
Avalon Marlborough
Marlborough, MA


AVA Wheaton
Silver Spring, MD


eaves Mission Ridge
San Diego, CA

AvalonBay
COMMUNITIES

INVESTOR TELECONFERENCE
PRESENTATION

First Quarter 2021
April 28, 2021

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

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

Participants

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

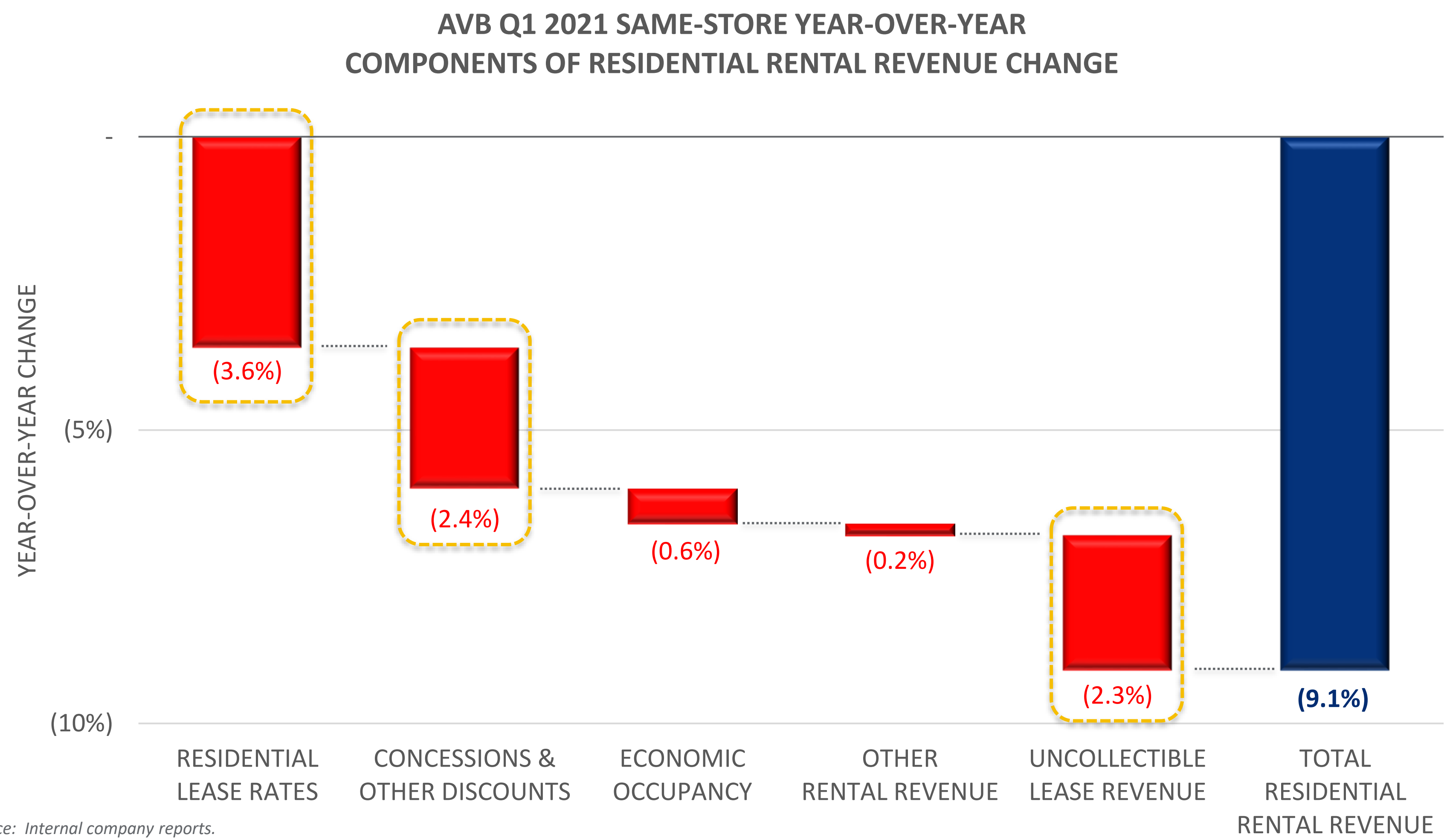
REVIEW OF FIRST QUARTER RESULTS

2021 RESULTS	Q1
CORE FFO PER SHARE CHANGE	(18.4%)
SAME-STORE YEAR-OVER-YEAR RESIDENTIAL RENTAL REVENUE CHANGE	(9.1%)
SAME-STORE SEQUENTIAL RESIDENTIAL RENTAL REVENUE CHANGE (*Q1 ‘21 VS Q4 ‘20*)	(1.5%)
DEVELOPMENT COMPLETIONS | WEIGHTED AVERAGE INITIAL PROJECTED STABILIZED YIELD	$ 600M | 5.6%

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

AvalonBay COMMUNITIES

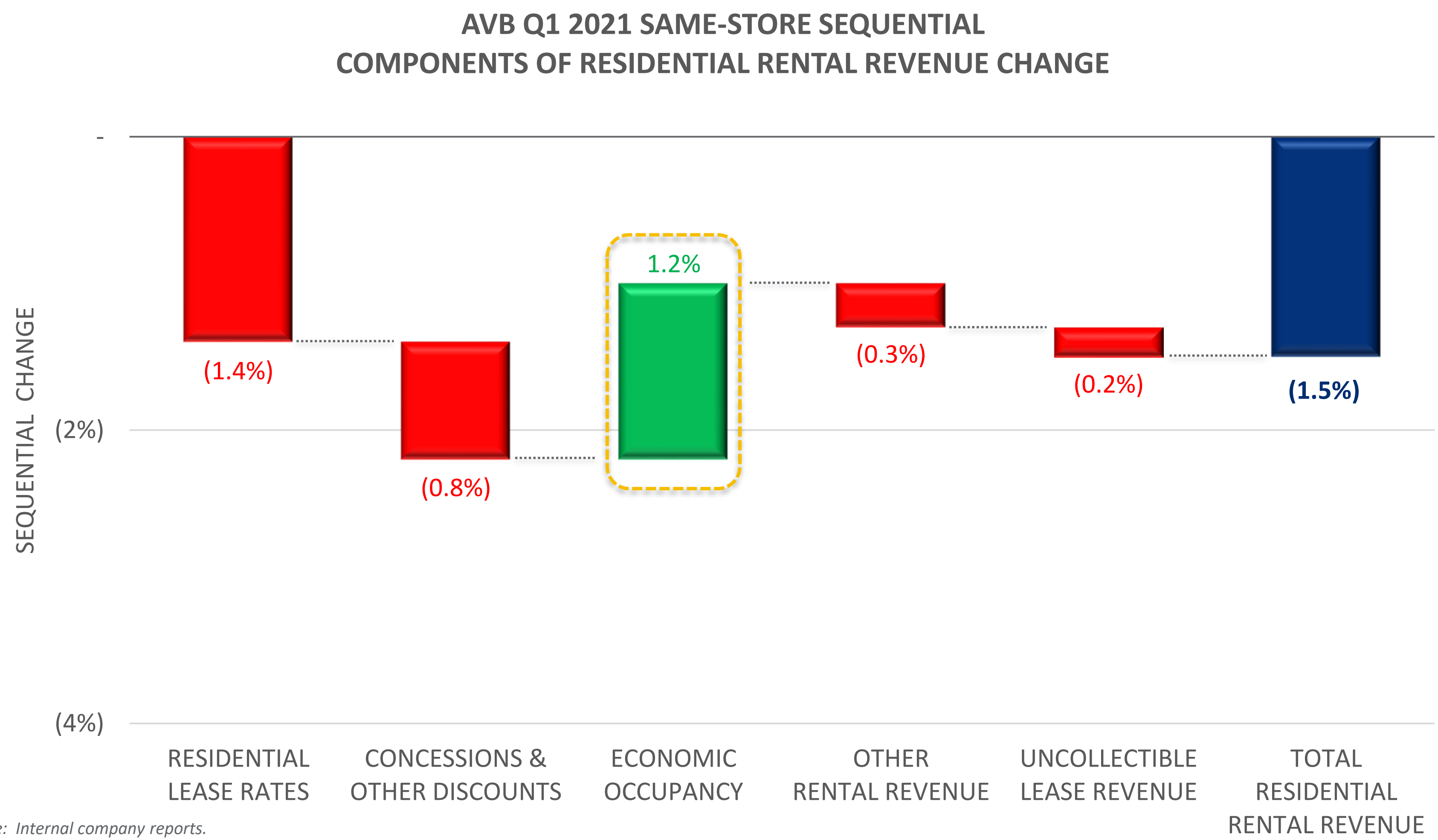
Decline in year-over-year same-store residential rental revenue driven by lower effective rents and uncollectible lease revenue



