AvalonBay
COMMUNITIES

INVESTOR TELECONFERENCE PRESENTATION

Fourth Quarter 2021
February 2, 2022

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

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

REVIEW OF FOURTH QUARTER AND FULL YEAR 2021 RESULTS AND ACTIVITY

Q4 | FULL YEAR 2021 RESULTS & ACTIVITY	Q4	FULL YEAR
CORE FFO PER SHARE YEAR-OVER-YEAR CHANGE	12.4%	(4.9%)
SAME STORE RESIDENTIAL RENTAL REVENUE CHANGE		
GAAP BASIS - YEAR-OVER-YEAR | SEQUENTIAL	4.7% | 2.0%	(2.2%) | N/A
CASH BASIS - YEAR-OVER-YEAR | SEQUENTIAL	8.3% | 2.1%	(0.1%) | N/A
DEVELOPMENT STARTS	$ 290M	$ 1.2B
ACQUISITIONS	$ 330M	$ 725M
CAPITAL RAISED | WTD. AVG. INITIAL COST OF CAPITAL[(1)]	$ 720M | 2.7%	$ 2.1B | 2.9%

Source: Internal company reports.

See Appendix for a reconciliation of Net Income attributable to common shareholders to FFO and to Core FFO.

(1) Capital raised includes net proceeds from all debt and equity issuances, wholly-owned dispositions (including residential condominium sales at The Park Loggia), and distributions from unconsolidated real estate entities. Weighted average initial cost of capital includes all debt (inclusive of the effect of interest rate hedges) and equity issuances, and wholly-owned dispositions (including the average imputed carry cost of the residential condominiums at the Park Loggia) only.

AvalonBay COMMUNITIES

OVER THE COURSE OF THE YEAR, WE COMPLETED $1.1 BILLION OF NEW DEVELOPMENT CREATING ≈ $650 MILLION OF VALUE

AVALON NEWCASTLE COMMONS II
NEWCASTLE, WA

AVALON MONROVIA
MONROVIA, CA

VALUE CREATION FROM 2021 DEVELOPMENT COMPLETIONS		
PROJECTED ANNUAL INITIAL STABILIZED NOI FROM 2021 DEVELOPMENT COMPLETIONS[1]	$ 65M	A
MARKET VALUE OF PROJECTED STABILIZED NOI FROM 2021 DEVELOPMENT COMPLETIONS AT A 3.7% ESTIMATED MARKET CAP RATE	1.75B	B = A / 3.7%
LESS: TOTAL CAPITAL COST OF 2021 DEVELOPMENT COMPLETIONS	(1.1B)	C
PROJECTED VALUE CREATION	**$ 650M**	D = B + C
PROJECTED VALUE CREATION MARGIN	**≈ 60%**	E = D / (C)

AVALON YONKERS
YONKERS, NY

AVALON 555 PRESIDENT
BALTIMORE, MD

Source: Internal company reports.
(1) Includes $1.1B of development completions with a weighted average Initial Projected Stabilized Yield of 6.0%.

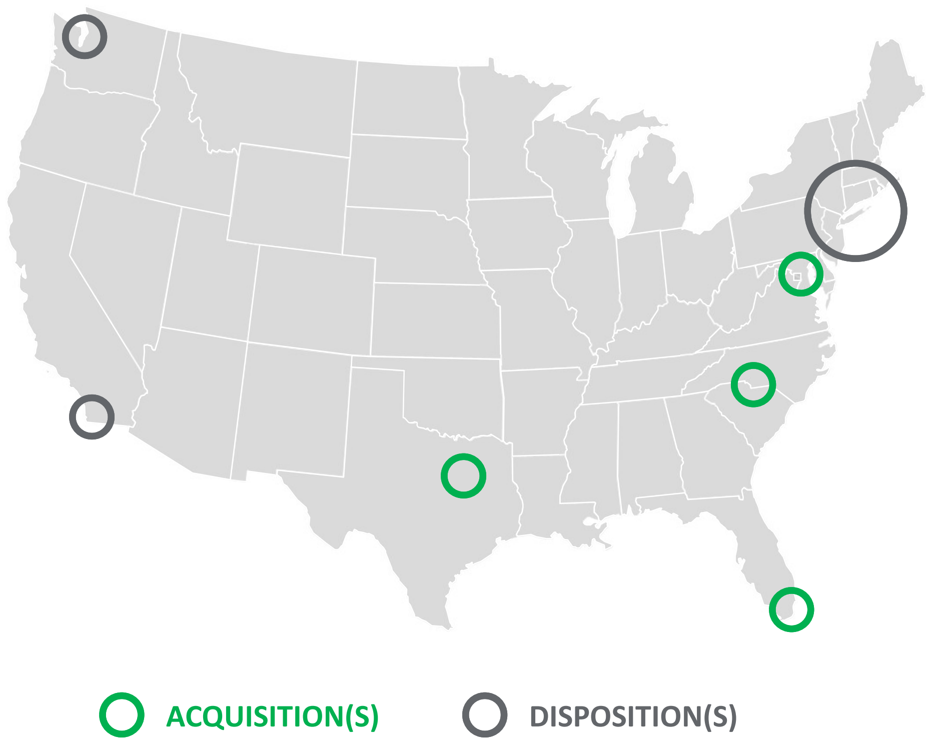
Optimizing the Portfolio as We Grow, and Rotating Capital into Our Expansion Markets

2021 ACQUISITION & DISPOSITION ACTIVITY

INCLUDES WHOLLY-OWNED DISPOSITIONS ONLY

ACQUISITIONS	
AGGREGATE PURCHASE PRICE	$ 725M
WTD. AVG. AGE	≈ 3 YEARS
WTD. AVG. MARKET CAP RATE	3.8%

DISPOSITIONS[1]	
AGGREGATE SALES PRICE	$ 865M
WTD. AVG. AGE	≈ 26 YEARS
WTD. AVG. MARKET CAP RATE	3.7%



Source: Internal company reports.
(1) Excludes condominium sales at The Park Loggia.

AvalonBay COMMUNITIES

OPERATING MODEL INNOVATION EXPECTED TO ENHANCE NOI 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

FUTURE INITIATIVES

REVENUE			OPERATING EXPENSES		
SMART HOME/ACCESS	**RENEWALS**	**BROADEN REVENUE STREAMS**	**SEARCH & TOUR BOOKING**	**APPLYING & LEASING**	**MOBILE MAINTENANCE**
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	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

Source: Internal company reports.

