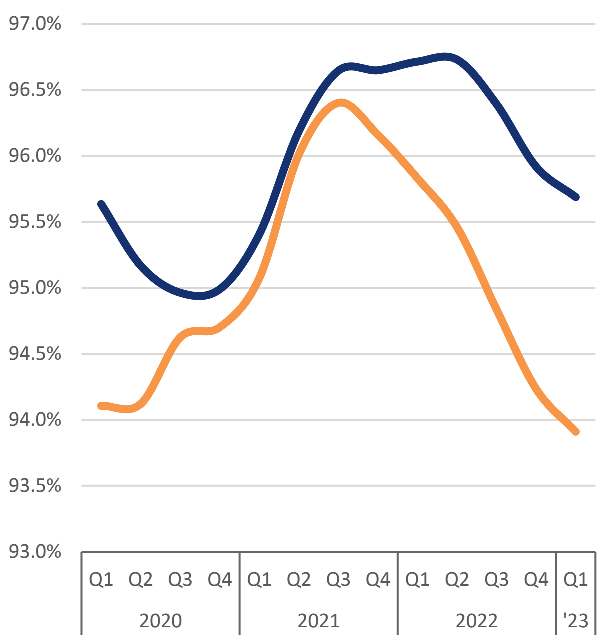
Avalon South End
Charlotte, NC

Market occupancy and rent growth showing less volatility in AVB Established Regions

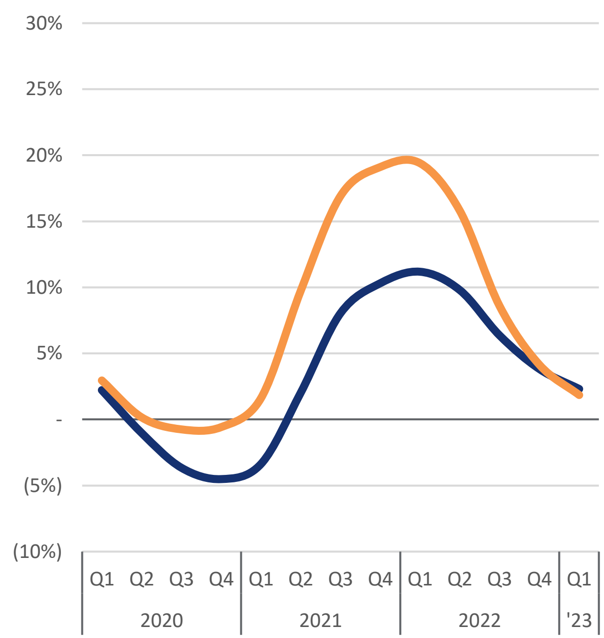
CoStar Market Occupancy and Effective Move-In Rent

AVB ESTABLISHED REGIONS & SUNBELT REGIONS

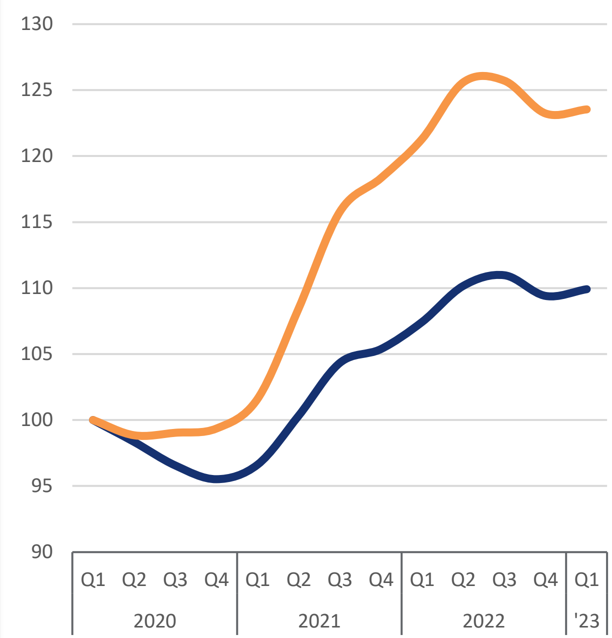
1 PHYSICAL OCCUPANCY



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.

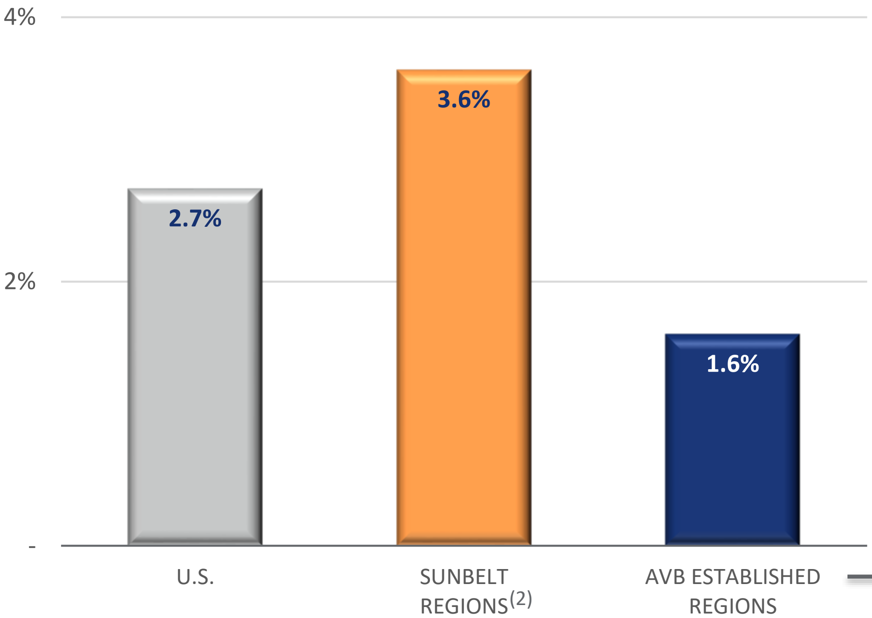
AvalonBay COMMUNITIES

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

PROJECTED 2023 NEW MARKET RATE APARTMENT DELIVERIES

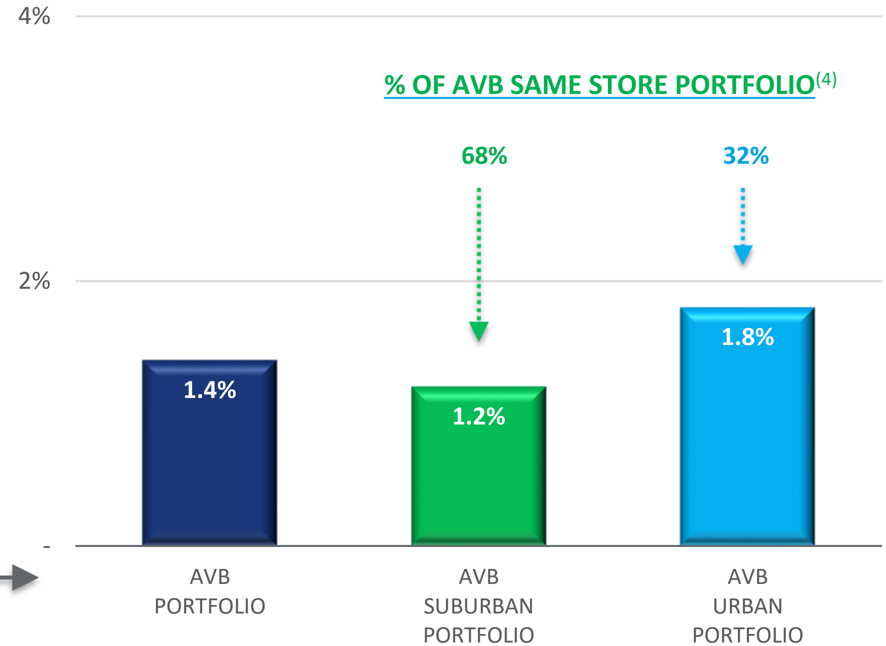
1 U.S., SUNBELT REGIONS, AND AVB ESTABLISHED REGIONS APARTMENT DELIVERIES

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.

