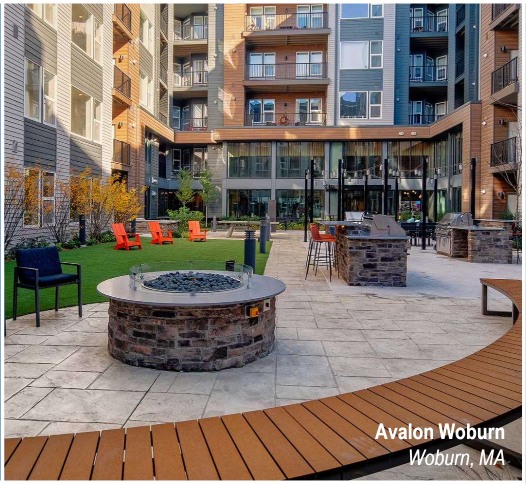


Avalon Woburn
Woburn, MA

Kanso Twinbrook
Rockville, MD

AVA Hollywood at La Pietra Place
Los Angeles, CA

AvalonBay
COMMUNITIES

INVESTOR TELECONFERENCE PRESENTATION

Fourth Quarter 2022
February 8, 2023

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

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

PARTICIPANTS

BEN SCHALL	CHIEF EXECUTIVE OFFICER & PRESIDENT
KEVIN O'SHEA	CHIEF FINANCIAL OFFICER
MATT BIRENBAUM	CHIEF INVESTMENT OFFICER
SEAN BRESLIN	CHIEF OPERATING OFFICER

REVIEW OF FOURTH QUARTER AND FULL YEAR 2022 RESULTS AND ACTIVITY

FOURTH QUARTER | FULL YEAR 2022 RESULTS & ACTIVITY	Q4	FULL YEAR
CORE FFO PER SHARE YEAR-OVER-YEAR GROWTH	14.1%	18.5%
SAME STORE RESIDENTIAL RENTAL REVENUE YEAR-OVER-YEAR GROWTH	10.3%	10.9%
DEVELOPMENT COMPLETIONS | WTD. AVG. INITIAL PROJECTED STABILIZED YIELD(1)	\$ 95M | 7.5%	\$ 690M | 6.4%
DEVELOPMENT STARTS	\$ 65M	\$ 730M
CAPITAL RAISED | WTD. AVG. INITIAL COST OF CAPITAL(2)	\$ 515M | 4.3%	\$ 1.5B | 4.1%
EQUITY FORWARD | % OF PROCEEDS AVAILABLE FOR SETTLEMENT IN 2023(3)	N/A	\$ 495M | 100%

Source: Internal company reports.
See Appendix for a reconciliation of Net Income attributable to common shareholders to FFO and to Core FFO.
(1) Development completions and the weighted average Initial Projected Stabilized Yield include wholly-owned Development completions only.
(2) 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.
(3) In April 2022, in connection with an underwritten offering of shares, the Company entered into forward contracts to sell 2,000,000 shares of common stock by the end of 2023 for approximate proceeds of \$494.2 million net of offering fees and discounts based on the initial forward price. The proceeds that the Company expects to receive on the date or dates of settlement are subject to certain customary adjustments during the term of the forward contract for the Company's dividends and a daily interest charge.

AvalonBay COMMUNITIES

Operating model transformation delivered ≈ $11M of incremental NOI in 2022, with meaningful contributions expected in 2023

- **Continued to deploy *Avalon Connect*** (our Bulk Internet | Managed Wi-Fi and Smart Home technology offering) **across the portfolio**
  - → In the aggregate, generated nearly $2 million of incremental NOI
    - Generated ≈ $2.5 million of *annualized* incremental NOI in the fourth quarter
- **Expanded on-demand furnished housing program**
  - → Produced ≈ $1 million of incremental NOI
- **Digitalization and automation efforts increased operating efficiencies**
  - → Onsite office headcount declined by ≈ 5%, which delivered ≈ $4 million in office labor savings
  - → Onsite maintenance headcount declined by ≈ 4%, which resulted in ≈ $4 million of maintenance labor savings

Source: Internal company reports.
All data presented above is for Same Store communities only.
Incremental NOI represents NOI recognized by the Company in 2022 that was not present in the prior year period.

AvalonBay COMMUNITIES

CONTINUED TO REALLOCATE CAPITAL FROM ESTABLISHED REGIONS INTO EXPANSION REGIONS

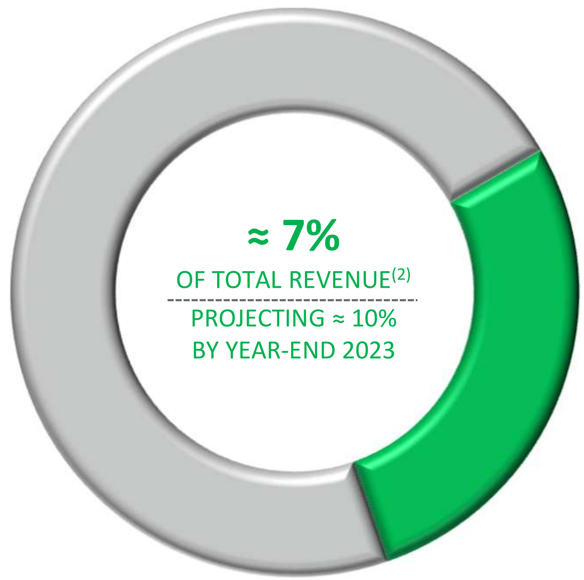
PORTFOLIO MANAGEMENT

2022 ACTIVITIES[1]

ACTIVITY	COMMUNITIES	REGION	AGGREGATE
DISPOSITIONS	9	ESTABLISHED	SALES PRICE ≈ $ 925M
ACQUISITIONS	4	EXPANSION	PURCHASE PRICE ≈ $ 535M
DEVELOPMENT STARTS	2	EXPANSION	PROJECTED TOTAL CAPITAL COST ≈ $ 260M