Source: Internal company reports.
The Company amortizes concessions over the term of the lease.

AvalonBay COMMUNITIES

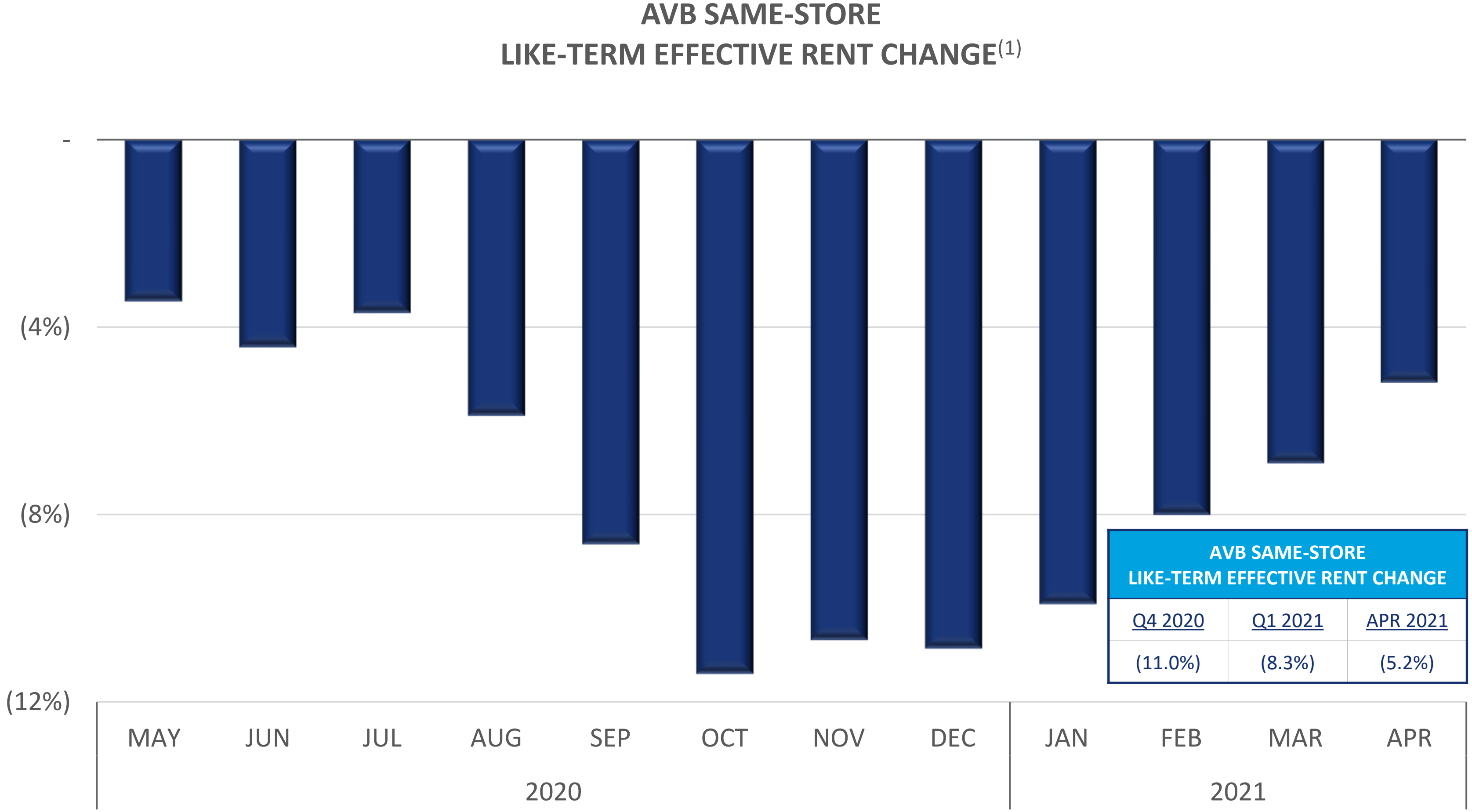
SAME-STORE RESIDENTIAL REVENUE FELL BY 1-½% SEQUENTIALLY AS DECLINING EFFECTIVE RENTS WERE PARTIALLY OFFSET BY HIGHER OCCUPANCY



Source: Internal company reports.
The Company amortizes concessions over the term of the lease.

AvalonBay COMMUNITIES

Q1 SAME-STORE LIKE-TERM EFFECTIVE RENT CHANGE UP 270 BASIS POINTS FROM Q4, AND ANOTHER 310 BASIS POINTS IN APRIL



AVB SAME-STORE LIKE-TERM EFFECTIVE RENT CHANGE		
Q4 2020	Q1 2021	APR 2021
(11.0%)	(8.3%)	(5.2%)

Source: Internal company reports.
(1) Data as of April 26, 2021.