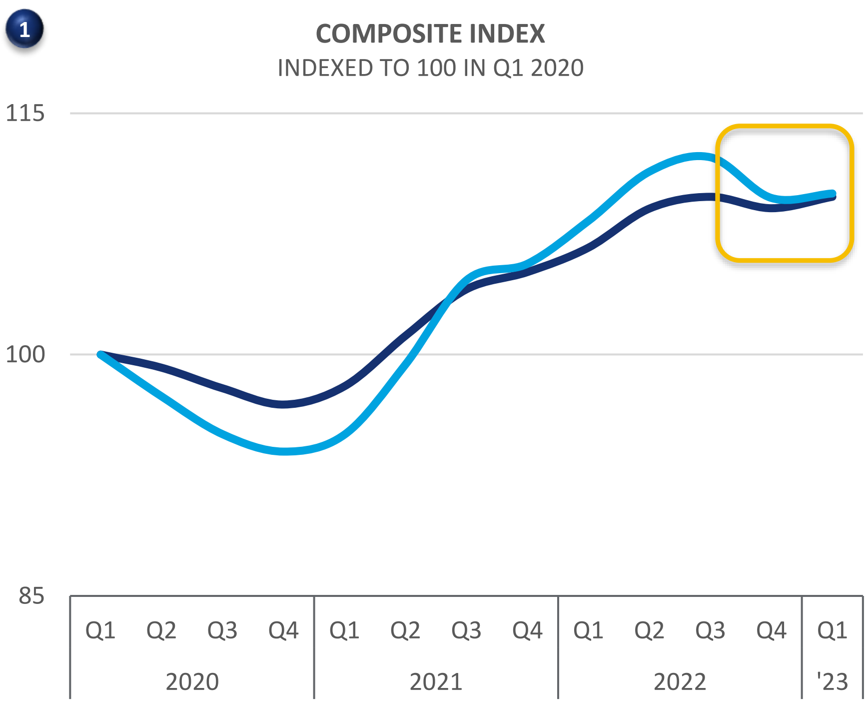
(2) Includes Alabama, Arizona, Florida, Georgia, Kentucky, Louisiana, Mississippi, New Mexico, Nevada, North Carolina, South Carolina, Tennessee, and Texas.

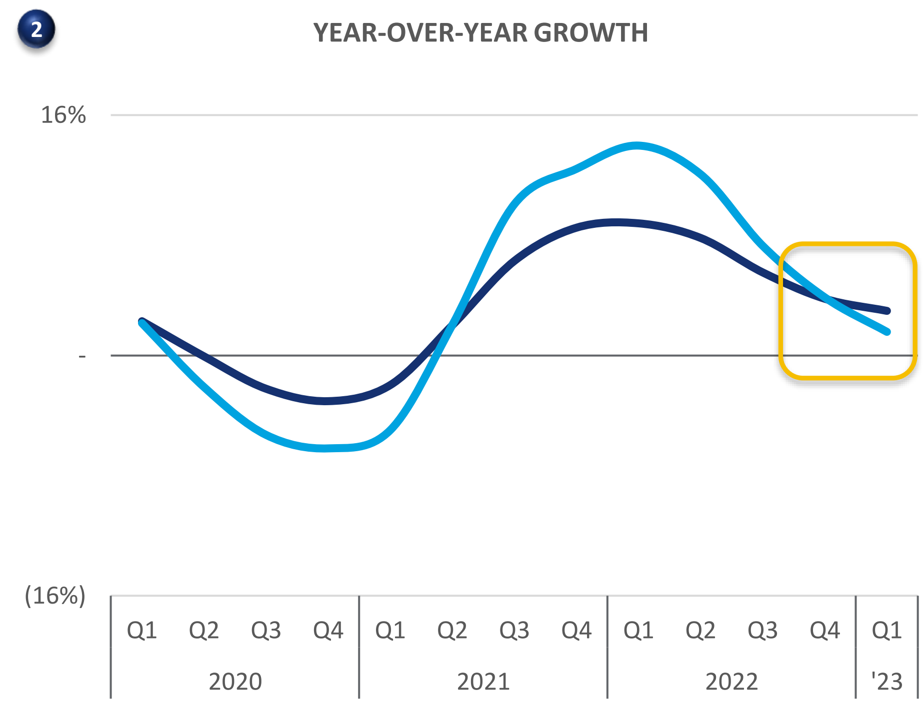
(3) Includes new supply in submarkets in which AVB has a presence and is weighted by AVB's inventory of Class A apartment communities (homes) in each of those submarkets.

(4) Based on Q1 2023 Same Store Residential rental revenue and includes AVB Established Regions only (i.e., excludes AVB Expansion Regions).