PROGRESS TOWARD LONG-TERM TARGET EXPANSION REGION ALLOCATION

TARGET: ≈ 25% OF TOTAL REVENUE



Source: Internal company reports.

(1) Includes wholly-owned apartment community dispositions only.
The dispositions of Avalon Green I, Avalon Green II, and Avalon Green III located in Elmsford, NY are reflected as one community on the 2022 activities map.

(2) Includes actual 2022 total revenue for all communities with Stabilized Operations throughout the entire 12-month period ending 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.

DFP PROVIDES INCREASED ACCESS TO DEVELOPMENT OPPORTUNITIES IN EXPANSION REGIONS; SIP GENERATES ATTRACTIVE, RISK ADJUSTED RETURNS

DEVELOPER FUNDING PROGRAM ("DFP")

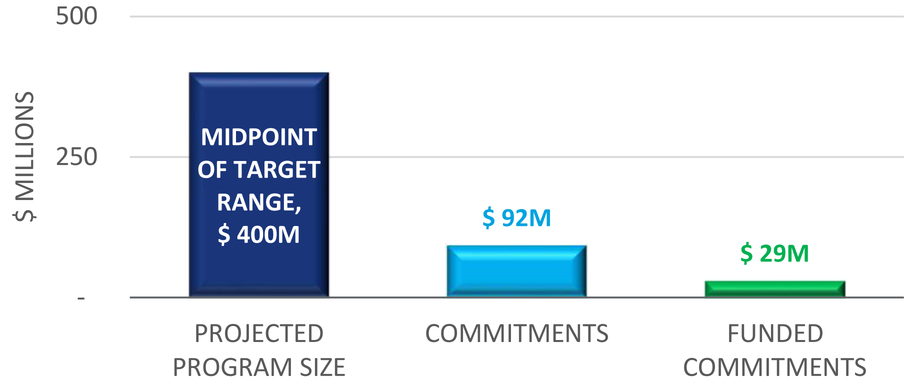
- SOURCE MULTIFAMILY DEVELOPMENT OPPORTUNITIES IN EXPANSION REGIONS THROUGH THIRD-PARTY DEVELOPERS
- PROJECTS ARE 100% OWNED AND FUNDED BY AVB; THIRD-PARTY DEVELOPERS MANAGE PROJECT AND PROVIDE COST-OVERRUN GUARANTEES
- TWO DFP PROJECTS CURRENTLY UNDER CONSTRUCTION, WITH A THIRD EXPECTED TO BEGIN CONSTRUCTION IN EARLY 2023

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 DECEMBER 31, 2022



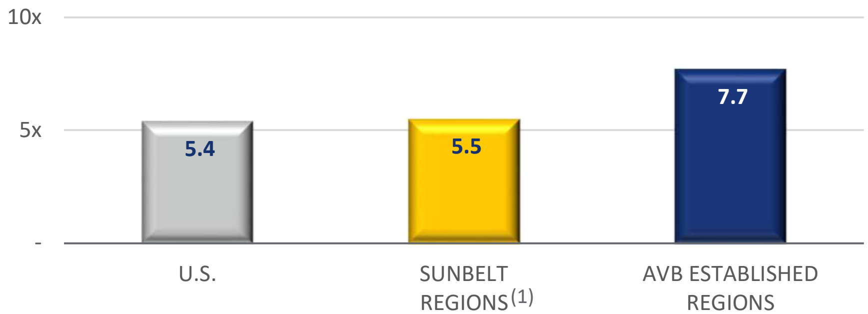
Source: Internal company reports.