FOCUS ON OUR PEOPLE AND CULTURE, AND CONTINUE TO EMBED ESG INTO OUR STRATEGY

INVESTING IN OUR PEOPLE

ESTABLISHED DIVERSITY GOALS TO INCREASE WOMEN AND PEOPLE OF COLOR IN LEADERSHIP BY 2025

HUMAN RIGHTS CAMPAIGN FOUNDATION 2022
BEST PLACES TO WORK for LGBTQ Equality
100% CORPORATE EQUALITY INDEX

PERFECT SCORE
1ST YEAR ON THE LIST

10th ANNUAL ESG REPORT HIGHLIGHTS

SCIENCE BASED TARGETS PROGRESS

SCOPE 1, 2 & 3	≈ 16.0% REDUCTION IN GHG EMISSIONS (PER SQ. FT.)
ONSITE SOLAR INSTALLATION	1.1 MEGAWATTS

LAUNCHED NEW PARTNERSHIP WITH THE NATIONAL URBAN LEAGUE

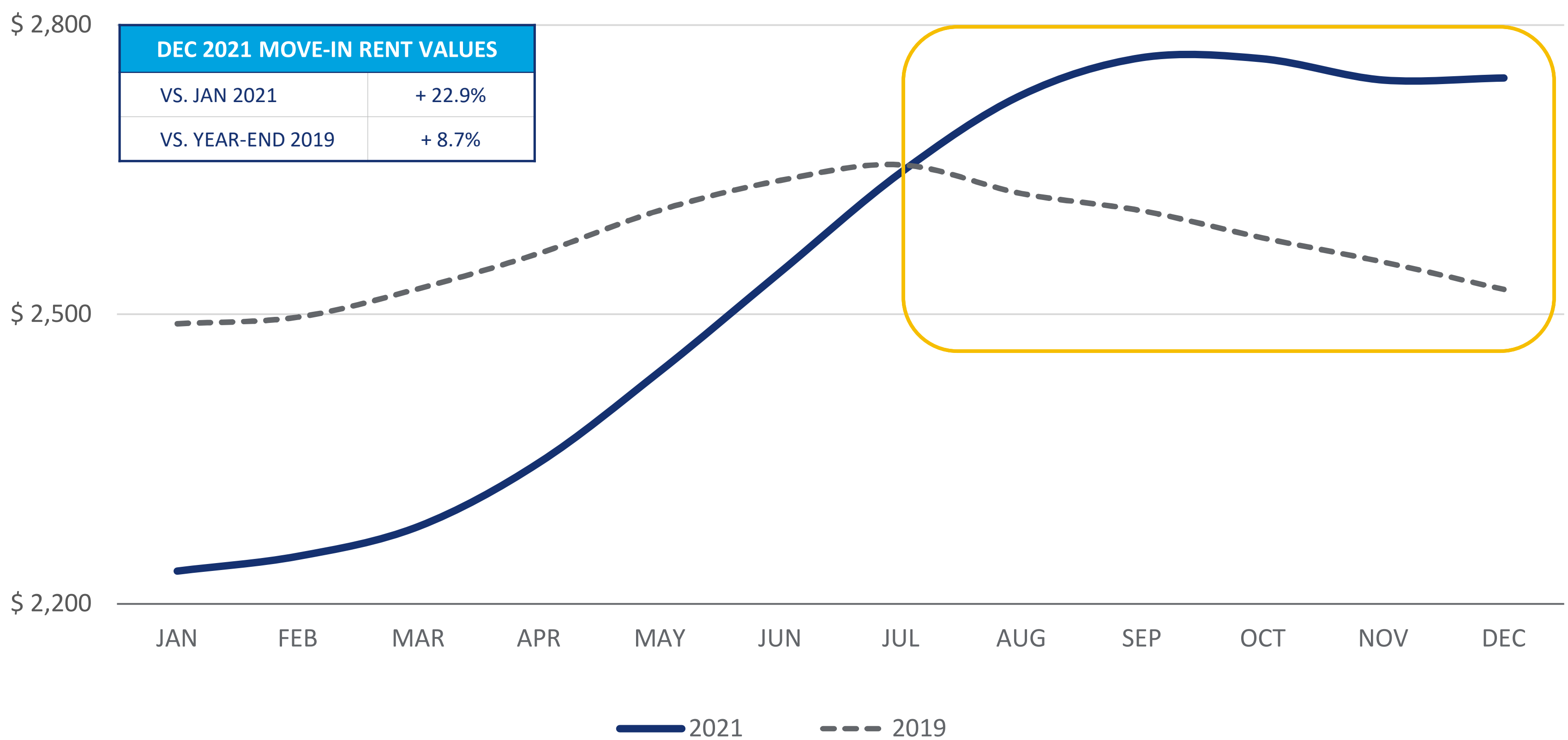
AWARDS & RECOGNITION

CDP DISCLOSURE INSIGHT ACTION A LIST 2021	GRESB REAL ESTATE sector leader 2021	Nareit Leader in the Light 2021 Award Winner
A LIST CLIMATE CHANGE DISCLOSURE	#1 IN MULTIFAMILY DEVELOPMENT SECTOR	RESIDENTIAL WINNER

Source: Internal company reports.

AvalonBay COMMUNITIES

Move-in rent values increased ≈ 23% in 2021; seasonality was less pronounced than normal in the second half of the year