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

COSTAR MARKET EFFECTIVE MOVE-IN RENT
AVB ESTABLISHED REGIONS

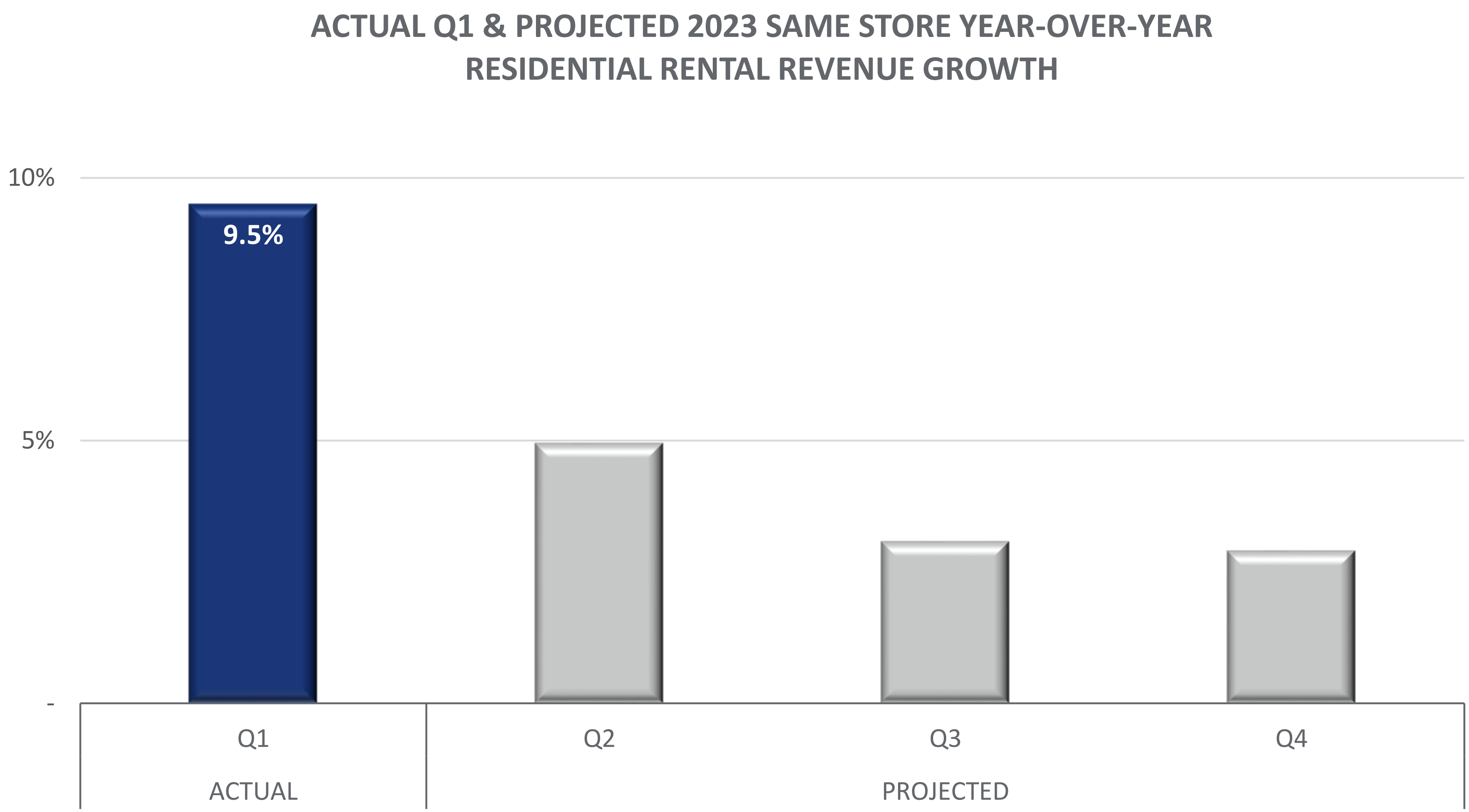




EAST COAST[(1)] WEST COAST[(2)]

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 REVENUE GROWTH EXPECTED TO BE WELL ABOVE LONG-TERM TREND IN 2023 BUT DECELERATE THROUGHOUT THE YEAR



Source: Internal company reports.

SAME STORE OPERATING EXPENSE GROWTH IS PROJECTED TO BE ELEVATED IN 2023; ≈ 80% OF THE INCREASE DRIVEN BY UTILITIES, INSURANCE AND TAXES…

COMPONENTS OF PROJECTED 2023 FULL YEAR SAME STORE RESIDENTIAL OPERATING EXPENSE GROWTH				
$ MILLIONS AMOUNTS ROUNDED	**2023 PROJECTED**	**2022 ACTUAL**	**VARIANCE ($ | %) FAVORABLE / (UNFAVORABLE)**	
PAYROLL	$ 154	$ 155	$ 1	0.6%
UTILITIES[1]	95	79	(16)	(20.3%)
REPAIRS & MAINTENANCE	139	131	(8)	(6.1%)
OFFICE OPERATIONS & MARKETING	84	80	(4)	(5.0%)
INSURANCE[2]	36	31	(5)	(16.1%)
PROPERTY TAXES[3]	285	269	(16)	(5.9%)
TOTAL SAME STORE	**≈ $ 793**	**≈ $ 745**	**≈ $ (48)**	**≈ (6.5%)**

Source: Internal company reports.

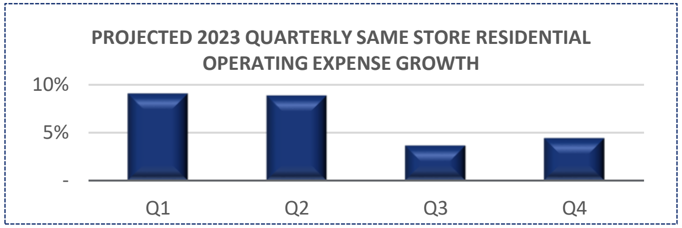
(1) ≈ 2/3rds of the increase in projected 2023 utility expense is driven by the Company's Avalon Connect offering (represents the deployment of a Bulk Internet | Managed Wi-Fi and a Smart Home technology program). These programs are expected to generate ≈ $ 16.5 million of gross incremental Same Store Residential rental revenue and ≈ $11.0 million of incremental Same Store Residential operating expense, for a gross incremental increase in Same Store Residential NOI of ≈ $5.5 million in 2023 (these amounts exclude ≈ $4 million in projected lost Same Store Residential rental revenue in 2023 associated with the termination of legacy telecom contracts).

(2) The projected increase in 2023 insurance expense is due to lower claims activity in 2022 and an expectation for higher premiums on insurance renewals.

(3) ≈ 1/3rd of increase in projected 2023 property tax expense is driven by the phase-out of tax abatement programs, primarily in New York City.

...WITH INITIATIVE-RELATED EXPENSES DRIVING UTILITIES, AND THE PHASE-OUT OF ABATEMENTS PRESSURING PROPERTY TAXES

SELECT COMPONENTS OF PROJECTE 2023 FULL YEAR SAME STORE RESIDENTIAL OPERATING EXPENSE GROWTH		
PROJECTED FULL YEAR ***ORGANIC*** SAME STORE RESIDENTIAL OPERATING EXPENSE GROWTH		4.8%
PROJECTED INITIATIVE EXPENSES		
AVALON CONNECT	1.5%	
FURNISHED HOUSING	0.2%	
LABOR EFFICIENCES	+ (0.7%)	
PROJECTED TOTAL INITIATIVE EXPENSES	= 1.0%	+ 1.0%
PROJECTED PHASE-OUT OF PROPERTY TAX ABATEMENT PROGRAMS		+ 0.7%
PROJECTED FULL YEAR SAME STORE RESIDENTIAL OPERATING EXPENSE GROWTH (MIDPOINT)		= **6.5%**



Source: Internal company reports.

REIMAGINED OPERATING MODEL

Kanso Twinbrook
Rockville, MD

Reimagined operating model expected to deliver ≈ $ 50 million of incremental NOI; ≈ $ 20 million achieved to-date

REIMAGINED OPERATING MODEL

OUR OBJECTIVE

For each of our residents, prospects and associates – we want to create…

Seamless, personalized experiences made easy

Digital, mobile-first, self-service delivery

Transparency during lease and renewal processes for customers to make informed decisions

Friendly, caring and responsive service

OUR PATH FORWARD

Modernize our technology

- Cloud-based infrastructure
- Bundled internet
- Smart Home technology
- Single-view of the customer

Digitalize and automate experiences and business processes

Meet customers where and when they need

FUTURE GOAL

Financial outperformance

- Targeting ≈ $ 50 million in estimated incremental annual NOI benefits over the next few years[1]

Winning customer experiences

- Strong NPS and online reviews

High associate engagement

- Ranking among top tier companies

Source: Internal company reports.
(1) As compared to 2021 baseline year.