AVB PORTFOLIO WEIGHTED TOWARDS REGIONS AND SUBMARKETS WITH STRUCTURAL ADVANTAGES

1

BARRIERS TO HOMEOWNERSHIP CONTINUE TO SUPPORT APARTMENT DEMAND IN AVB ESTABLISHED REGIONS

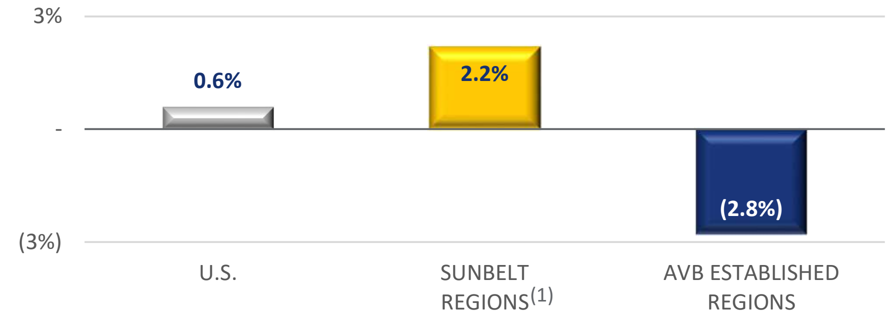
Q4 2022 MEDIAN HOME PRICE / Q4 2022 ANNUAL MEDIAN HOUSEHOLD INCOME



2

RENTAL AFFORDABILITY NOT AS STRETCHED IN AVB ESTABLISHED REGIONS

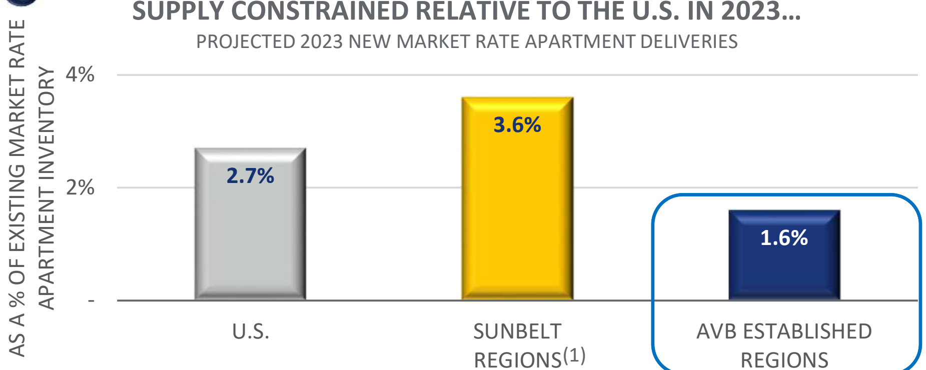
Q4 2015 TO Q4 2022 CHANGE IN ANNUAL EFFECTIVE RENT[2] / ANNUAL MEDIAN HOUSEHOLD INCOME



3

AVB ESTABLISHED REGIONS PROJECTED TO REMAIN SUPPLY CONSTRAINED RELATIVE TO THE U.S. IN 2023…

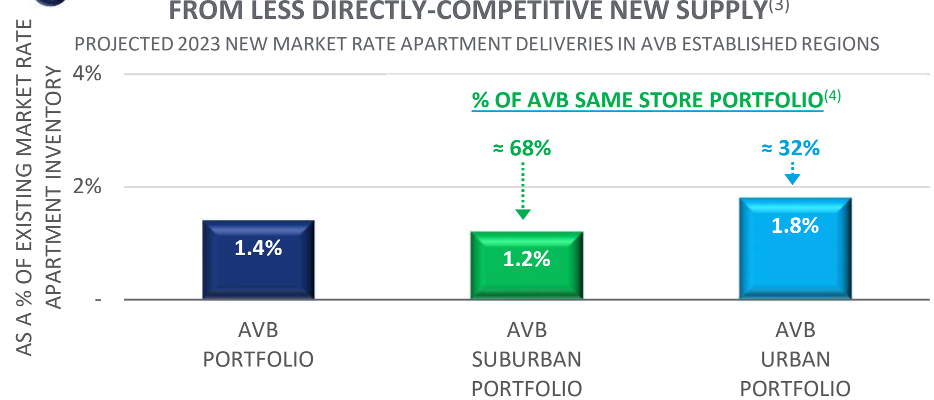
PROJECTED 2023 NEW MARKET RATE APARTMENT DELIVERIES



4

…AND THE PORTFOLIO IS EXPECTED TO BENEFIT FROM LESS DIRECTLY-COMPETITIVE NEW SUPPLY[3]

PROJECTED 2023 NEW MARKET RATE APARTMENT DELIVERIES IN AVB ESTABLISHED REGIONS



Source: U.S. Bureau of Labor Statistics, CoStar, AVB Market Research Group.

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

(2) Effective rent is net of concessions.

(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 projected 2023 full year Same Store Residential rental revenue.

FULL YEAR 2023 OUTLOOK SUMMARY

2023 OUTLOOK[1]	FULL YEAR
PROJECTED CORE FFO PER SHARE GROWTH AT THE MIDPOINT OF THE OUTLOOK RANGE	5.3%
SAME STORE COMMUNITIES (*RESIDENTIAL ONLY*)	
RENTAL REVENUE GROWTH	5.0%
OPERATING EXPENSE GROWTH	6.5%
NOI GROWTH	4.25%
DEVELOPMENT ACTIVITY	
TOTAL CAPITAL COST FOR DEVELOPMENT STARTS	$ 875M
RESIDENTIAL NOI FROM DEVELOPMENT COMMUNITIES	$ 21M
KEY CAPITAL ITEMS	
CAPITAL SOURCED FROM 2022 EQUITY FORWARD[2]	$ 490M
NEW CAPITAL SOURCED FROM CAPITAL MARKETS ACTIVITY AND ASSET SALES	$ 400M
CAPITAL USED FOR INVESTMENT ACTIVITIES[3]	$ 1.2B
CAPITAL USED FOR DEBT REDEMPTIONS AND AMORTIZATION	$ 610M

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.