$1.1 BILLION OF CURRENT LEASE-UP ACTIVITY GENERALLY IN LINE WITH INITIAL EXPECTATIONS AND CREATING SIGNIFICANT VALUE

CURRENT LEASE-UP ACTIVITY[1]	CURRENT PROJECTION	ORIGINAL PROJECTION	VARIANCE
RENT PER HOME WEIGHTED AVERAGE	$ 2,570	$ 2,590	$ (20) | (0.8%)
INITIAL PROJECTED STABILIZED YIELD WEIGHTED AVERAGE	5.8%	6.0%	(20) BPS

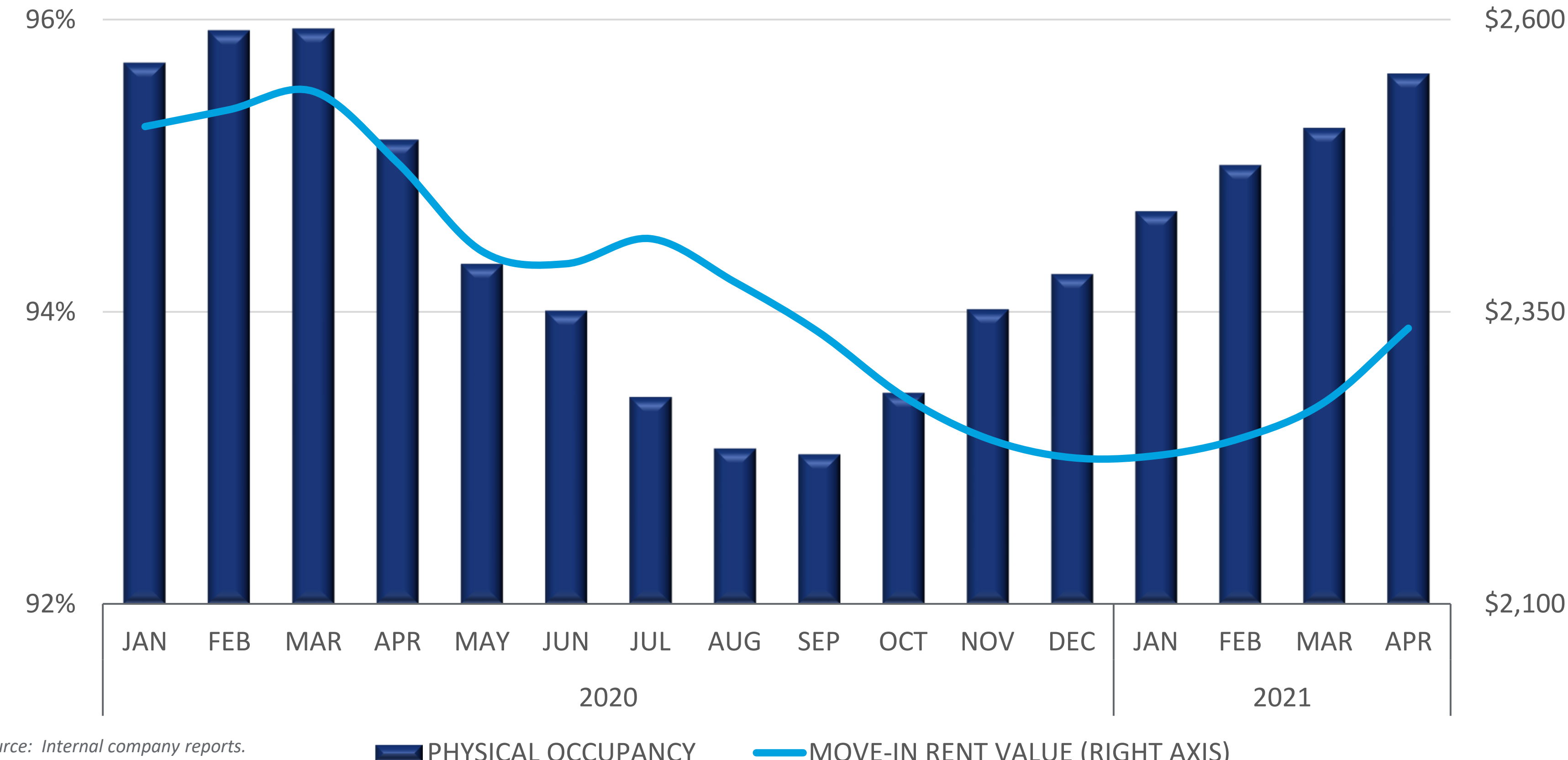
AVALON NEW CASTLE COMMONS II
NEW CASTLE, WA

KANSO TWINBROOK
ROCKVILLE, MD

Source: Internal company reports.
(1) Includes Avalon Yonkers, AVA Hollywood, Avalon Acton II, Avalon Old Bridge, Avalon 555 President, Avalon Newcastle Commons II, Kanso Twinbrook, and Avalon Foundry Row.

PORTFOLIO PERFORMANCE CONTINUES TO IMPROVE; OCCUPANCY UP > 250 BASIS POINTS FROM 2020 LOW, AND MOVE-IN RENTS UP ≈ 5% THIS YEAR

AVB SAME-STORE
PHYSICAL OCCUPANCY & MOVE-IN RENT VALUE[1,2]



Source: Internal company reports.
(1) Represents the effective rent (net of concessions) for new move-ins.
(2) Data as of April 26, 2021.

AvalonBay COMMUNITIES

IMPROVED PERFORMANCE HAS BEEN BROAD-BASED, WITH EVERY REGION EXPERIENCING GAINS IN OCCUPANCY AND RENT LEVEL

AVB SAME-STORE
PHYSICAL OCCUPANCY & MOVE-IN RENT VALUE BY REGION(1,2)

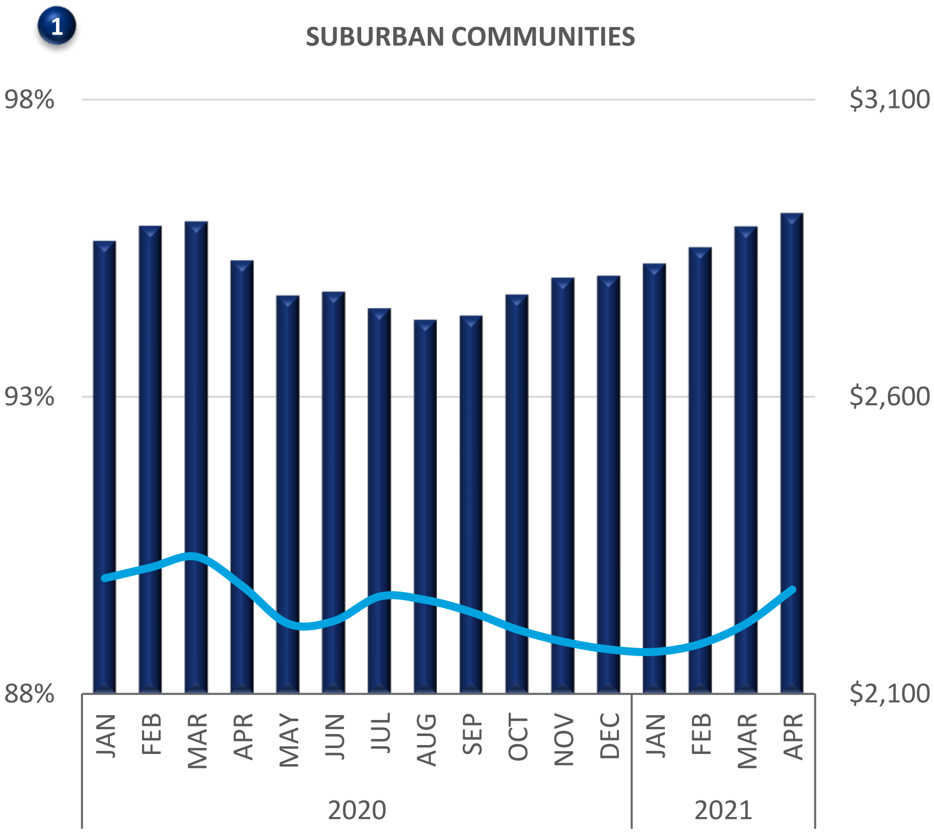
Source: Internal company reports.