AvalonBay COMMUNITIES

NEW TECHNOLOGY INFRASTRUCTURE ENABLES REIMAGINED OPERATING MODEL

BULK INTERNET | TELECOM

STATUS: IN PROGRESS

2022
DEPLOYED SERVICES TO
≈ 150 COMMUNITIES;
≈ 42,200 APARTMENT HOMES

2023 PROJECTION
DEPLOY SERVICES TO
≈ 90% OF COMMUNITIES;
≈ 69,000 APARTMENT HOMES,
BY YEAR-END

2025+ PROJECTION
GENERATE $20+ MILLION
OF INCREMENTAL NOI UPON
STABILIZATION

SMART ACCESS | SMART BUILDING

STATUS: IN PROGRESS

2022
INSTALLED AT
≈ 40 COMMUNITIES;
≈ 11,300 APARTMENT HOMES

2023 PROJECTION
INSTALL AT
≈ 60 ADDITIONAL COMMUNITIES;
≈ 28,000 APARTMENT HOMES,
BY YEAR-END

2025+ PROJECTION
FURTHER EXPANSION
AND INCREMENTAL NOI
OF $6+ MILLION

PRODUCT CATALOG | DIGITAL MAPS

STATUS: IN PROGRESS

2022
COMPLETED DIGITAL MAPS
OF ALL RENTABLE FEATURES
ACROSS ENTIRE PORTFOLIO

2023 PROJECTION
INTEGRATE PRODUCT CATALOG
INTO ENHANCED SEARCH EXPERIENCE,
ALLOWING CUSTOMERS TO
SELF-SELECT FEATURES

2025+ PROJECTION
LEVERAGE PRODUCT CATALOG
TO OPTIMIZE PRICING
FOR FEATURES AND
DRIVE INCREMENTAL REVENUE

Source: Internal company reports.

NEW DIGITAL PRODUCTS AND EXPERIENCES

SEARCH & BOOK TOUR

STATUS: IN PROGRESS

2022	2023 PROJECTION	2025+ PROJECTION
TRANSITIONED WEBSITE TO NEW PLATFORM; RESULTED IN LOWER ILS AND CALL CENTER COSTS AT SIMILAR CONVERSION RATES	ENHANCE CUSTOMER EXPERIENCE	ONGOING ENHANCEMENTS

SELF-GUIDED TOUR

STATUS: IN PROGRESS

2022	2023 PROJECTION	2025+ PROJECTION
TESTED NEW DIGITAL PRODUCT TO SUPPORT FULLY-AUTOMATED SELF-GUIDED TOURING WITH ON-DEMAND, REMOTE SALES SUPPORT	REFINE SELF-GUIDED TOURING EXPERIENCE FOR PROSPECTIVE CUSTOMERS	STABILIZE SELF-GUIDED TOURING MODEL WITH REMOTE SALES SUPPORT

DIGITAL APPLICATION

STATUS: IN PROGRESS

2022	2023 PROJECTION	2025+ PROJECTION
LAUNCHED INITIAL VERSION OF NEW DIGITAL APPLICATION AND LEASE PRODUCT; REDUCED ASSOCIATE TIME SPENT PER APPLICATION BY ≈ 70% OR ≈ 20 MINUTES	DEPLOY NEW DIGITAL APPLICATION AND LEASE PRODUCT PORTFOLIO-WIDE; INCORPORATE ADDITIONAL SELF-SERVICE FUNCTIONALITY FOR PARKING, STORAGE, ETC.	ONGOING ENHANCEMENTS

Source: Internal company reports.

Self-serve digital and automation tools are projected to reduce the number of onsite associates

SELF-SERVE DIGITAL AND AUTOMATION TOOLS

OPERATIONS IN 2021

Highly manual

Leasing offices are open to prospects and residents ≈ 40 hours per week for in-person assistance

High volume of manual administration and transactional work with few self-service options for prospects and residents

DIGITAL ENABLERS

Deployed

- Enhanced website
- Sidney
  - automated leasing associate
- Application and leasing tool
- Moved.com
  - digital move-in platform
- Digital maintenance platform

Partially deployed

- Smart Home technology
- Self guided touring
- Digital renewals

REMOTE | CENTRALIZED SUPPORT

Deployed

- Remote renewal specialists

Testing

- Sales | leasing support
- Application and leasing
- Resident customer service
- Resident app

FUTURE GOAL

Platform is "always on"

- Tour booking, automated leasing support, application and leasing, maintenance and service, lease renewals

Onsite associates

- Limited store hours
- Address escalated resident issues
- Provide onsite sales support

Increased specialization and improved performance

Source: Internal company reports.

CASE STUDY: RECALIBRATING MAINTENANCE STAFF; WOODLAND HILLS "NEIGHBORHOOD" RESULTED IN A ≈ 17% STAFFING REDUCTION

WOODLAND HILLS "NEIGHBORHOOD" STAFFING MATRIX

5 COMMUNITIES | 2,115 APARTMENT HOMES

CONVERTING FROM COMMUNITY-BY-COMMUNITY STAFFING MODEL TO A "NEIGHBORHOOD" MODEL

MANAGEMENT AND TEAMS NOW RESPONSIBLE FOR CLUSTERS OF COMMUNITIES

ALLOWS FOR EFFICIENCIES AND OPTIMIZATION IN STAFFING AND ASSIGNMENT OF ROLES

<table>
<tr><th colspan="5">OPERATIONS IN 2021</th><th></th><th colspan="5">PROJECTED OPERATIONS IN 2023</th></tr>
<tr><th>AVALON ENCINO</th><th>AVALON WARNER PLACE</th><th>AVALON WOODLAND HILLS</th><th>EAVES WARNER CENTER</th><th>EAVES WOODLAND HILLS</th><th>STAFFING</th><th>AVALON ENCINO</th><th>AVALON WARNER PLACE</th><th>AVALON WOODLAND HILLS</th><th>EAVES WARNER CENTER</th><th>EAVES WOODLAND HILLS</th></tr>
<tr><td colspan="5"></td><td>GENERAL MANAGER</td><td colspan="5">1</td></tr>
<tr><td colspan="3">1</td><td colspan="2">1</td><td>SENIOR MANAGER</td><td colspan="3"></td><td colspan="2">1</td></tr>
<tr><td colspan="3">1</td><td colspan="2">1</td><td>COORDINATOR</td><td colspan="5">0.5</td></tr>
<tr><td colspan="2"></td><td>1</td><td>1</td><td>1</td><td>SUPERVISOR</td><td colspan="3">1</td><td colspan="2"></td></tr>
<tr><td>1</td><td>1</td><td>2</td><td></td><td>3</td><td>TECH III</td><td colspan="5">8</td></tr>
<tr><td>1</td><td>2</td><td>4</td><td>2</td><td>3</td><td>TECH II</td><td colspan="5">10</td></tr>
<tr><td></td><td>1</td><td>4</td><td>1</td><td>7</td><td>TECH I</td><td></td><td>1</td><td>3</td><td>1</td><td>6</td></tr>
<tr><td colspan="5">39</td><td>TOTAL</td><td colspan="5">32.5</td></tr>
</table>

TOTAL STAFFING REDUCTION ≈ 17%

Source: Internal company reports.