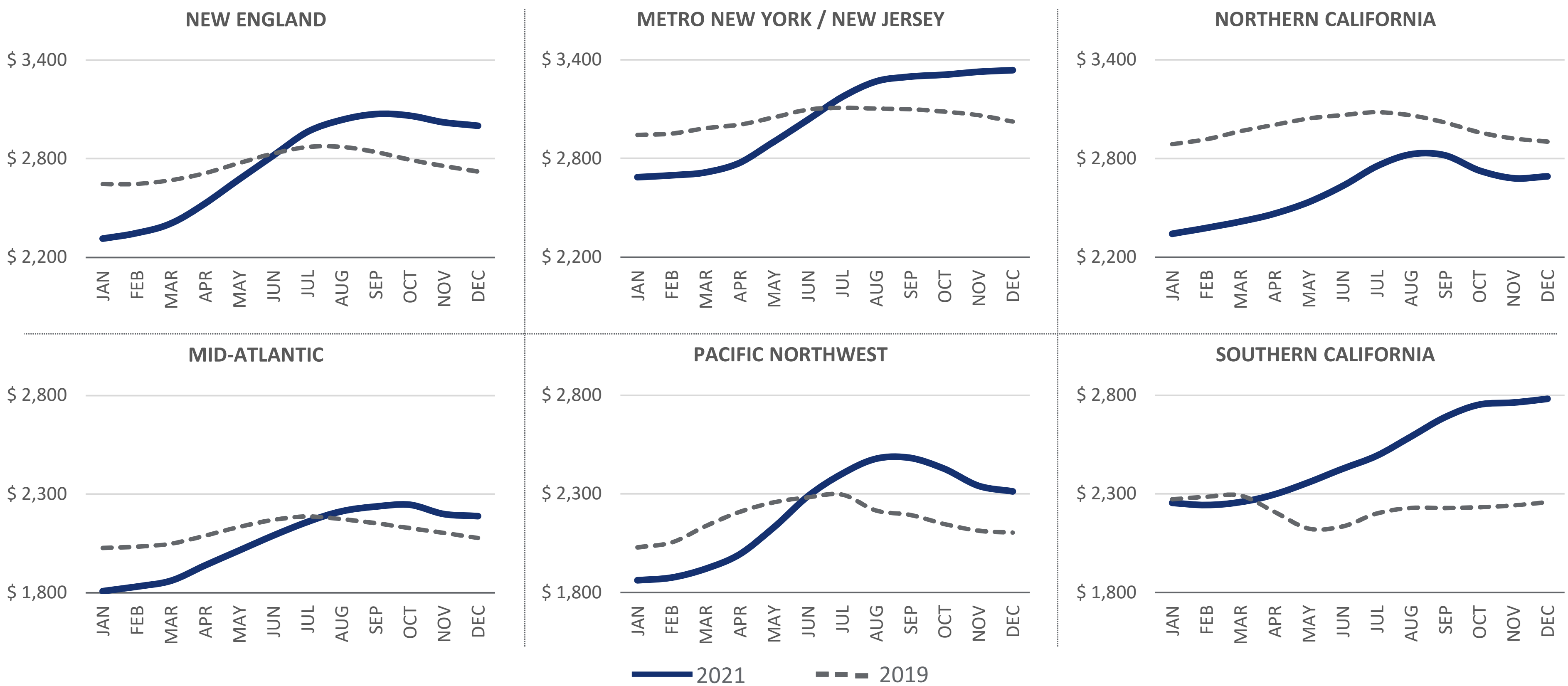


Source: Internal company reports.
(1) Represents the effective rent (net of concessions) for new move-ins only.

NEW ENGLAND HAD THE STRONGEST INCREASE IN MOVE-IN RENT VALUES IN 2021; SO CAL NOW ≈ 21% ABOVE 2019 LEVELS WHILE NO CAL STILL LAGS

AVB SAME STORE MOVE-IN RENT VALUES[1]

BY REGION



Source: Internal company reports.

(1) Represents the effective rent (net of concessions) for new move-ins and includes Established Markets only.

AvalonBay COMMUNITIES

FOLLOWING STRONG GROWTH IN 2021, MOVE-IN RENT VALUES IN SUBURBAN MARKETS WELL ABOVE 2019; URBAN ROUGHLY IN LINE WITH '19

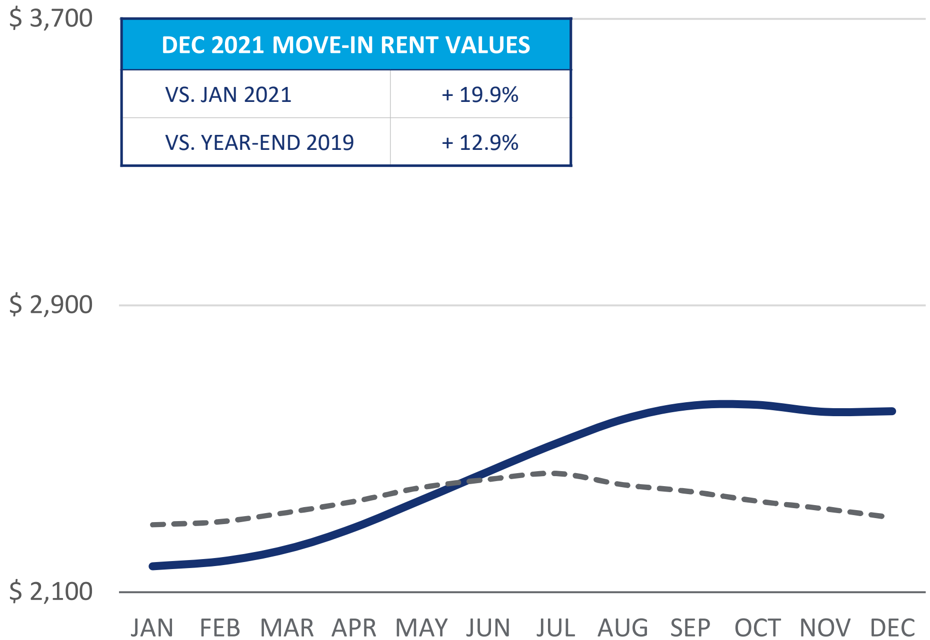
AVB SAME STORE MOVE-IN RENT VALUES[1]

BY SUBMARKET TYPE

SUBURBAN COMMUNITIES

67% OF PORTFOLIO

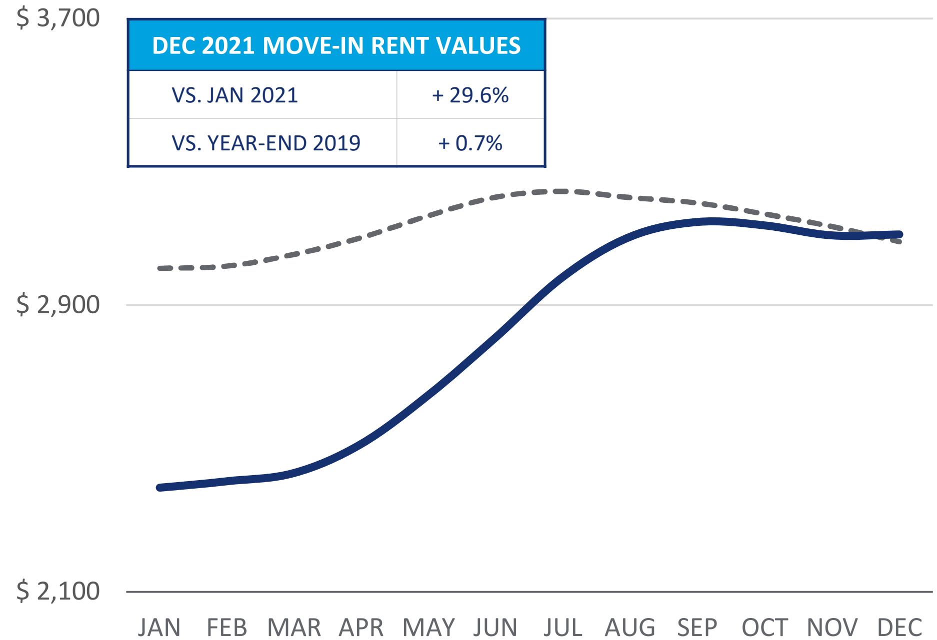
DEC 2021 MOVE-IN RENT VALUES	
VS. JAN 2021	+ 19.9%
VS. YEAR-END 2019	+ 12.9%