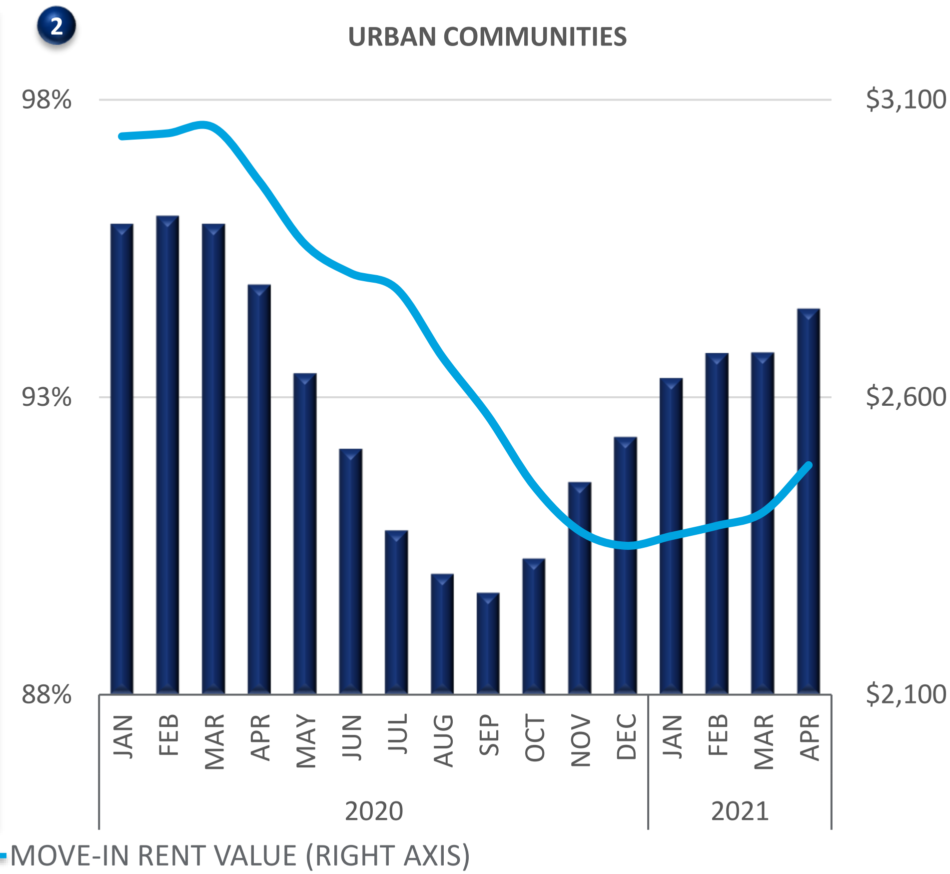
(1) Represents the effective rent (net of concessions) for new move-ins.

(2) Data as of April 26, 2021.

SUBURBAN SUBMARKETS ARE APPROACHING PRE-COVID RENT LEVEL, WHILE URBAN SUBMARKETS ARE EARLY IN THEIR RECOVERY

AVB SAME-STORE
PHYSICAL OCCUPANCY & MOVE-IN RENT VALUE BY SUBMARKET TYPE[1,2]





Source: Internal company reports.
(1) Represents the effective rent (net of concessions) for new move-ins.
(2) Data as of April 26, 2021.

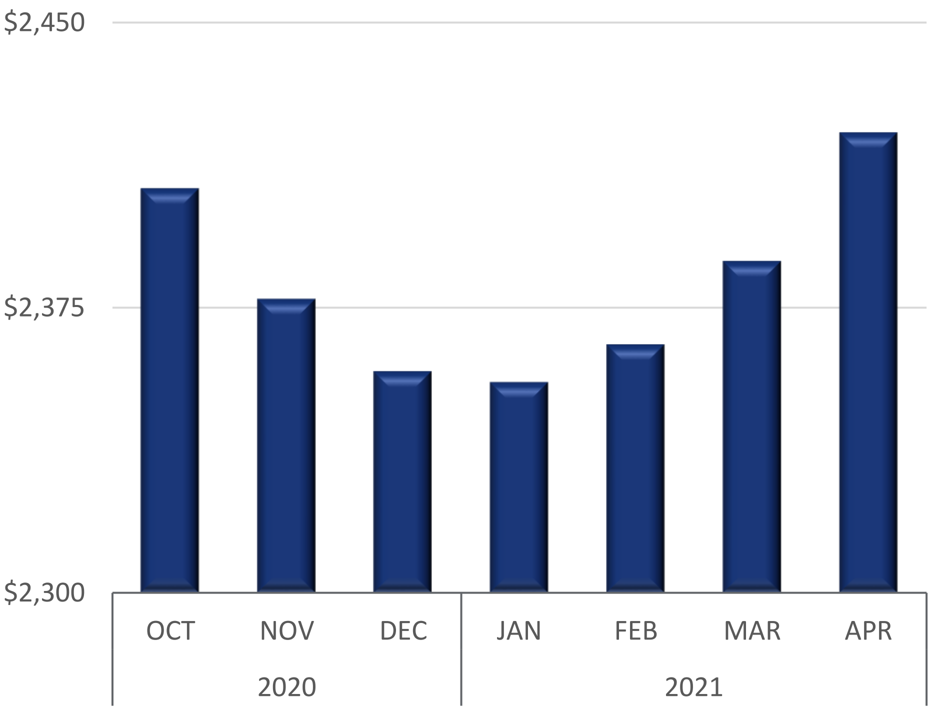
RECENT GAINS IN MOVE-IN RENT VALUE DRIVEN BY HIGHER LEASE RENTS AND REDUCED CONCESSIONS

AVB SAME-STORE[1]

1

LEASE RENT VALUE[2]