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

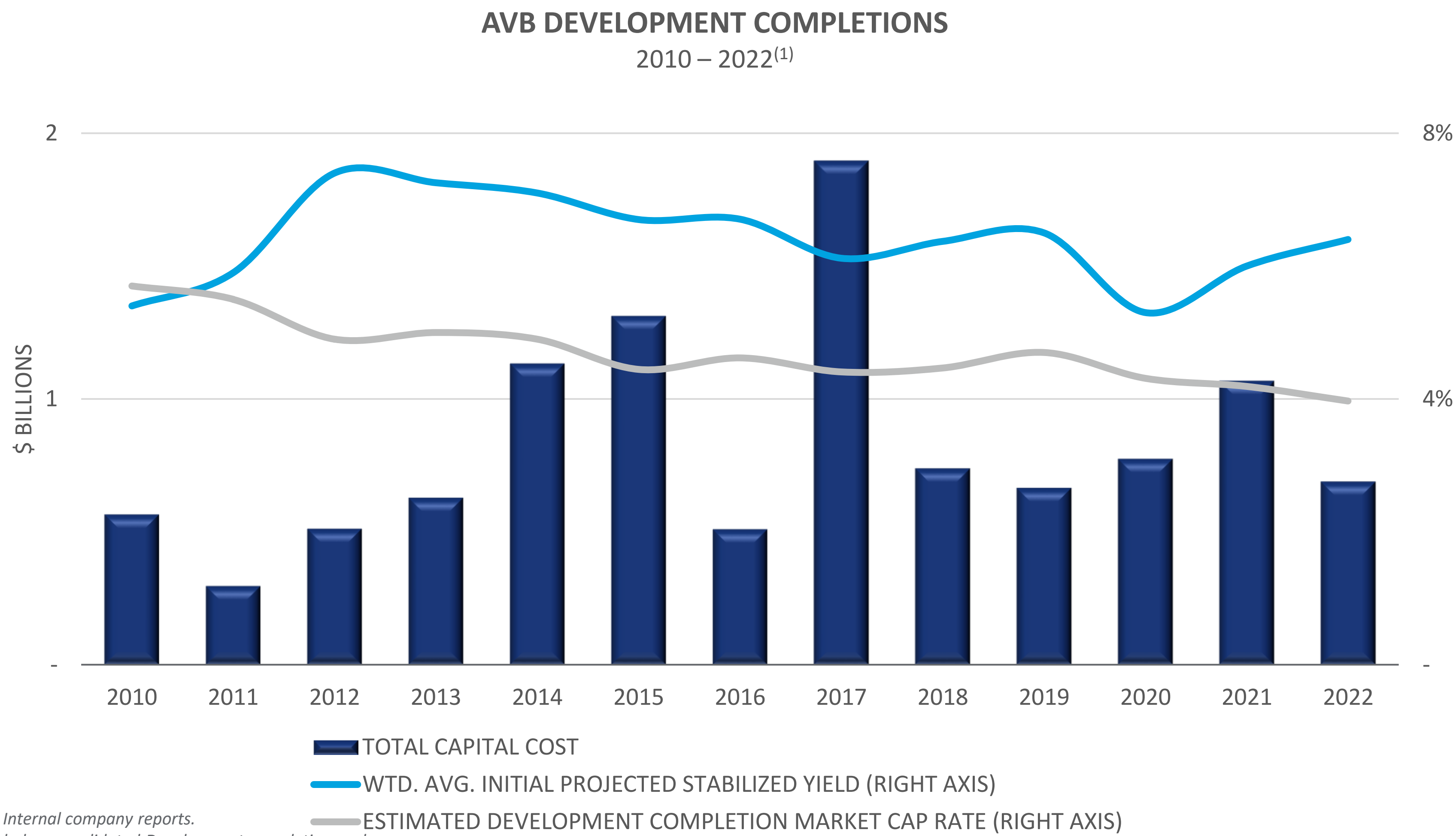
Source: Internal company reports.

AvalonBay Communities

DEVELOPMENT UPDATE

Avalon North Creek
Bothell, WA

DEVELOPMENT IS OUR PRIMARY DRIVER OF GROWTH AND HAS DELIVERED CONSISTENT VALUE CREATION



Source: Internal company reports.
(1) Includes consolidated Development completions only.

CURRENT DEVELOPMENTS IN LEASE-UP 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%

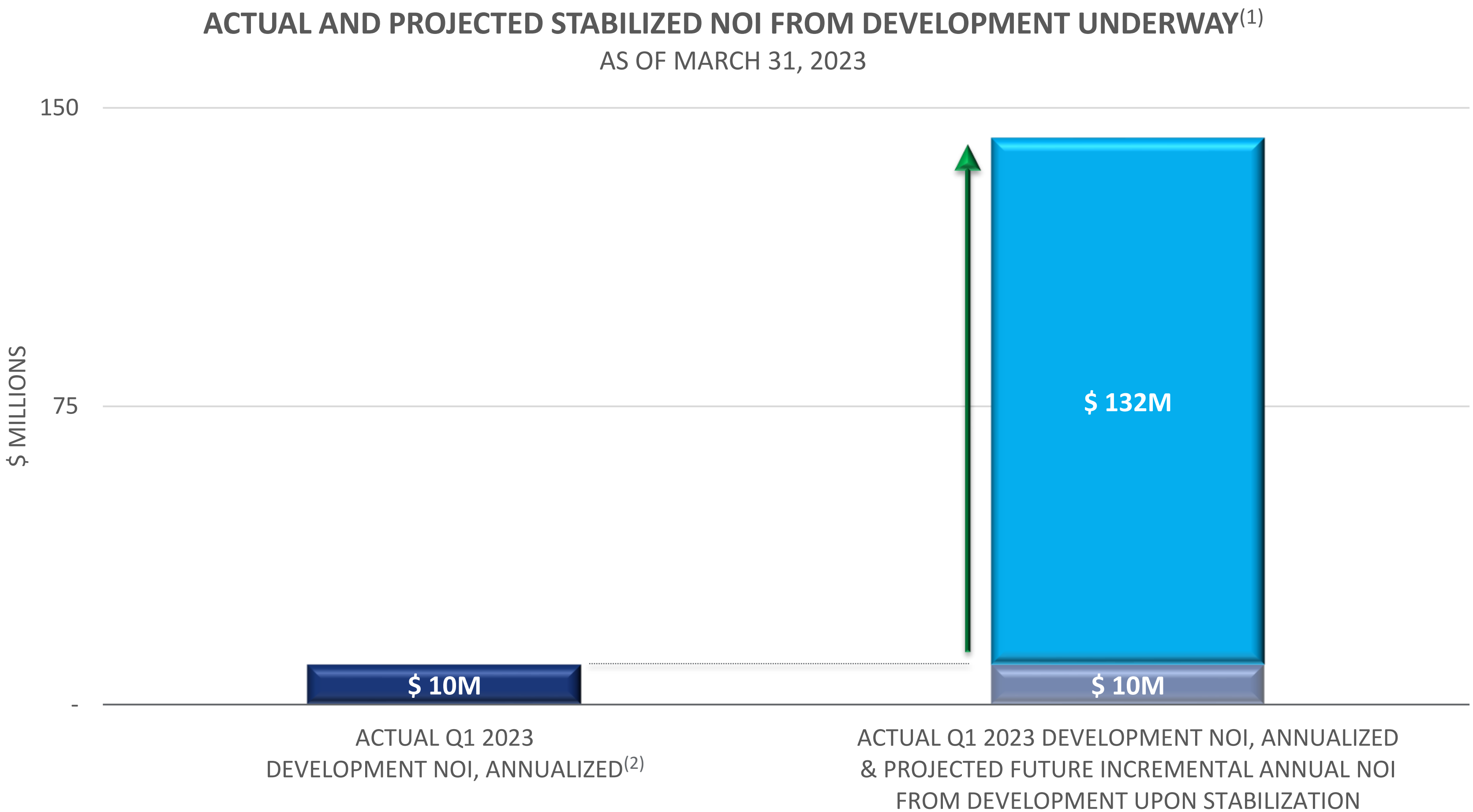
Source: Internal company reports.