URBAN COMMUNITIES

33% OF PORTFOLIO

DEC 2021 MOVE-IN RENT VALUES	
VS. JAN 2021	+ 29.6%
VS. YEAR-END 2019	+ 0.7%



2021 2019

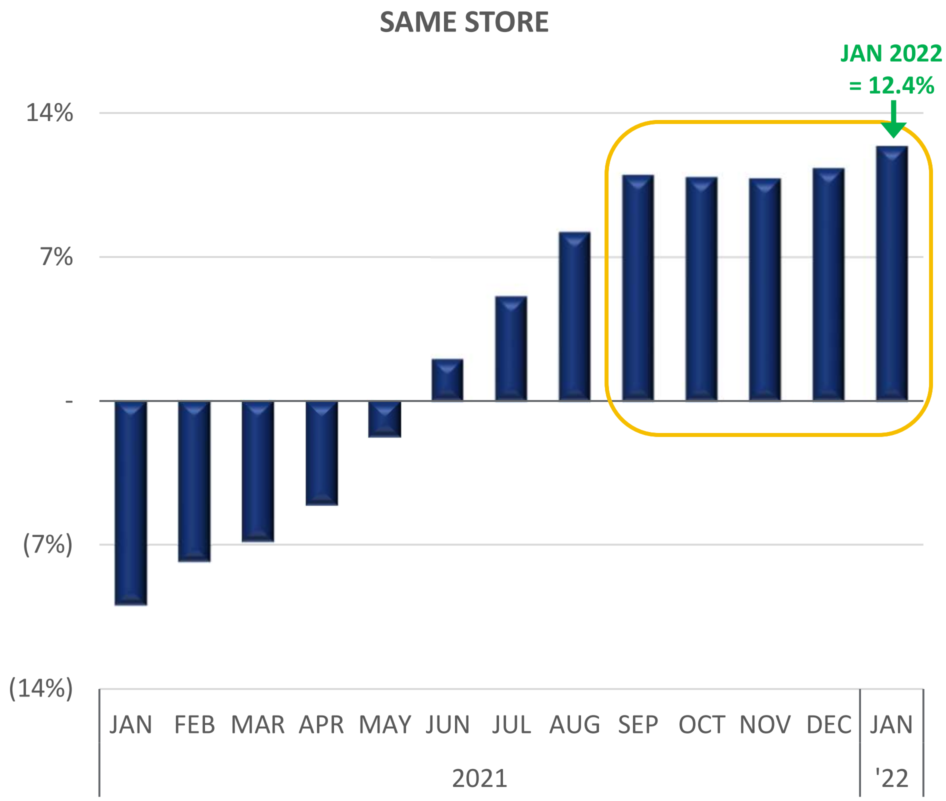
Source: Internal company reports.

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

AvalonBay COMMUNITIES

LIKE-TERM EFFECTIVE RENT CHANGE IMPROVED MEANINGFULLY IN 2021 AND HAS NOW EXCEEDED 10% FOR FIVE CONSECUTIVE MONTHS

AVB LIKE-TERM EFFECTIVE RENT CHANGE(1,2)

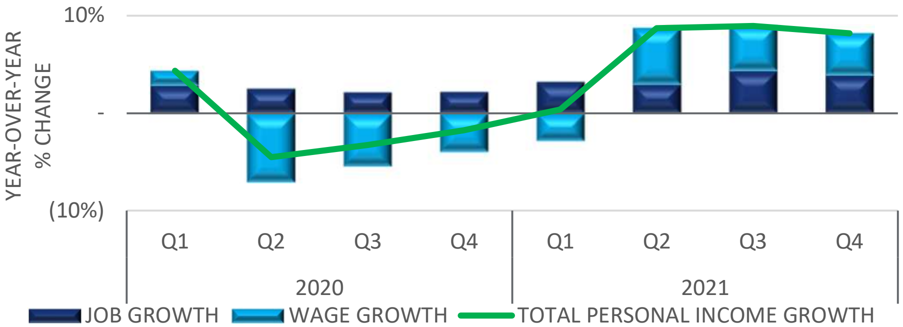


SAME STORE BY REGION	Q4 2021	JANUARY 2022
NEW ENGLAND	11.4%	12.7%
METRO NY/NJ	13.3%	13.7%
MID-ATLANTIC	8.4%	9.7%
SOUTHEAST FLORIDA	26.3%	30.0%
DENVER	11.7%	10.2%
PACIFIC NORTHWEST	13.3%	16.3%
NORTHERN CALIFORNIA	7.6%	11.9%
SOUTHERN CALIFORNIA	11.5%	11.4%
TOTAL	**11.1%**	**12.4%**

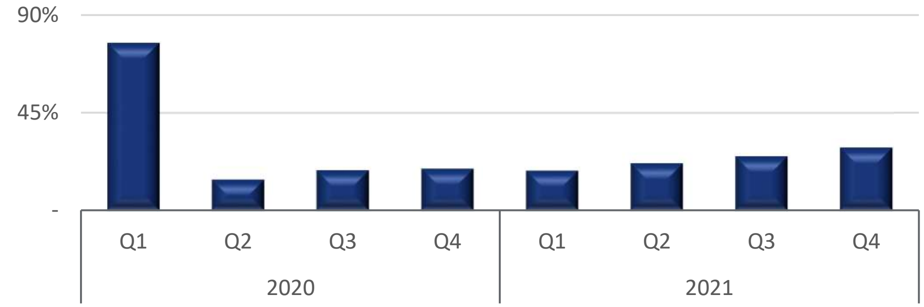
Source: Internal company reports.
(1) Data as of January 31st, 2022.
(2) Represents the effective rent (net of concessions).

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

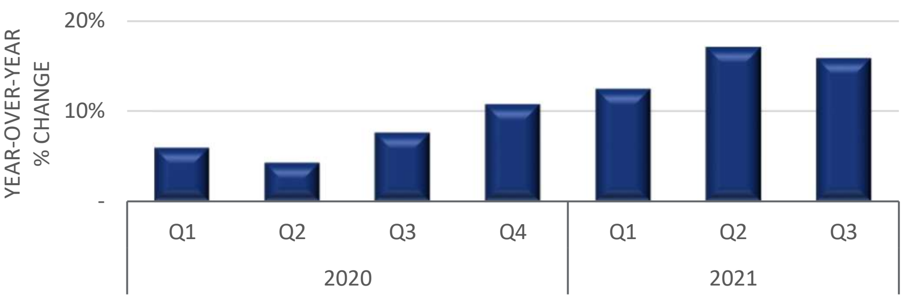
1 **THE LABOR MARKET FOR THE AVB RENTER IS STRONG**
U.S. TOTAL PROFESSIONAL SERVICES JOB AND WAGE GROWTH
SEASONALLY ADJUSTED



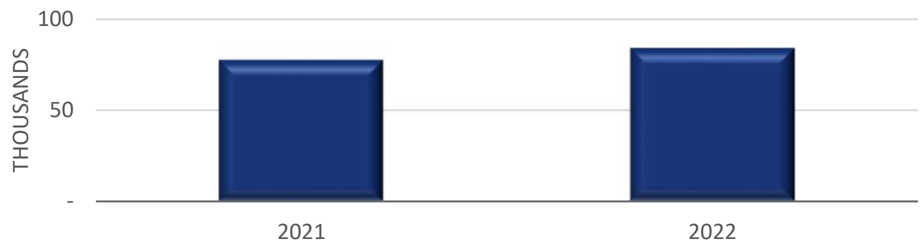
2 **OFFICE USAGE IS EXPECTED TO IMPROVE IN 2022 AND BEYOND**
WORKPLACE OCCUPANCY BAROMETER



3 **RISING HOME PRICES IN AVB MARKETS LIKELY TO FAVOR RENTERSHIP IN THE NEAR TERM…**
HOME PRICE INDEX – PURCHASE ONLY
AVB ESTABLISHED MARKETS