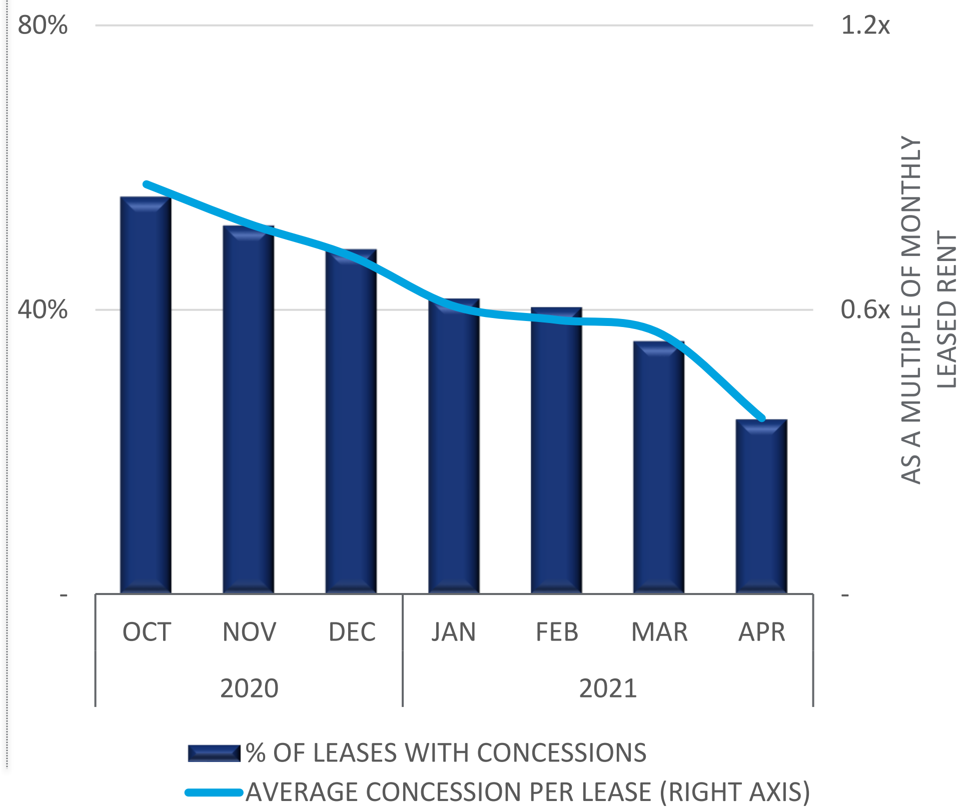
NEW LEASES EXECUTED



2

CONCESSION RATE & VALUE

NEW LEASES EXECUTED

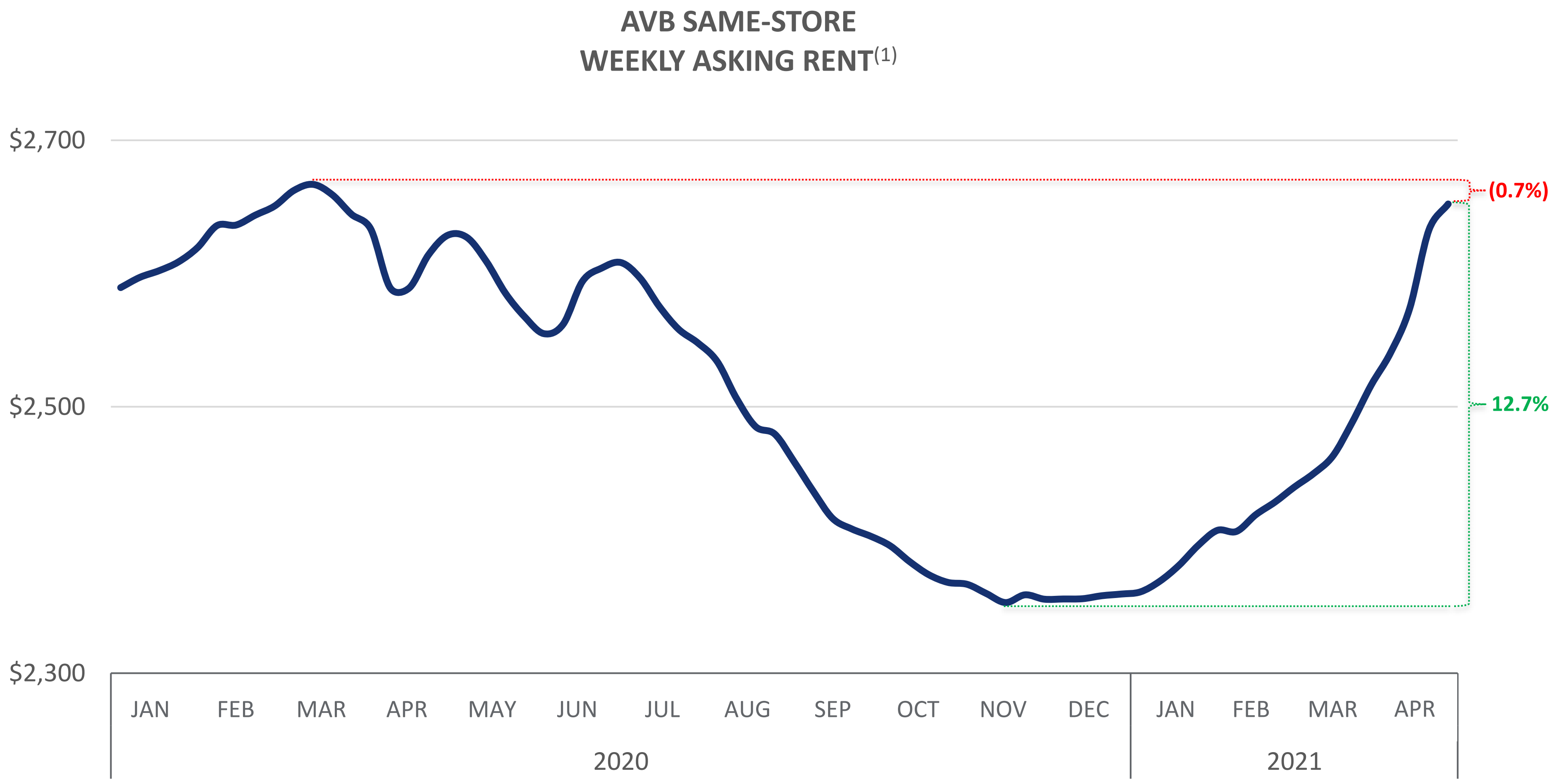


Source: Internal company reports.

(1) Data as of April 26, 2021.

(2) Excludes concessions.

ASKING RENTS ARE < 1% BELOW PRE-COVID PEAK AND ARE UP NEARLY 13% FROM TROUGH



Source: Internal company reports.

(1) 2021 data as of April 26th.

SECOND QUARTER 2021 OUTLOOK RANGES;
SEQUENTIAL RESULTS EXPECTED TO BOTTOM SOMETIME MID-YEAR

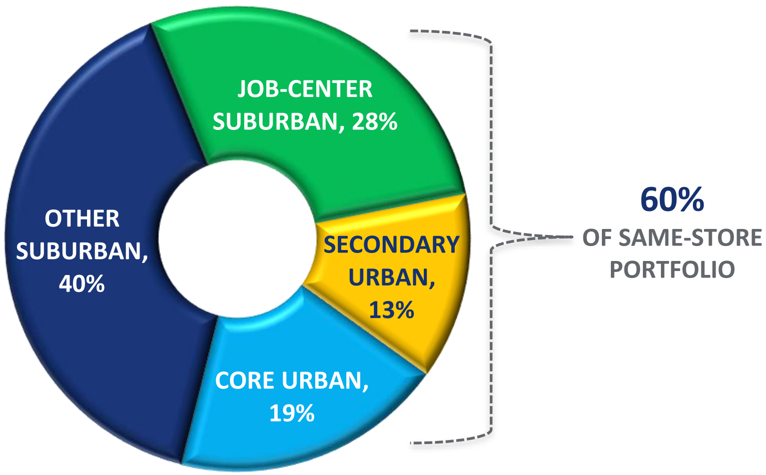
Q2 2021 OUTLOOK	
PROJECTED CORE FFO PER SHARE RANGE	**$ 1.85 - $ 1.95**
SAME-STORE COMMUNITIES[1]	
REVENUE CHANGE	(6.25%) – (4.75%)
OPERATING EXPENSE CHANGE	6.75% - 9.75%[2]
NET OPERATING INCOME CHANGE	(13.0%) – (10.0%)