(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. Avalon Redmond Campus is a densification of the Company's existing eaves Redmond Campus wholly-owned community, where 48 existing older apartment homes were demolished and are being replaced by Avalon Redmond Campus. As a densification, this community is excluded from the weighted average initial stabilized yield.

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



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.

Planning ≈ $ 900M in Development starts in 2023, but volume will be a function of projected returns and cost of capital

AVB 2023 Development Strategy

- Continue to target investment spreads in the 100 to 150 basis point range (i.e., spread between projected Development yields and prevailing Market Cap Rates)
- Maintain strong match-funding position and monitor cost of capital
- Projected starts are weighted toward the back half of the year and are predominantly located in Suburban submarkets
- ≈ 50% of projected starts are in our Expansion Regions

AVALON LAKE NORMAN
MOORESVILLE, NC

AVALON SOUTH MIAMI
MIAMI, FL

AVALON NORTHTOWN I
AUSTIN, TX

Source: Internal company reports.

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 decline; ≈ 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.

AvalonBay COMMUNITIES

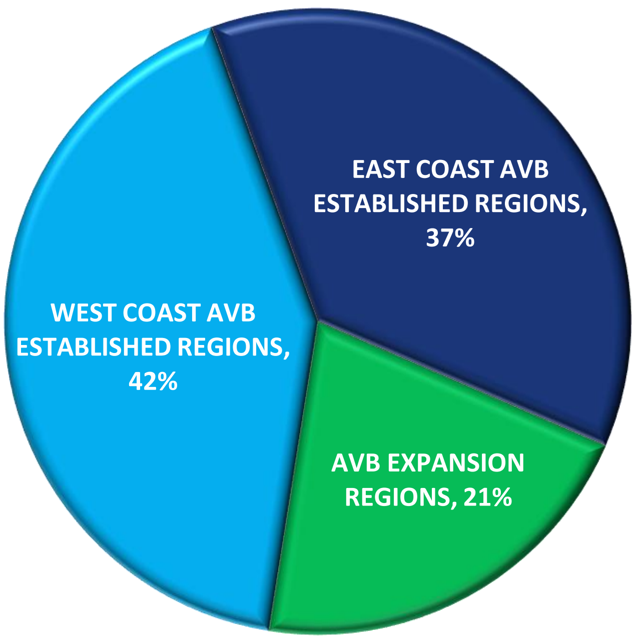
Managing the Development Rights pipeline to preserve flexibility; ≈ 40 Development opportunities controlled for < $240M

AVB DEVELOPMENT RIGHTS PIPELINE

AS OF MARCH 31, 2023

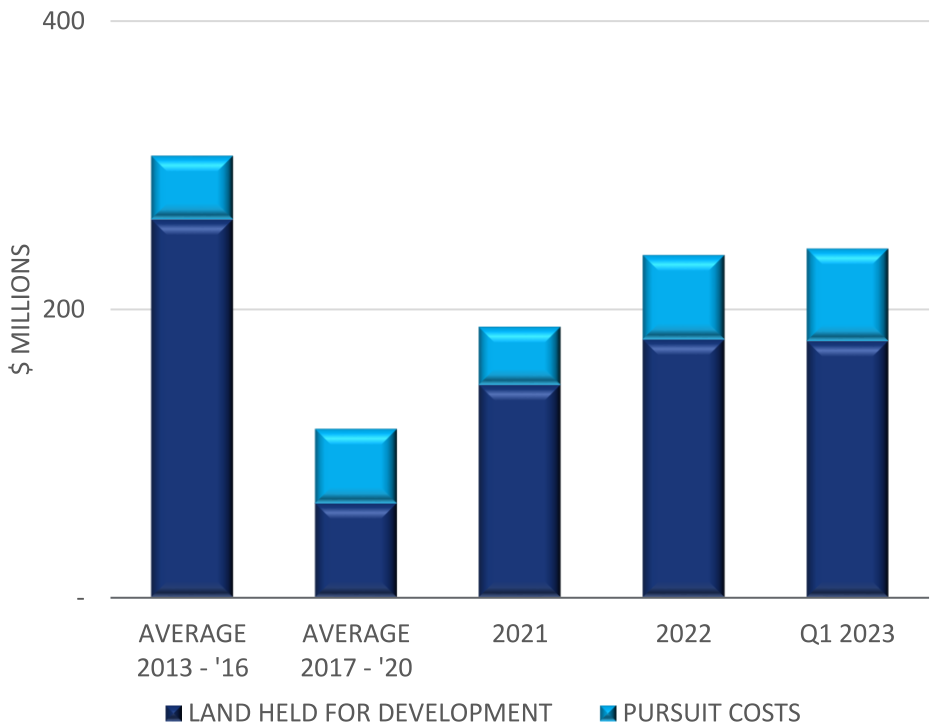
BY LOCATION

BASED ON PROJECTED TOTAL CAPITAL COST
AS OF Q1 2023



INVESTMENT

LAND HELD FOR DEVELOPMENT AND CAPITALIZED PURSUIT COSTS



Source: Internal company reports.

LAUNCHED TWO NEW INVESTMENT VEHICLES IN 2022, WHICH ARE NATURAL EXTENSIONS OF OUR DEVELOPMENT PLATFORM

DEVELOPER FUNDING PROGRAM ("DFP")

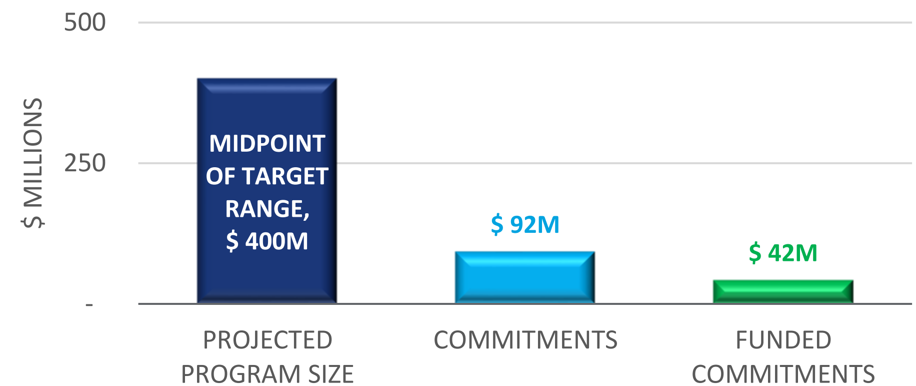
- SOURCE MULTIFAMILY DEVELOPMENT OPPORTUNITIES IN EXPANSION REGIONS THROUGH THIRD-PARTY DEVELOPERS
- PROJECTS ARE 100% OWNED AND FUNDED BY AVB; THIRD-PARTY DEVELOPERS MANAGE PROJECT AND PROVIDE COST-OVERRUN GUARANTEES
- THREE DFP PROJECTS CURRENTLY UNDER CONSTRUCTION