4 **…AND SUPPLY IS PROJECTED TO REMAIN RELATIVELY STABLE IN OUR MARKETS**
MARKET RATE APARTMENT DELIVERIES
AVB ESTABLISHED MARKETS



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

AvalonBay COMMUNITIES

2022 OUTLOOK SUMMARY

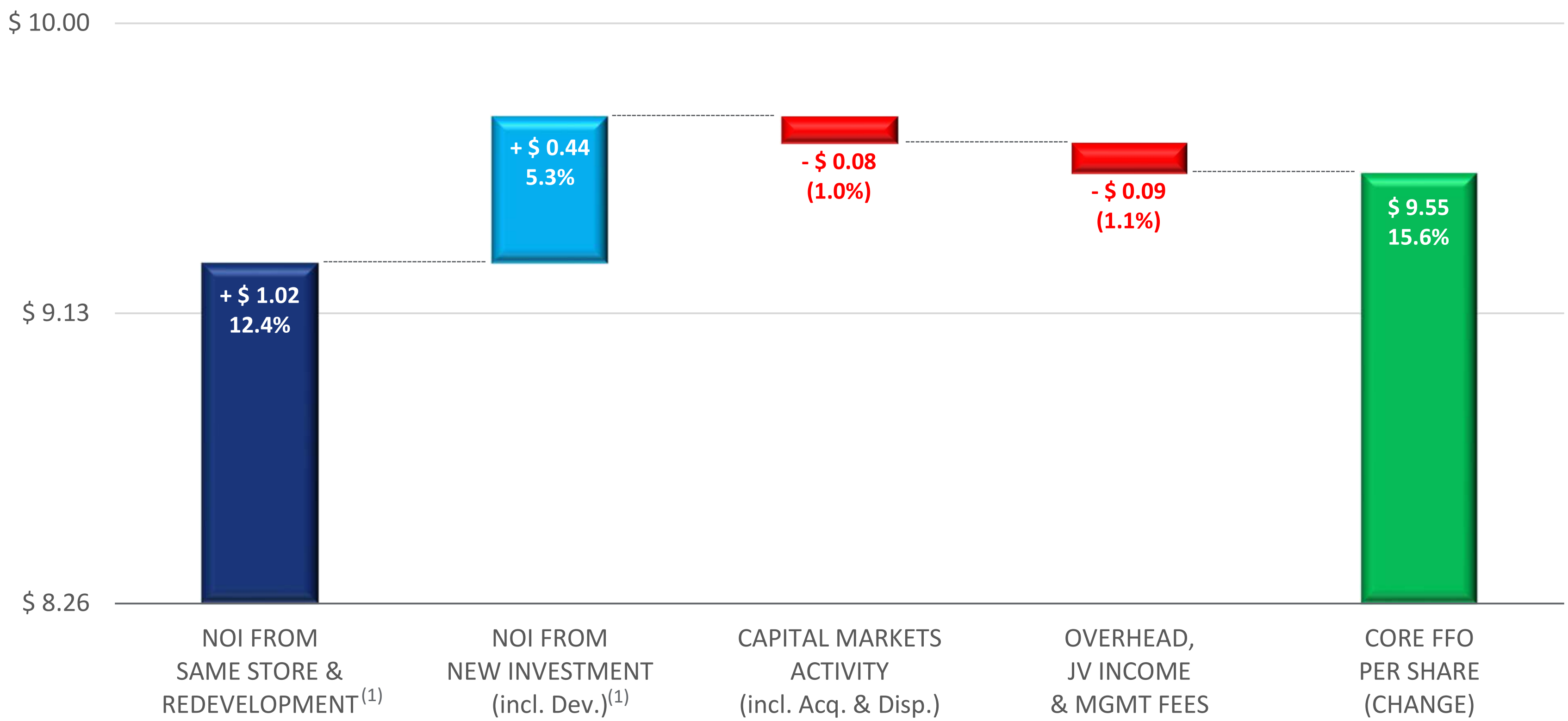
2022 OUTLOOK	FULL YEAR
PROJECTED CORE FFO PER SHARE RANGE	$ 9.30 - $ 9.80
PROJECTED CORE FFO PER SHARE CHANGE AT THE MIDPOINT OF THE OUTLOOK RANGE	15.6%
SAME STORE COMMUNITIES (*RESIDENTIAL ONLY*)	
REVENUE CHANGE	7.25% - 9.25%
OPERATING EXPENSE CHANGE	4.0% - 5.5%
NOI CHANGE	8.50% - 11.50%
DEVELOPMENT ACTIVITY	
EXPECTED TOTAL CAPITAL COST FOR DEVELOPMENT STARTS	$ 1.05B - $ 1.25B
EXPECTED TOTAL CAPITAL COST FOR DEVELOPMENT COMPLETIONS	$ 775M
PROJECTED NOI FROM DEVELOPMENT COMMUNITIES	$ 37M - $ 47M
KEY CAPITAL ITEMS	
NEW CAPITAL SOURCED FROM ASSET AND CONDOMINIUM SALES AND CAPITAL MARKETS ACTIVITY	$ 880M
CAPITAL USED FOR DEBT REDEMPTIONS AND AMORTIZATION	$ 140M
CAPITAL USED FOR DEVELOPMENT AND REDEVELOPMENT ACTIVITY, INCLUDING LAND	$ 1.08B

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

2022 PROJECTED CORE FFO CHANGE EXPECTED TO BE DRIVEN BY A ROBUST CONTRIBUTION FROM THE STABILIZED PORTFOLIO AND NEW INVESTMENT ACTIVITY