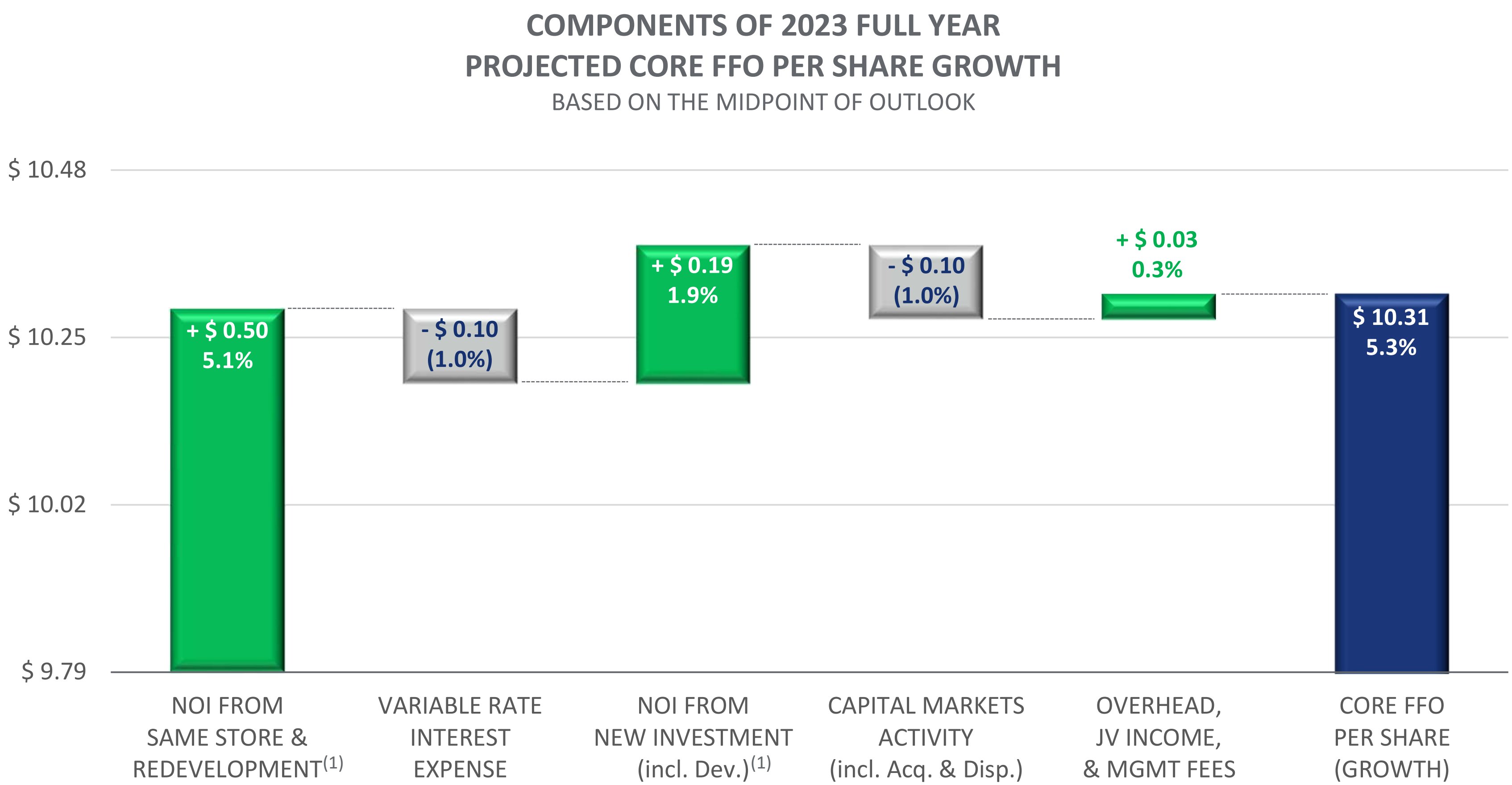
(1) Same Store Residential rental revenue, operating expense, NOI growth, and Residential NOI from Development communities are based on the midpoints of the outlook ranges as provided on Attachment 13 in the Company's earnings supplement dated February 8, 2023.

(2) Includes projected net proceeds from the Company's equity forward as described in footnote 3 on page 4 of this presentation.

(3) Includes development and redevelopment activity, including land, SIP and joint venture funding.