CORE FFO PER SHARE OUTLOOK *Q2 2021 MIDPOINT COMPARISON TO Q1 2021 RESULTS*	
Q1 2021 CORE FFO PER SHARE RESULTS	**$ 1.95**
SAME-STORE COMMUNITIES RESIDENTIAL REVENUE RESIDENTIAL OPERATING EXPENSE	 0.00 (0.05)
COMMERCIAL AND OTHER RESIDENTIAL NOI	0.02
OVERHEAD AND OTHER	(0.02)
Q2 2021 CORE FFO PER SHARE MIDPOINT	**$ 1.90**

Source: Internal company reports.
See Appendix for a reconciliation of Net Income attributable to common shareholders to FFO and to Core FFO, and Projected Net Income attributable to common shareholders to Projected FFO and to Projected Core FFO.
(1) Growth rates are for residential operations only and are presented on a year-over-year basis.
(2) The projected increase in Q2 2021 same-store operating expense is primarily due to limited activity and constrained spend in Q2 2020 at the onset of the pandemic and related shelter-in-place orders.

NEAR-TERM TRENDS EXPECTED TO FAVOR AVB MARKETS AS THE ECONOMY RE-OPENS, PARTICULARLY IN URBAN AND JOB-CENTER SUBMARKETS

AVB SAME-STORE PORTFOLIO BY SUBMARKET TYPE(1)



AVB ASKING RENTS VERSUS PRE-COVID PEAK(2)
BY SUBMARKET TYPE

SUBMARKET TYPE	ASKING RENTS VERSUS PRIOR PEAK
OTHER SUBURBAN	6.1%
JOB-CENTER SUBURBAN	(3.4%)
SECONDARY URBAN	(6.2%)
CORE URBAN	(8.6%)
TOTAL	**(0.7%)**

CURRENT URBAN OFFICE OCCUPANCY RATE(3)
AVB MARKETS

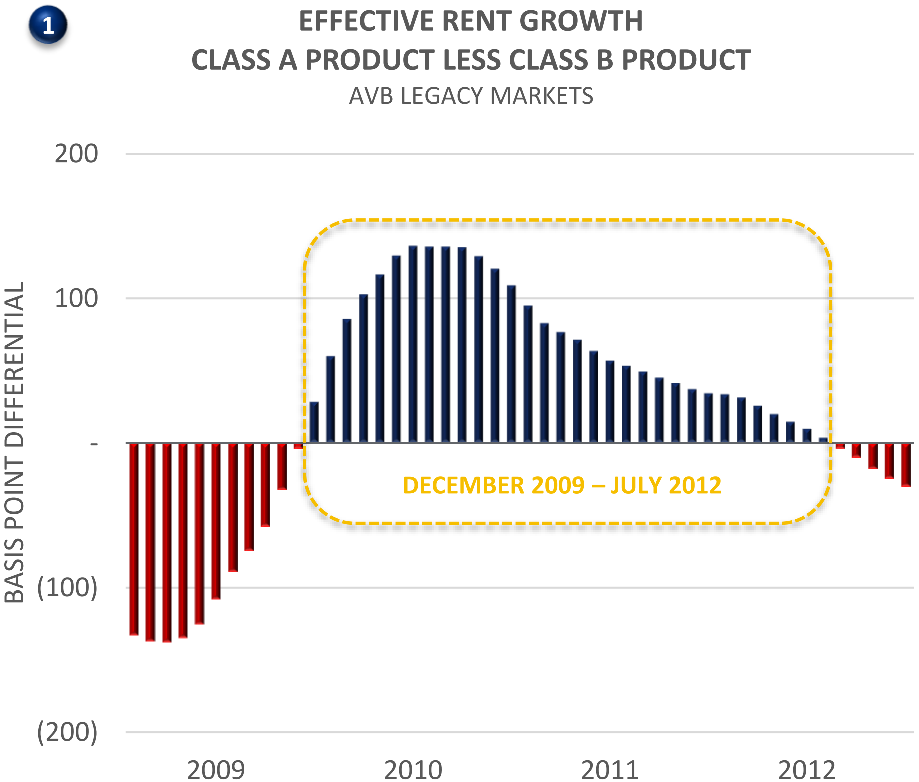
18.5%

Source: AVB Market Research Group, Kastle Systems, Internal Company Reports.
(1) Allocation based on Q1 2021 same-store residential rental revenue.
(2) Includes same-store communities in 2019, 2020, and 2021, which includes 92% of 2021 same-store communities.
(3) As of April 14th, 2021, and includes New York City, Washington D.C., San Francisco, San Jose, and Los Angeles.

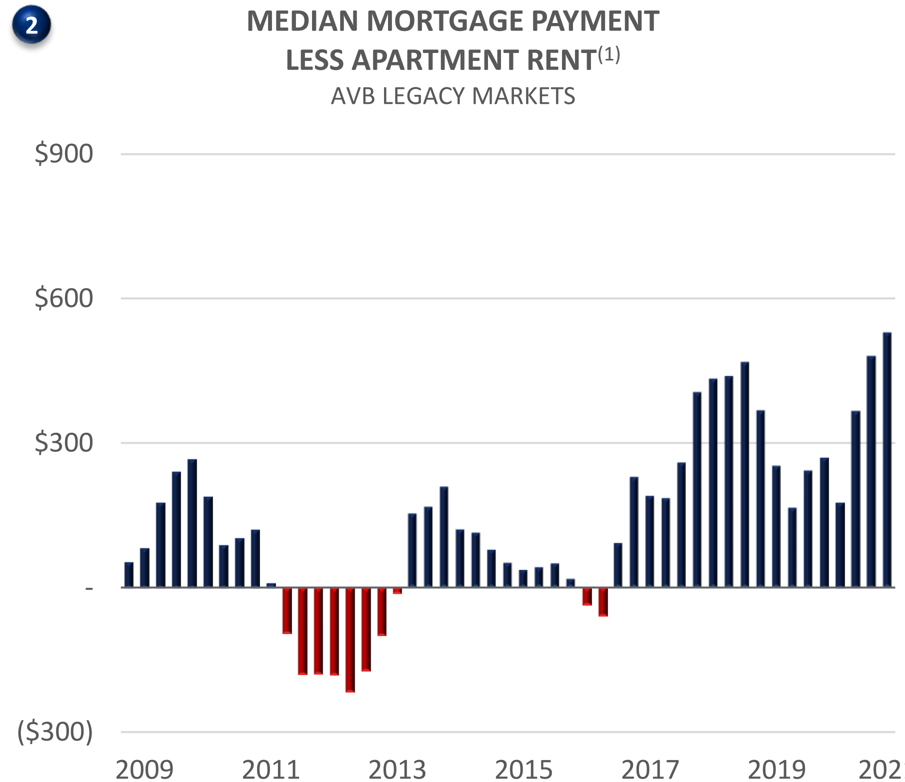
AvalonBay COMMUNITIES

In addition, cycle dynamics and affordability expected to favor Class A apartments in the early phase of recovery/expansion

1



2



Source: AVB Market Research Group, Moody's Analytics, National Association of Realtors, Freddie Mac, National Association of Homebuilders, CoStar.