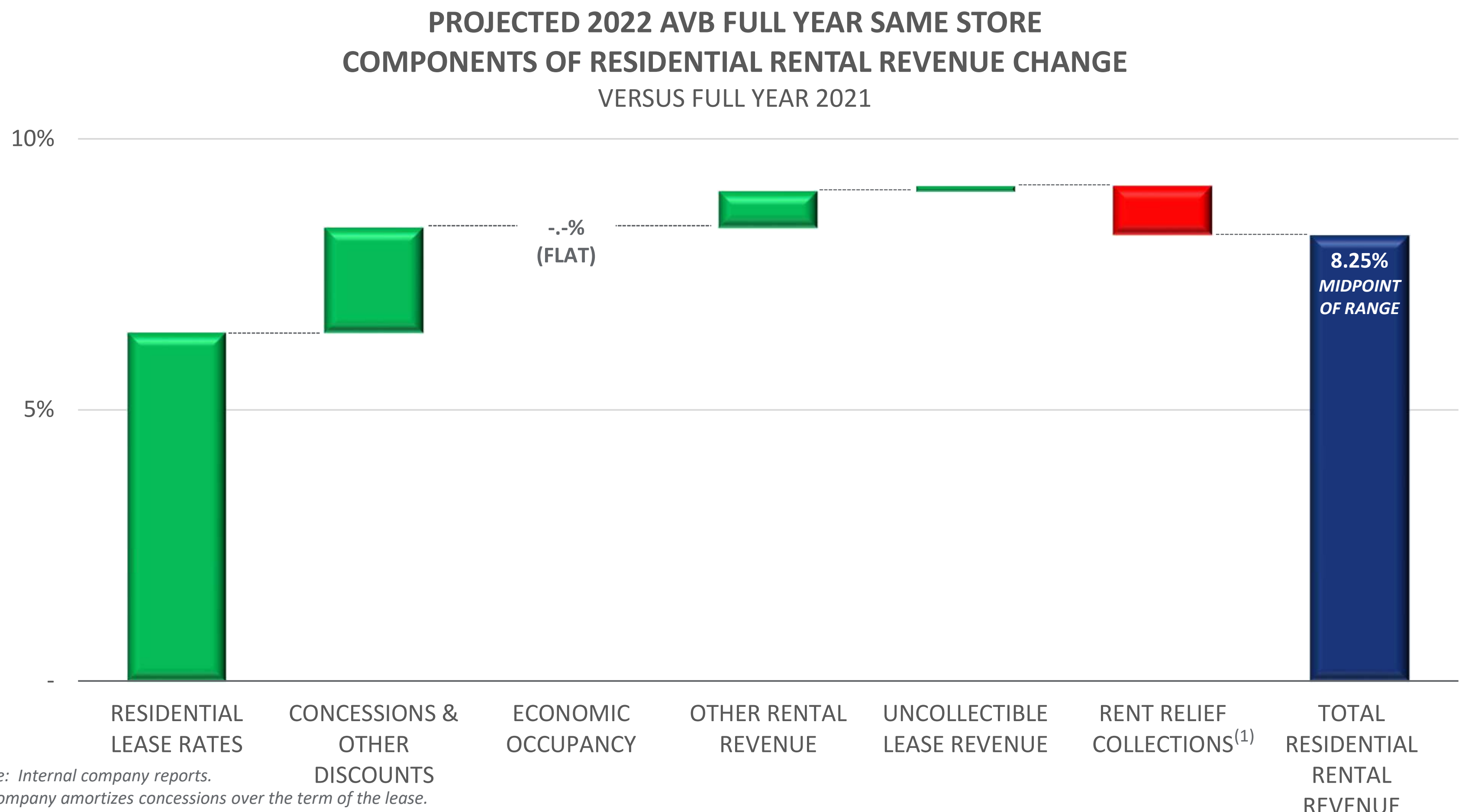
COMPONENTS OF PROJECTED 2022 FULL YEAR CORE FFO PER SHARE CHANGE

BASED ON THE MIDPOINT OF OUTLOOK



Source: Internal company reports.
See Appendix for a reconciliation of Projected Net Income attributable to common shareholders to Projected FFO and to Projected Core FFO.
(1) Includes Commercial NOI.

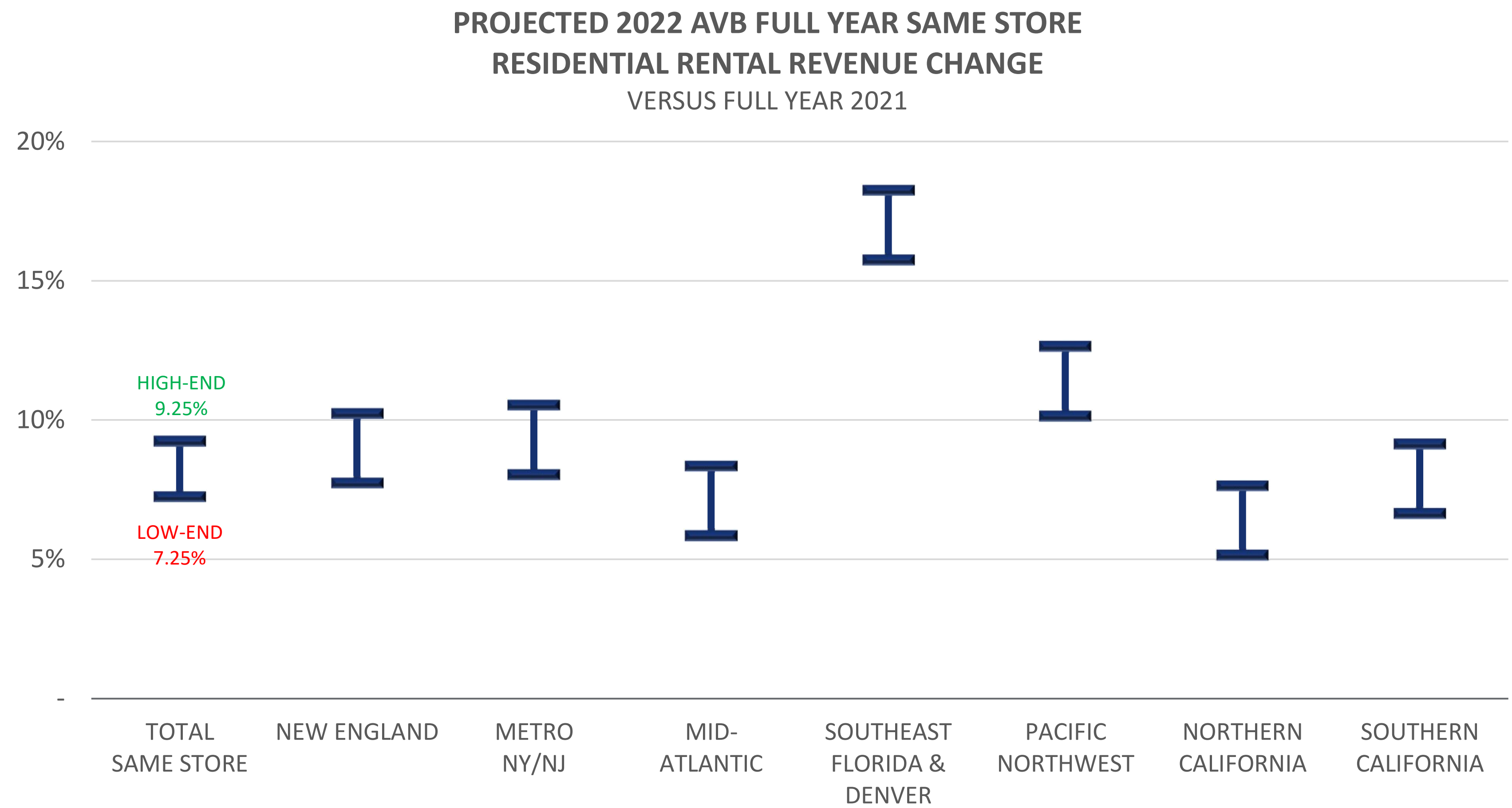
HIGHER LEASE RATES, REDUCED CONCESSIONS AND INCREASED OTHER RENTAL REVENUE EXPECTED TO DRIVE AN 8.25% INCREASE IN '22 SAME STORE REVENUE



Source: Internal company reports.
The Company amortizes concessions over the term of the lease.
(1) Rent relief collections recognized by the Company from the Emergency Rental Assistance Program administered by the U.S. Department of Treasury to assist households that are unable to pay rent and utilities due to the COVID-19 pandemic. In 2022, the Company expects to recognize ≈ $14 million of rent relief collections for Same Store communities, as compared to ≈ $ 32 million (including accruals) of rent relief collections in 2021.