AVALON MERRICK PARK
MIAMI, FL

STRUCTURED INVESTMENT PROGRAM ("SIP")

- PROVIDE MEZZANINE LENDING OR PREFERRED EQUITY TO THIRD-PARTY DEVELOPERS
- LEVERAGES LONG-STANDING CORE COMPETENCIES IN DEVELOPMENT CONSTRUCTION AND OPERATIONS, WHICH MITIGATES RISK
- TARGETING PROGRAM SIZE OF $300 TO $500 MILLION, EXISTING COMMITMENTS DELIVERING A WTD. AVG. RETURN OF ≈ 10%; TARGETING RETURNS OF ≈ 12% ON NEW BUSINESS

PROGRAM STATUS
AS OF MARCH 31, 2023



Source: Internal company reports.

BALANCE SHEET UPDATE

Avalon Brea Place
Brea, CA

CAPITAL MANAGEMENT STRATEGY

GUIDING PRINCIPLES

- MAINTAIN LOW LEVERAGE, STRONG CREDIT METRICS, LADDERED MATURITIES, AND AMPLE LIQUIDITY
- SELECTIVELY SELL ASSETS TO FUND NEW GROWTH
- MATCH-FUND NEW DEVELOPMENT COMMITMENTS TO MITIGATE RISK
- PRESERVE STONG DIVIDEND COVERAGE

Source: Internal company reports.