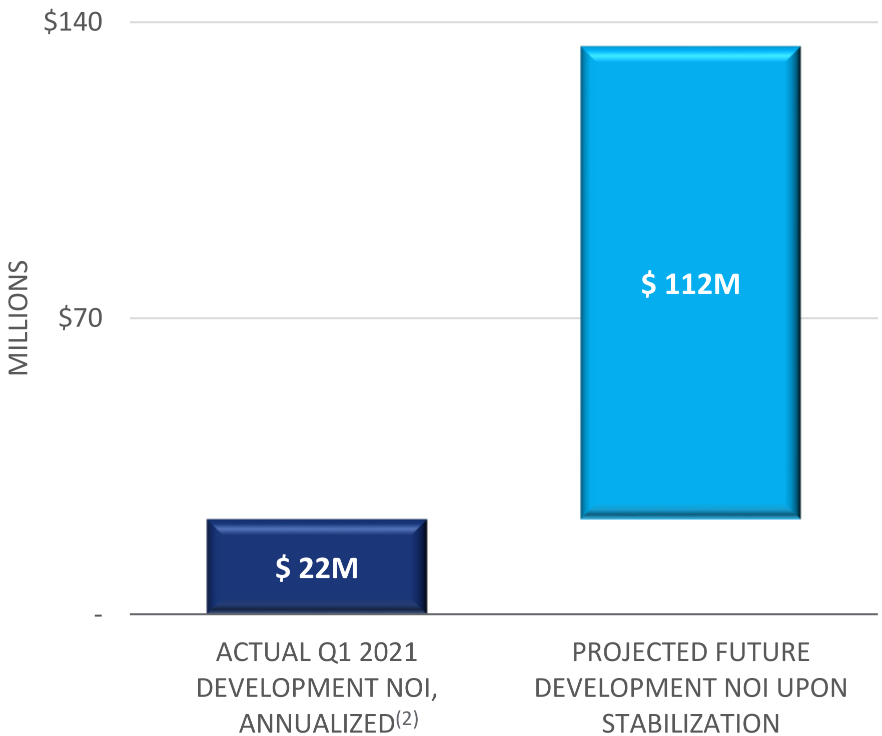
(1) Based on a median monthly mortgage payment (30-year fixed rate, 20% down payment, average property tax) minus monthly apartment rent (80+ unit buildings).

OVER THE INTERMEDIATE TERM, EARNINGS AND NAV GROWTH SHOULD BE FURTHER SUPPORTED BY DEVELOPMENT UNDERWAY AND NEW STARTS

AVB DEVELOPMENT ACTIVITY[1]

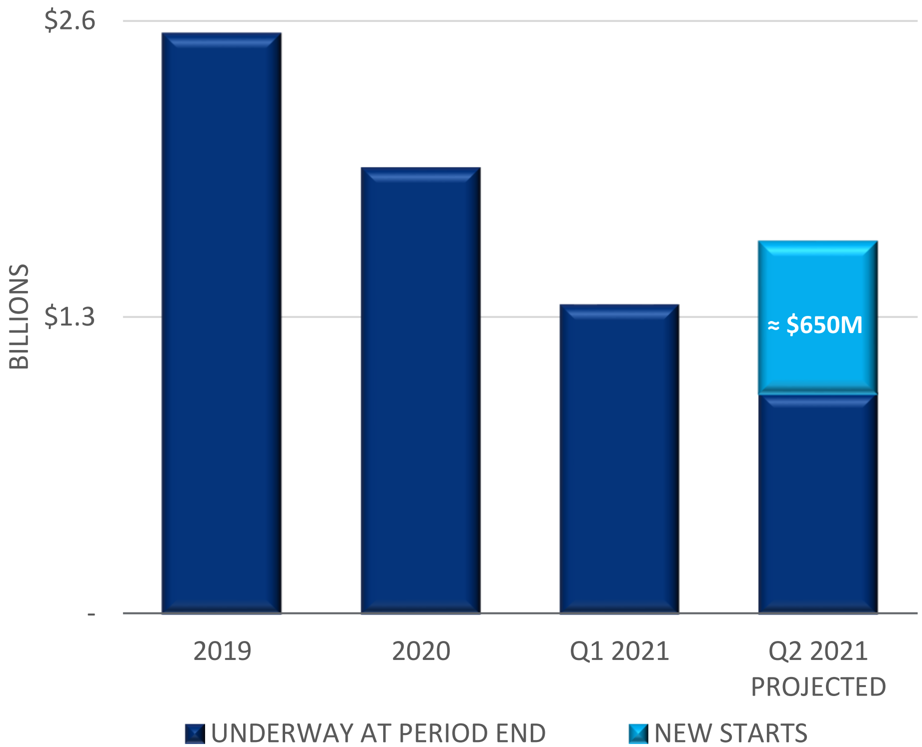
1 ACTUAL & PROJECTED STABILIZED NOI FROM CURRENT DEVELOPMENT

AS OF MARCH 31, 2021



2 ACTUAL & PROJECTED DEVELOPMENT UNDERWAY

AT PERIOD END



Source: Internal company reports.

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

(2) See footnote 2 on Attachment 8 in the Company's First Quarter 2021 Earnings Release dated April 28, 2021 for additional information.

OPERATING MODEL INNOVATION EXPECTED TO ENHANCE OPERATING MARGINS BY ≈ 200 BASIS POINTS

INITIATIVES ALREADY DEPLOYED

VIRTUAL LEASING ASSISTANT

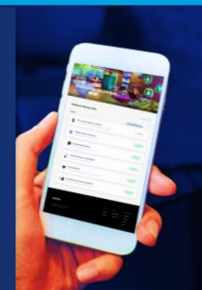
A RESPONSIVE, AI-POWERED, VIRTUAL LEASING ASSISTANT THAT ANSWERS QUESTIONS, SCHEDULES TOURS, FOLLOWS UP POST-TOUR

VIRTUAL & SELF GUIDED TOURS

INITIAL, LOW-TECH DEPLOYMENT FOR REMOTE VIRTUAL TOURS AND IN-PERSON SELF-GUIDED TOURS

DIGITAL MOVE-IN PROCESS

SELF-SERVICE, MOBILE FIRST ORIENTATION AND MOVE-IN SOLUTION, ALLOWING EASY COMPLETION OF PRE-MOVE-IN TASKS



SELF-SERVE PACKAGE LOCKERS & ROOMS

TEXT AND E-MAIL NOTIFICATIONS

NOI ENHANCEMENT ≈ $10 MILLION

2021 – 2023 INITIATIVES ROADMAP

SEARCH & TOUR BOOKING	APPLYING & LEASING	MOBILE MAINTENANCE	SMART HOME/ACCESS	RENEWALS	BROADEN REVENUE STREAMS
IMPROVE USER EXPERIENCE TO OPTIMIZE SEARCH, CROSS-SELLING, AND TOUR BOOKING; DIGITALLY ENABLE BROAD TOURING CAPABILITIES WITHOUT ASSOCIATE INVOLVEMENT	DELIVER A FULLY SELF-SERVICE APPLICATION AND LEASING EXPERIENCE	MOBILE ENABLED, DIGITAL PLATFORM TO OPTIMIZE SCHEDULING AND INCREASE LABOR EFFICIENCY	PROVIDE SMART ACCESS TO ENHANCE ASSOCIATE PRODUCTIVITY AND SMART HOME OPTIONS THAT RESIDENTS VALUE	LEVERAGE DATA SCIENCE AND DIGITAL PLATFORMS TO DRIVE RENEWAL OFFERS AND RELATED BUSINESS PROCESSES	ENHANCE REVENUE FROM RESIDENTS AND SOURCE REVENUE FROM NON-RESIDENTS – E.G., PARKING, AMENITIES, RENTERS' INSURANCE, BUNDLED INTERNET, OTHER SERVICES

ESTIMATED <u>INCREMENTAL</u> NOI ENHANCEMENT ≈ $25 - 35 MILLION

Source: Internal company reports.