AvalonBay COMMUNITIES

SE FLORIDA, DENVER AND THE PACIFIC NW ARE PROJECTED TO PRODUCE THE STRONGEST YEAR-OVER-YEAR RENTAL REVENUE GROWTH

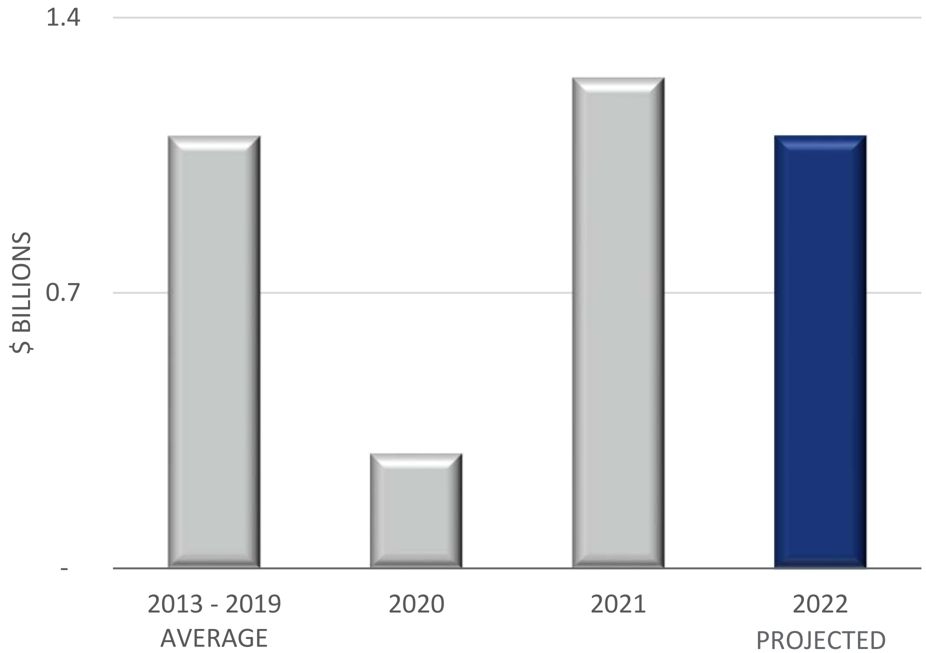


Source: Internal company reports.

RAMPING DEVELOPMENT VOLUME;
RECENT STARTS GEOGRAPHICALLY DIVERSE, PRIMARILY SUBURBAN

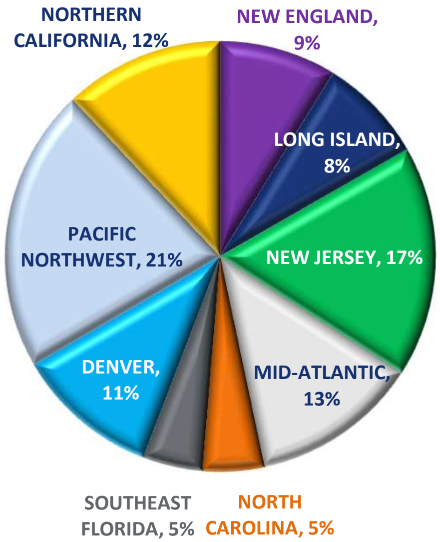
AVB DEVELOPMENT

START VOLUME[1]

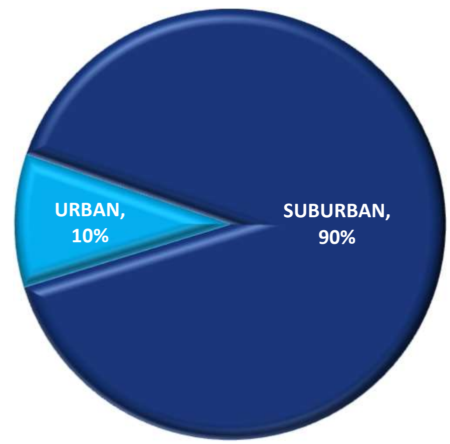


2021 AND PROJECTED 2022 STARTS

BY REGION



BY SUBMARKET TYPE



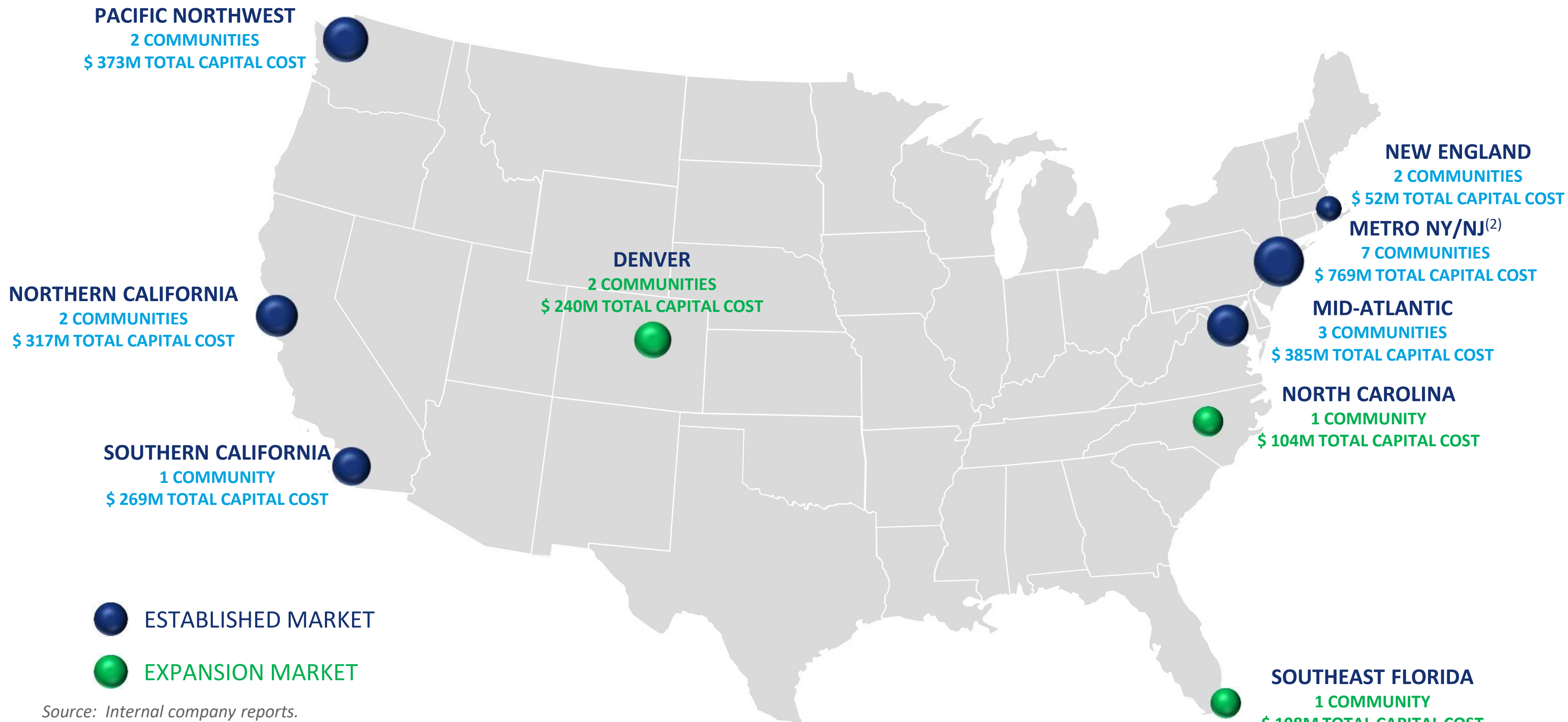
WTD. AVG. INITIAL PROJECTED STABILIZED YIELD OF CURRENT DEVELOPMENT UNDERWAY: 6.0%

Source: Internal company reports.
(1) Presented at share.