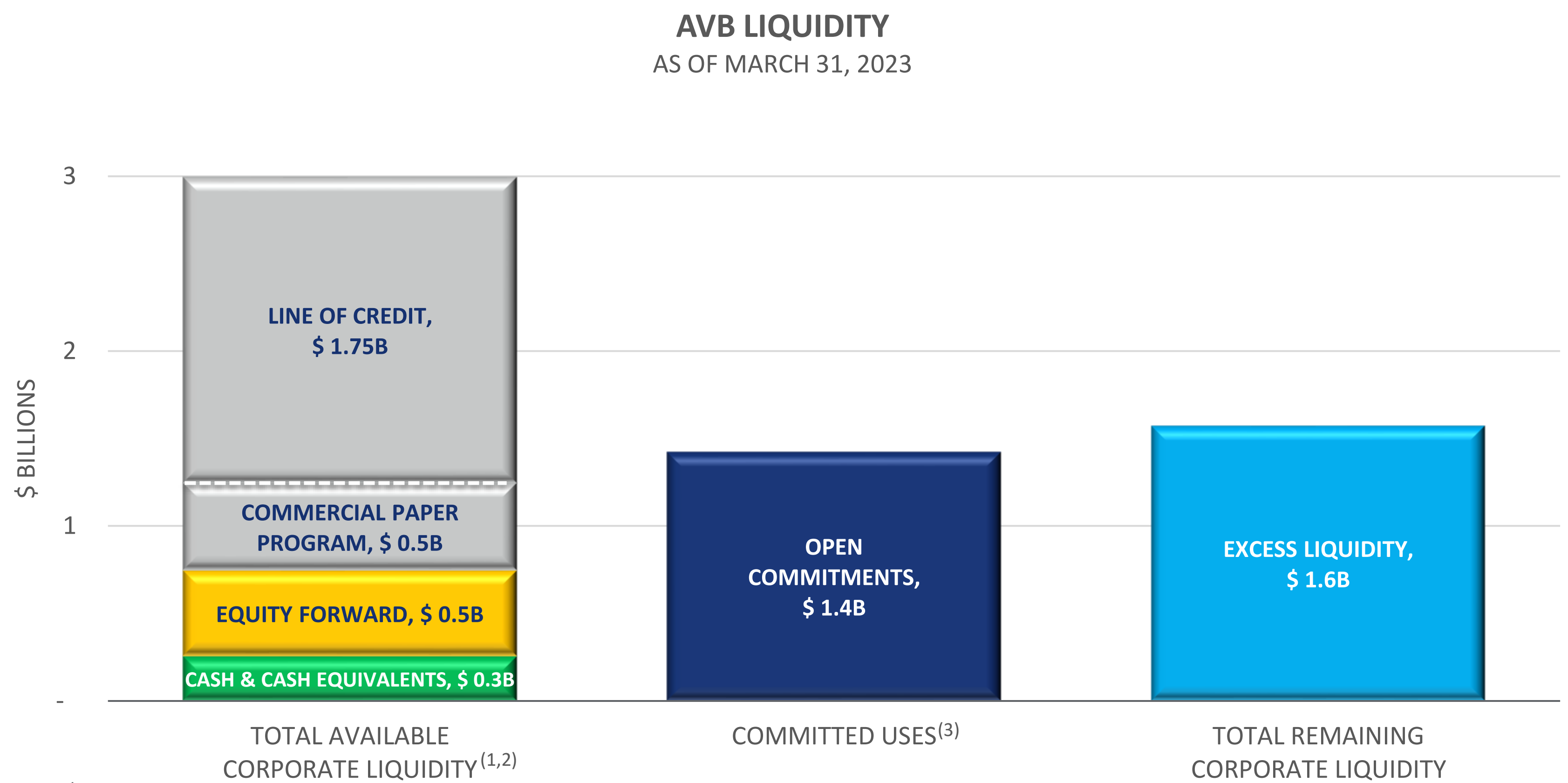
BALANCE SHEET IS STRONG AND POSITIONED TO SUPPORT GROWTH

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

> $1.5 BILLION OF EXCESS LIQUIDITY AFTER CONSIDERING OPEN COMMITMENTS



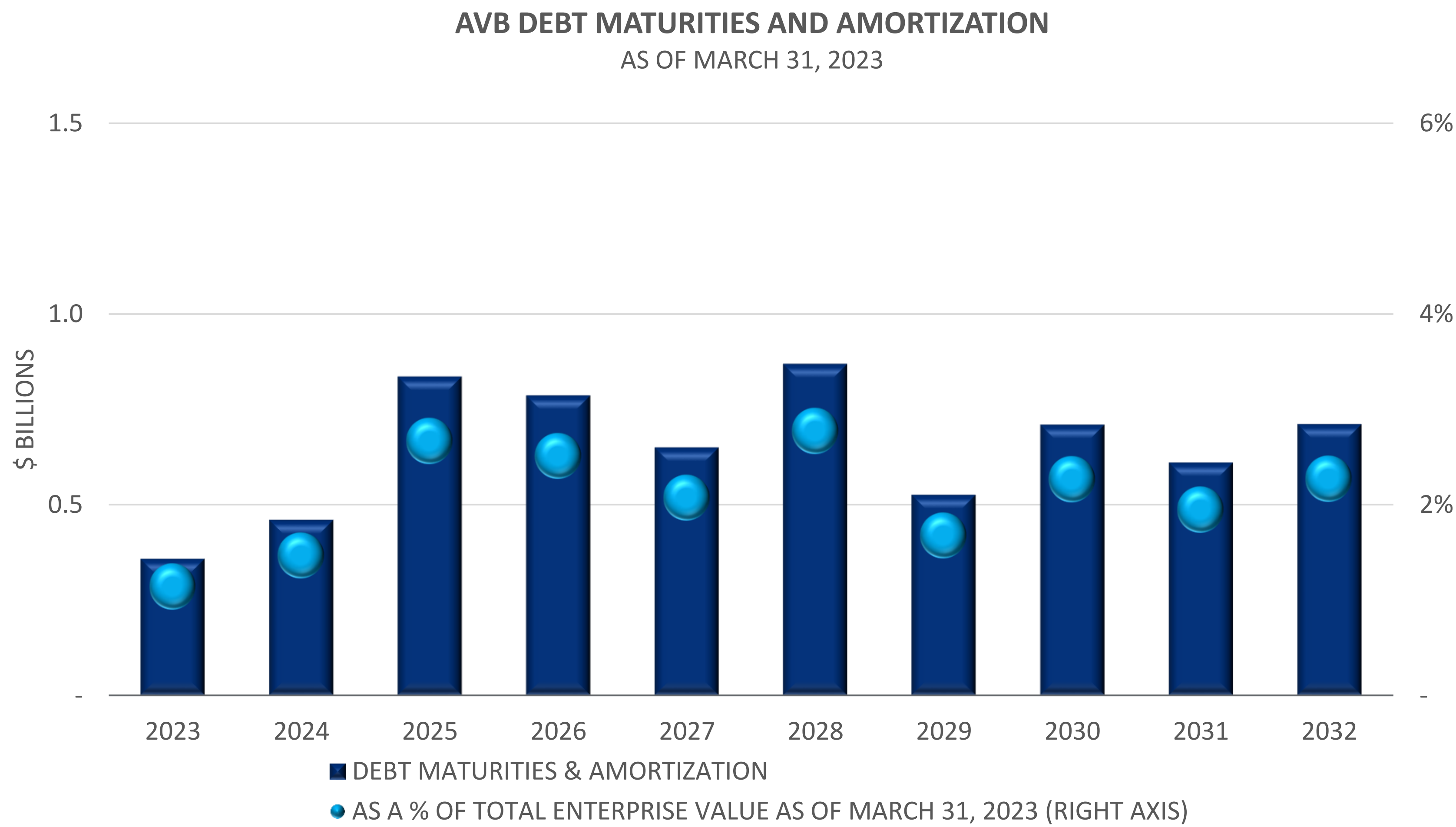
Source: Internal company reports.

(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 offering fees and discounts, for $491,912,000 or $245.96 per share.

(2) The $500 million unsecured commercial paper program is backstopped by the Company's commitment to maintain available borrowing capacity under its unsecured credit facility (line of credit) in an amount equal to actual borrowings under the program.

(3) Includes Development underway – remaining to invest (see Attachment 8 in the Company's earnings supplement dated April 26, 2023 for additional information), and unfunded Structured Investment Program commitments.

WELL-LADDERED DEBT MATURITY SCHEDULE



Source: Internal company reports.

FORWARD-LOOKING STATEMENTS; DEFINITIONS AND RECONCILIATIONS

Avalon Boonton
Boonton, NJ

Forward-Looking Statements

- This presentation contains forward-looking statements, which you can identify by the Company's use of words such as "expects," "plans," "estimates," "anticipates," "projects," "intends," "believes," "outlook," "may," "shall," "will," "pursue" and similar expressions that predict or indicate future events and trends and that do not report historical matters. Forward-looking statements, by their very nature, are subject to inherent risks and uncertainties that cannot be predicted accurately or that might not be anticipated. These could cause actual results, performance or achievements to differ materially from the anticipated future results, performance or achievements expressed or implied by the forward-looking statements. Risks and uncertainties that might cause such differences include the following: we may abandon or defer development or redevelopment opportunities for which we have already incurred costs; adverse capital and credit market conditions, including rising interest rates, may affect our access to various sources of capital and/or cost of capital, which may affect our business activities, earnings, common stock price and our dividend rate, among other things; changes in local employment conditions, demand for apartment homes, supply of competitive housing products, landlord-tenant laws, including the adoption of new rent control regulations, and other economic or regulatory conditions may result in lower than expected occupancy and/or rental rates and adversely affect the profitability of our communities; delays in completing development, redevelopment and/or lease-up, and general price inflation, may result in increased financing and construction costs and may delay and/or reduce the profitability of a community; debt and/or equity financing for development, redevelopment or acquisitions of communities may not be available or may not be available on favorable terms; we may fail to secure development opportunities due to an inability to reach agreements with third parties to obtain land at attractive prices or be unable to obtain, or experience delays in obtaining, necessary governmental permits and authorizations; expenses may result in communities that we develop or redevelop failing to achieve expected profitability; our assumptions concerning risks relating to joint ventures and our ability to successfully dispose of certain assets may not be realized; investments made under the Structured Investment Program in either mezzanine debt or preferred equity of third-party multifamily development may not be repaid as expected; our assumptions and expectations in our financial outlook may prove to be too optimistic, including trends affecting our financial condition or results of operations; litigation costs and consequences may exceed our expectations; we may be unable to complete and deploy, or may experience delays in completing and deploying, technology, digitalization or automation initiatives or may not recognize increased operating efficiencies or revenue from these initiatives when anticipated or at all; we may fail to continue to advance our sustainability, inclusion and diversity initiatives; and risks related to pandemics, including the effect, among other factors, on the multifamily industry and the general economy of measures taken by businesses and the government, such as governmental limitations on the ability of multifamily owners to evict residents who are delinquent in the payment of their rent, the preferences of consumers and businesses for living and working arrangements, and federal efforts at economic stimulus. Additional discussions of risks and uncertainties that could cause actual results to differ materially from those expressed or implied by the forward-looking statements appear in the Company's filings with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022 under the heading "Risk Factors" and under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations - Forward-Looking Statements" and in subsequent quarterly reports on Form 10-Q.

- The Company does not undertake a duty to update forward-looking statements, including its expected 2023 operating results and other financial and operating data forecasts contained in this presentation. The Company may, in its discretion, provide information in future public announcements regarding its outlook that may be of interest to the investment community. The format and extent of future outlooks may be different from the format and extent of the information contained in this presentation. For definitions, additional information and reconciliations of non-GAAP financial information and certain defined terms included in this presentation, see pages 46 to 58 in this presentation.

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

Class A communities are those communities that have an average rent equal to, or above, the submarket median rent.

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.

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.

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

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):

AvalonBay COMMUNITIES

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 **

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.

AvalonBay 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):

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 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.

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

Redevelopment is composed of consolidated communities where substantial redevelopment is in progress or is probable to begin during the current year. Redevelopment is considered substantial when (i) capital invested during the reconstruction effort is expected to exceed the lesser of $5,000,000 or 10% of the community's pre-redevelopment basis and (ii) physical occupancy is below or is expected to be below 90% during or as a result of the redevelopment activity.

Renewal Offers generally represent initial offers made to market rate apartments with expiring leases for which the residents have not provided notice of their intent to vacate.

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

AvalonBay
COMMUNITIES