AvalonBay COMMUNITIES

ESG LEADERSHIP IS DRIVING COST SAVINGS AND ENHANCING STAKEHOLDER ENGAGEMENT

SOLAR UPDATE

51	≈ 6,400	≈ $2.4M
PROJECTS COMPLETED OR UNDERWAY	PROJECTED METRIC TONS OF CO_2 OFFSET ANNUALLY	PROJECTED SAVINGS ANNUALLY

LED UPDATE

171	≈ 30.5M	≈ $3.6M
COMMUNITIES RETROFITTED	PROJECTED KILOWATT HOURS OF SAVINGS	PROJECTED SAVINGS ANNUALLY

CERTIFIED COMMUNITIES UPDATE

60	38
ACHIEVED	PURSUING

CORPORATE RESPONSIBILITY RECOGNITION

CDP	GRESB	Nareit 2020 Leader in the Light Award Winner
A – ESG SCORE	#1 IN MULTIFAMILY SECTOR GLOBAL & REGIONAL	RESIDENTIAL WINNER

ESTABLISHED DIVERSITY GOALS TO INCREASE WOMEN AND MINORITIES IN LEADERSHIP BY 2025

CUSTOMERS & ASSOCIATES

#1 ONLINE CUSTOMER REPUTATION

AMONG PUBLIC MULTIFAMILY REIT PEERS(1)

ORA Power Rankings POWERED BY J Turner Research

86%

ASSOCIATE ENGAGEMENT

TOP QUARTILE OF COMPANIES SURVEYED BY PERCEPTYX®

Source: Internal company reports.

(1) Includes AIRC, CPT, EQR, ESS, MAA, and UDR.

Key takeaways

- Q1 was the most difficult year-over-year revenue comparable since the beginning of the pandemic (*i.e., comparable quarterly periods get easier from here*)

- The recovery in apartment fundamentals in our markets is accelerating as we enter the peak leasing season

- AVB is well-positioned to outperform over the near and intermediate term given:
  1. Market focus | portfolio concentration
  2. Rising cost of homeownership
  3. Earnings and NAV accretion from development
  4. Investment and innovation in our operating model
  5. ESG leadership

FORWARD-LOOKING STATEMENTS

- This presentation dated April 28, 2021 is provided in connection with AvalonBay's first quarter 2021 earnings conference call on April 29, 2021. This presentation is intended to accompany AvalonBay's earnings release dated April 28, 2021 and should be read in conjunction with the earnings release. AvalonBay does not intend to update any of these documents, which speak only as of their respective dates.

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

- For definitions, additional information and reconciliations of non-GAAP financial information and certain defined terms included in this presentation, see pages 22 to 27 in this presentation in addition to Attachment 11 to the earnings release.

- This presentation dated April 28, 2021 contains forward-looking statements, which are indicated by the use of words such as "expects," "projects," "forecast," "outlook," "estimate" and other words that do not relate to historical matters. Actual results may differ materially. For information concerning risks and other factors that could cause such differences, see "Forward Looking Statements" in AvalonBay's earnings release that accompanies this presentation. The Company does not undertake a duty to update the projections and expectations stated in this presentation, which speak only as of the date of this presentation unless otherwise referenced.

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

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

Class B (product/communities) are those communities that have an average rent below the submarket median rent.

Core Urban submarkets contain our markets' major urban job and culture hubs. These are the corridors where there is dense employment, as well as unique draws such as sports and arts, and where households live in dense high-rise communities (e.g., Manhattan, San Francisco, CA).

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

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

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

	Q1 2021	Q1 2020
Net income attributable to common stockholders	$ 142,223	$ 167,971
Depreciation - real estate assets, including joint venture adjustments	182,314	177,428
Distributions to noncontrolling interests	12	12
Gain on sale of previously depreciated real estate	(53,727)	(24,436)
FFO attributable to common stockholders	270,822	320,975
Adjusting items:		
Joint venture losses	101	-
(Gain) loss on extinguishment of consolidated debt	(122)	9,170
Gain on interest rate contract	(2,654)	-
Advocacy contributions	-	301
Executive transition compensation costs	1,781	-
Severance related costs	-	1,951
Development pursuit write-offs and expensed transaction costs, net of recoveries	(225)	3,120
Gain on for-sale condominiums	(131)	(4,903)
For-sale condominium marketing, operating and administrative costs	1,044	1,443
For-sale condominium imputed carry cost	2,152	3,609
Gain on other real estate transactions	(427)	(43)
Legal settlements	60	43
Income tax (benefit) expense	(755)	91
Business interruption insurance proceeds	-	-
Lost NOI from casualty losses covered by business interruption insurance	-	-
Core FFO attributable to common stockholders	$ 271,646	$ 335,757
Average shares outstanding - diluted	139,552,413	140,777,873
Earnings per share - diluted	$ 1.02	$ 1.19
FFO per common share - diluted	$ 1.94	$ 2.28
Core FFO per common share - diluted	$ 1.95	$ 2.39

AvalonBay COMMUNITIES

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

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

Job-Centered Suburban submarkets are submarkets that are too low-density to be considered urban and are organized around a suburban, employment node (e.g., Stamford, CT, Redmond, WA).

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

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

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

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

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

Other Suburban submarkets are suburban submarkets that are not job-centered suburban submarkets (e.g., Acton, MA, Santa Clarita, CA).

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

	LOW RANGE	HIGH RANGE
Projected EPS (diluted) - Q2 2021	$ 2.95	$ 3.05
Depreciation (real estate related)	1.29	1.33
Gain on sale of communities	(2.42)	(2.46)
Projected FFO per share (diluted) - Q2 2021	$ 1.82	$ 1.92
Adjustments related to residential for-sale condominiums at The Park Loggia	0.01	0.01
Asset management fee intangible write-off	0.01	0.01
Other	0.01	0.01
Projected Core FFO per share (diluted) - Q2 2021	$ 1.85	$ 1.95

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

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

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

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

AvalonBay COMMUNITIES

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

Secondary Urban submarkets are submarkets that are dense enough to be considered urban but are not a core central attraction. Rather, most of these are adjacent to core urban submarkets. These are often mass transit served and are denser, high-rise and mid-rise locations that offer quick access and may have office and commercial corridors of their own (e.g., Hoboken, NJ, Emeryville, CA)

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

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

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