DEVELOPMENT RIGHTS PIPELINE ≈ $2.6B AND BUILDING TOWARDS $4B, WHICH IS EXPECTED FUEL FUTURE FFO AND NAV GROWTH

AVB DEVELOPMENT RIGHTS PIPELINE BY REGION(1)

≈ 70% SUBURBAN | ≈ 30% URBAN



Source: Internal company reports.

Bubble size denotes projected Total Capital Cost of Development Right(s).

(1) Excludes Asset Densification Development Rights and Development Rights approved in January 2022 totaling ≈ $1.4 billion in aggregate projected Total Capital Cost.

(2) One Development Right on Long Island (≈ $50 million in projected Total Capital Cost); the remaining Development Rights are in New Jersey.

Key themes that guide us in 2022

- Development platform producing meaningful earnings growth and value creation with spreads 200 to 250 basis points above prevailing cap rates
- Optimizing portfolio as we grow –
  - → Continuing to acquire communities in Expansion Markets primarily with capital from the disposition of older communities in the Northeast
  - → Portfolio of 2/3rds suburban and 1/3rd urban set to capture additional growth
  - → Targeting 20% to 25% of portfolio in Expansion Markets
- Operating model expected to deliver incremental earnings through NOI margin improvement (*≈ 200 basis points*) and additional revenue sources
- Established ESG leadership increasingly important to municipalities, customers, and investors
- Ongoing commitment to investing in our people and culture

Source: Internal company reports.

AvalonBay COMMUNITIES

Forward-Looking Statements

- This presentation dated February 2, 2022 is provided in connection with AvalonBay's fourth quarter 2021 earnings conference call on February 3, 2022. This presentation is intended to accompany AvalonBay's earnings release dated February 2, 2022 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 23 to 28 in this presentation in addition to Attachment 14 to the earnings release.

- This presentation dated February 2, 2022 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

Asset Densification Development Rights are when the Company develops additional apartment homes at existing stabilized operating communities the Company owns, and will be constructed on land currently associated with those operating communities.

Commercial represents results attributable to the non-apartment components of the Company's mixed-use communities and other non-residential operations

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.

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

Expansion Markets include Raleigh-Durham and Charlotte, North Carolina, Southeast Florida, Dallas and Austin, Texas, and Denver, Colorado.

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.

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

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. A reconciliation of Net income attributable to common stockholders to FFO and to Core FFO is on the following page (dollars in thousands):

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

	Q4 2021	Q4 2020	FULL YEAR 2021	FULL YEAR 2020
Net income attributable to common stockholders	$ 335,209	$ 341,128	$ 1,004,299	$ 827,630
Depreciation - real estate assets, including joint venture adjustments	195,749	176,840	753,755	704,331
Distributions to noncontrolling interests	12	12	48	48
Gain on sale of unconsolidated entities holding previously depreciated real estate	-	-	(23,305)	(5,157)
Gain on sale of previously depreciated real estate	(213,881)	(249,106)	(602,235)	(340,444)
Casulty and impairment loss on real estate	2	-	3,119	-
FFO attributable to common stockholders	317,091	268,874	1,135,681	1,186,408
Adjusting items:				
Unconsolidated entity (gains) losses, net	(5,814)	289	(14,870)	375
Business interruption insurance proceeds	-	-	-	(385)
Lost NOI from casualty losses covered by business interruption insurance	-	-	-	48
Loss on extinguishment of consolidated debt	19	-	17,787	9,333
Gain on interest rate contract	-	(2,894)	(2,654)	(2,894)
Advocacy contributions	59	5,484	59	8,558
Executive transition compensation costs	411	-	3,010	-
Severance related costs	(73)	27	313	2,142
Development pursuit write-offs and expensed transaction costs, net of recoveries	788	7,907	1,363	11,443
Gain on for-sale condominiums	(1,059)	(39)	(3,110)	(8,213)
For-sale condominium marketing, operating and administrative costs	634	1,650	4,087	5,662
For-sale condominium imputed carry cost	1,252	2,304	7,031	11,317
Gain on other real estate transactions, net	(95)	(112)	(2,097)	(440)
Legal settlements	39	455	1,139	490
Income tax expense (benefit)	4,299	(2,178)	5,733	(3,247)
Core FFO attributable to common stockholders	$ 317,551	$ 281,767	$ 1,153,472	$ 1,220,597
Average shares outstanding - diluted	139,928,816	139,632,368	139,717,399	140,435,195
Earnings per share - diluted	$ 2.40	$ 2.44	$ 7.19	$ 5.89
FFO per common share - diluted	$ 2.27	$ 1.93	$ 8.13	$ 8.45
Core FFO per common share - diluted	$ 2.27	$ 2.02	$ 8.26	$ 8.69

AvalonBay COMMUNITIES

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

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 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.

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

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

Projected FFO and Projected Core FFO, 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 fourth quarter and full year 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) - Full Year 2022	$ 6.56	$ 7.06
Depreciation (real estate related)	5.68	5.68
Gain on sale of communities	(2.96)	(2.96)
Projected FFO per share (diluted) - Full Year 2022	$ 9.28	$ 9.78
Adjustments related to residential for-sale condominiums at The Park Loggia	(0.01)	(0.01)
Non-core transaction activity	(0.01)	(0.01)
Development pursuit write-offs and expensed transaction costs, net of recoveries	0.01	0.01
Executive transition compensation costs	0.01	0.01
Income tax expense	0.02	0.02
Projected Core FFO per share (diluted) - Full Year 2022	$ 9.30	$ 9.80

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

Projected NOI, as used within this presentation for certain Development communities and in calculating the Market 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 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 presentation the Company has not given a projection of NOI on a company-wide basis. Given the different dates and fiscal years for which NOI is projected for these communities, the projected allocation of corporate-level property management overhead, general and administrative costs and interest expense to communities under development is complex, impractical to develop, and may not be meaningful. Projected NOI of these communities is not a projection of the Company's overall financial performance or cash flow. There can be no assurance that the communities under development will achieve the Projected NOI as described in this presentation.

AvalonBay COMMUNITIES

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

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

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

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.