AvalonBay COMMUNITIES

PROJECTED CORE FFO PER SHARE GROWTH EXPECTED TO BE DRIVEN BY THE STABILIZED PORTFOLIO IN 2023…

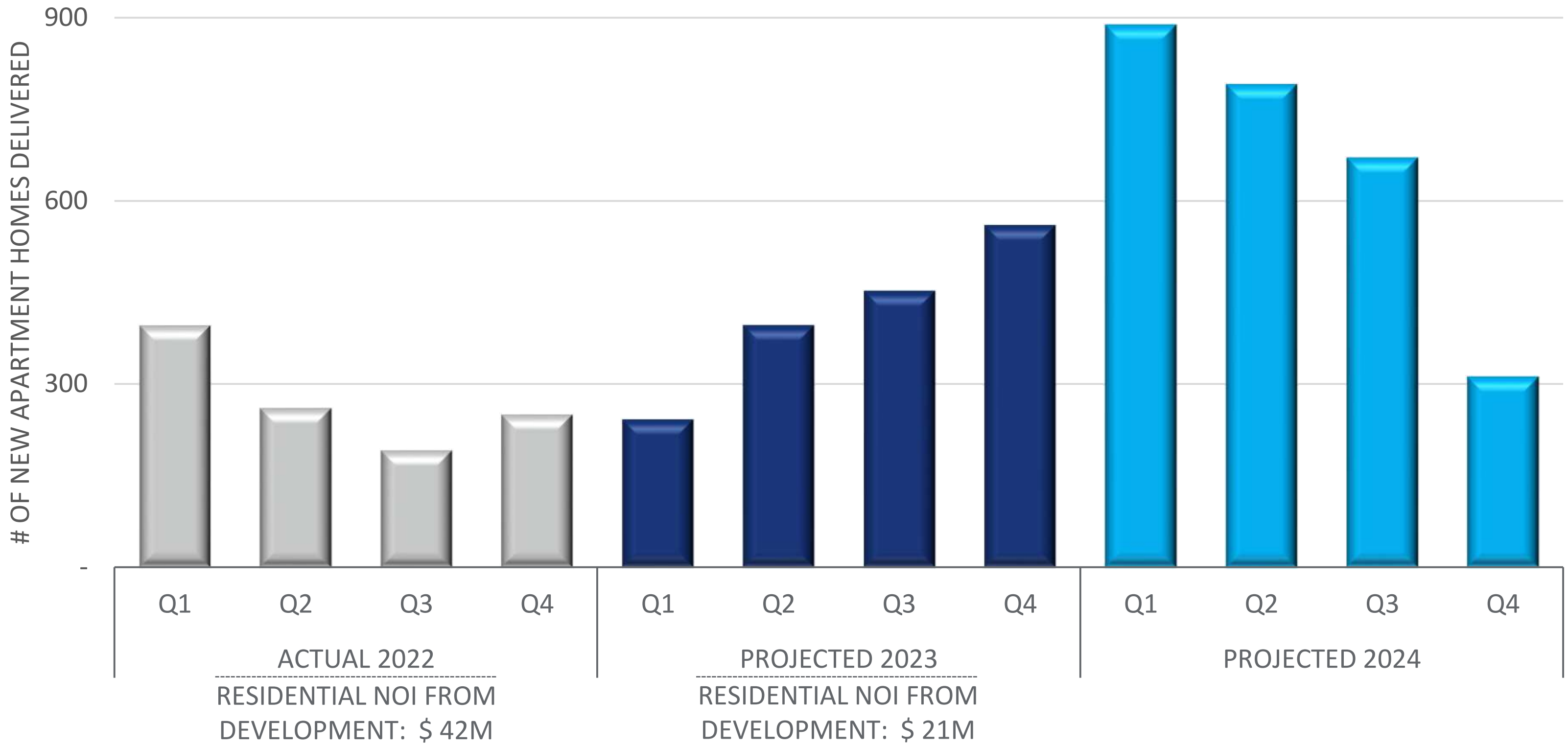


Source: Internal company reports.
See Appendix for a reconciliation of Projected Net Income attributable to common shareholders to Projected FFO and to Projected Core FFO.
(1) Includes Commercial NOI.

…WITH THE CONTRIBUTION FROM NEW DEVELOPMENT ACTIVITY EXPECTED TO INCREASE LATE IN THE YEAR AND INTO 2024

DEVELOPMENT DELIVERIES

ACTUAL & PROJECTED 2022 TO 2024 DEVELOPMENT DELIVERIES[1]



Source: Internal company reports.
NOI from Development represents NOI from communities classified as Development communities in each calendar year only.
(1) Includes wholly-owned development communities that are currently under construction only.

AvalonBay COMMUNITIES

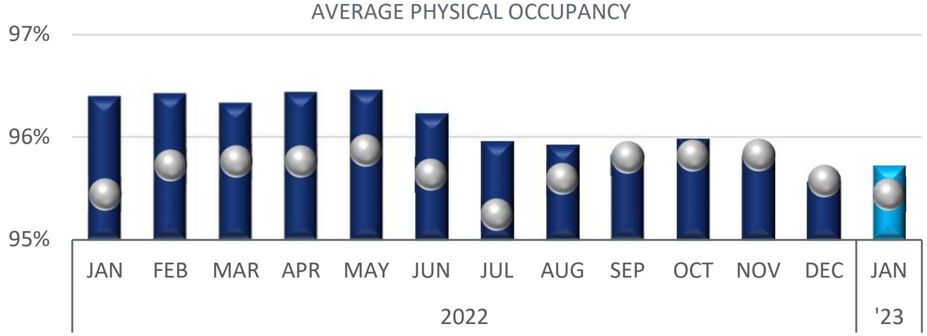
SAME STORE PORTFOLIO TRENDS WERE VERY STRONG FOR MUCH OF 2022 BUT DECELERATED TOWARD PRE-PANDEMIC LEVELS BY THE END OF THE YEAR

AVB SAME STORE

2018 – 2019 AVERAGE

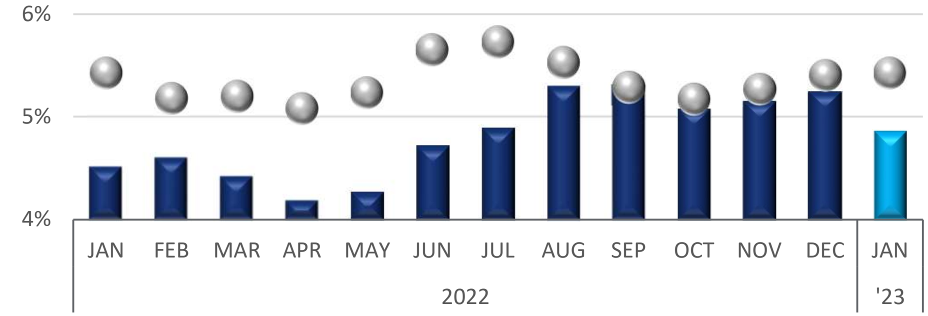
1 PHYSICAL OCCUPANCY TRENDED TO 2018 - 2019 LEVELS IN LATE 2022…

AVERAGE PHYSICAL OCCUPANCY



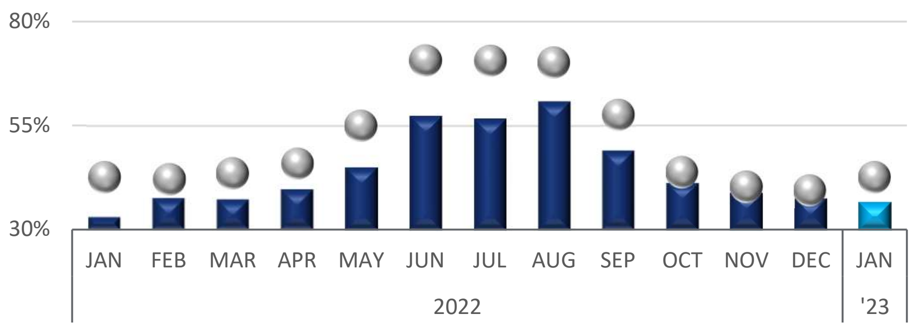
2 …AS DID AVAILABILITY

30-DAY AVAILABILITY



3 TURNOVER ALSO NORMALIZED IN THE FOURTH QUARTER…

ANNUALIZED TURNOVER



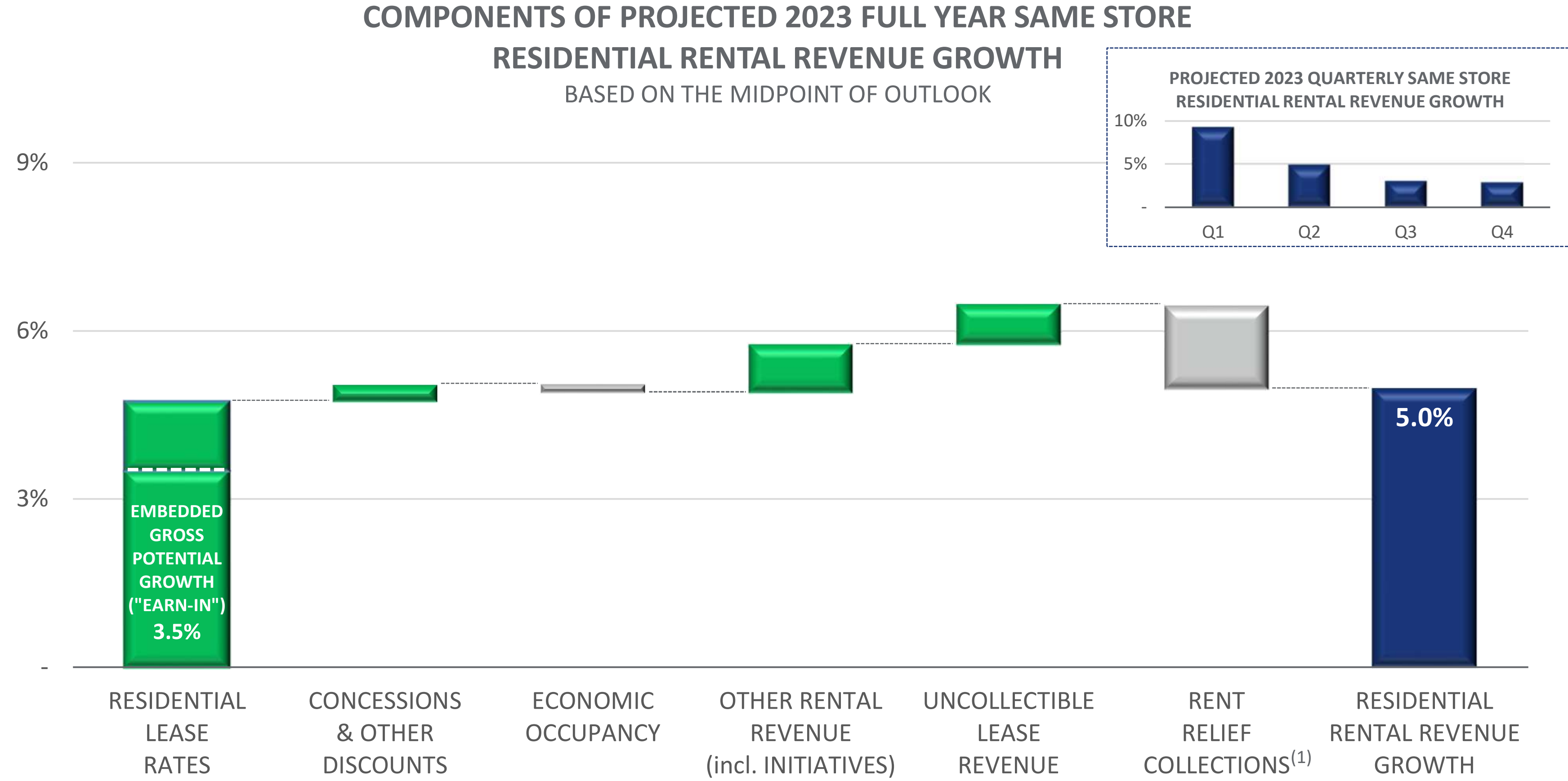
4 …AND SEASONALITY RETURNED, WITH MOVE-IN RENT VALUES DECLINING THROUGH THE SECOND HALF OF 2022

MOVE-IN RENT VALUES[(1)]

Source: Internal company reports.

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

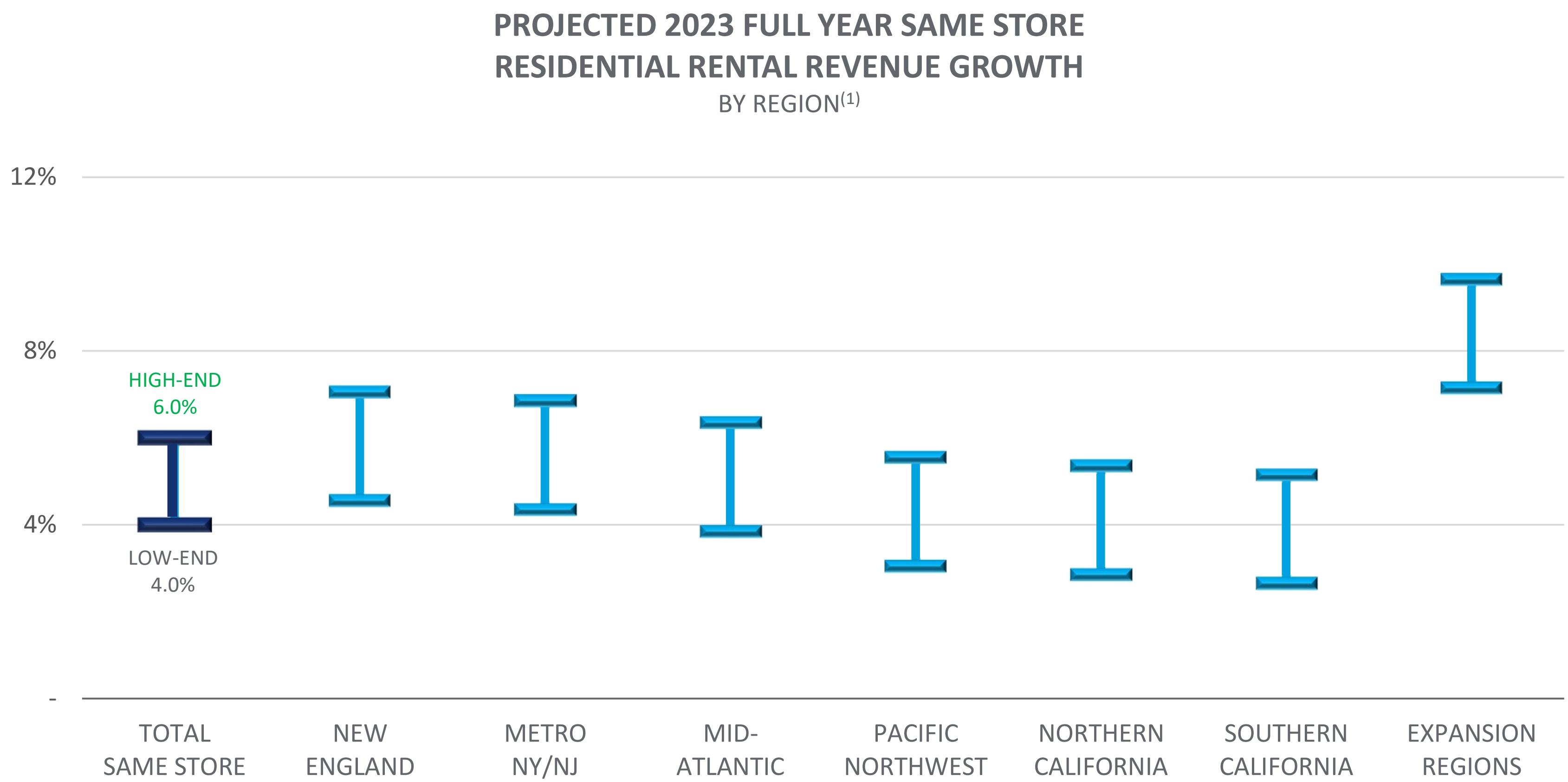
2023 Same Store revenue growth expected to be driven by lease rates and other rental revenue; decreased rent relief a material headwind



Source: Internal company reports.

(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 2023, the Company expects to recognize ≈ $4 million of rent relief collections for Same Store communities, as compared to ≈ $ 40 million (including accruals) of rent relief collections for Same Store communities in 2022.

SAME STORE REVENUE GROWTH ANTICIPATED TO BE STRONGER ON THE EAST COAST THAN THE WEST COAST IN 2023



Source: Internal company reports.

(1) Based on the Company's 2023 expectation for rent relief collections for Same Store communities as described in footnote 1 on page 13 of this presentation, the Company projects that the decrease in expected rent relief collections in 2023 as compared to 2022 will negatively impact full year 2023 Same Store Residential rental revenue growth by the following amounts: New England: 90 basis points, Metro NY/NJ: 90 basis points, Mid-Atlantic: 50 basis points, Pacific Northwest: 30 basis points, Northern California: 130 basis points, Southern California: 390 basis points, Expansion Regions: 80 basis points. These amounts are included in the projections provided above.

AvalonBay COMMUNITIES

2023 SAME STORE EXPENSE GROWTH PROJECTED TO BE ELEVATED, PRIMARILY DUE TO INITIATIVE-RELATED EXPENSES AND THE PHASE-OUT OF TAX ABATEMENTS

SELECT COMPONENTS OF PROJECTED 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]	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[2]		+ 0.7%
PROJECTED FULL YEAR SAME STORE RESIDENTIAL OPERATING EXPENSE GROWTH (MIDPOINT)		= 6.5%

Source: Internal company reports.

(1) Represents the Company's Bulk Internet | Managed Wi-Fi and Smart Home technology programs, which 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 Company expects to incur ≈ $5 million of incremental Same Store Residential property tax expense in 2023 due to 421-a property tax exemption and abatement reductions in its New York City portfolio.

INNOVATION JOURNEY EXPECTED TO ACCELERATE AND ESTIMATED TO DELIVER ≈ $11M OF INCREMENTAL NOI IN 2023

AVALON CONNECT

RELIABLE, HIGH-SPEED INTERNET SERVICES, AND SMART HOME ACCESS AND SMART HOME DEVICES THAT ARE PRODUCING MEANINGFUL ECONOMIC RETURNS

STATUS: IN PROGRESS — **ADDITIONAL DEPLOYMENTS**

ACTUAL 2022 | PROJECTED 2023	2022	2023[1]
INCREMENTAL NOI FROM INITIATIVE:	$ 2M	$ 5M

FURNISHED APARTMENTS

ON-DEMAND FURNISHED APARTMENT HOMES THAT ATTRACT CUSTOMERS LOOKING FOR CONVENIENCE, WHICH ARE DELIVERING INCREMENTAL NOI

STATUS: IN PROGRESS — **ADDITIONAL DEPLOYMENTS**

ACTUAL 2022 | PROJECTED 2023	2022	2023
INCREMENTAL NOI FROM INITIATIVE:	$ 1M	$ 1M

LABOR EFFICIENCES

DIGITAL, SELF-SERVICE EXPERIENCES THAT ARE OPTIMIZING OPERATING EFFICIENCES, AND REDUCING EXPENSES

STATUS: IN PROGRESS — **ADDITIONAL FUNCTIONALITY TO BE DEPLOYED**

ACTUAL 2022 | PROJECTED 2023	2022	2023
INCREMENTAL ONSITE OFFICE LABOR SAVINGS:	$ 4M	$ 3M
INCREMENTAL ONSITE MAINTENANCE LABOR SAVINGS:	$ 4M	$ 2M
TOTAL	**$ 11M**	**$ 11M**

$ 11M + $ 11M = $ 22M

Source: Internal company reports.

Actual 2022 incremental NOI represents NOI that was recognized by the Company in 2022 that was not present in 2021. Projected 2023 incremental NOI represents NOI that the Company projects to recognize in 2023 that was not present in 2022.

(1) Excludes ≈ $4 million in projected lost Same Store Residential rental revenue in 2023 associated with the termination of legacy telecom contracts.

PLANNING ≈ $ 900M IN DEVELOPMENT STARTS IN 2023, BUT VOLUME WILL BE A FUNCTION OF PROJECTED RETURNS AND COST OF CAPITAL

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

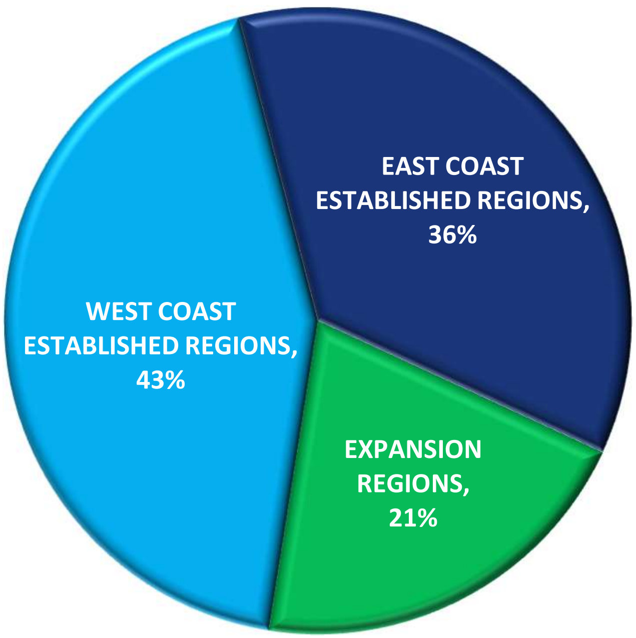
AVALON NORTHTOWN I
AUSTIN, TX

Source: Internal company reports.

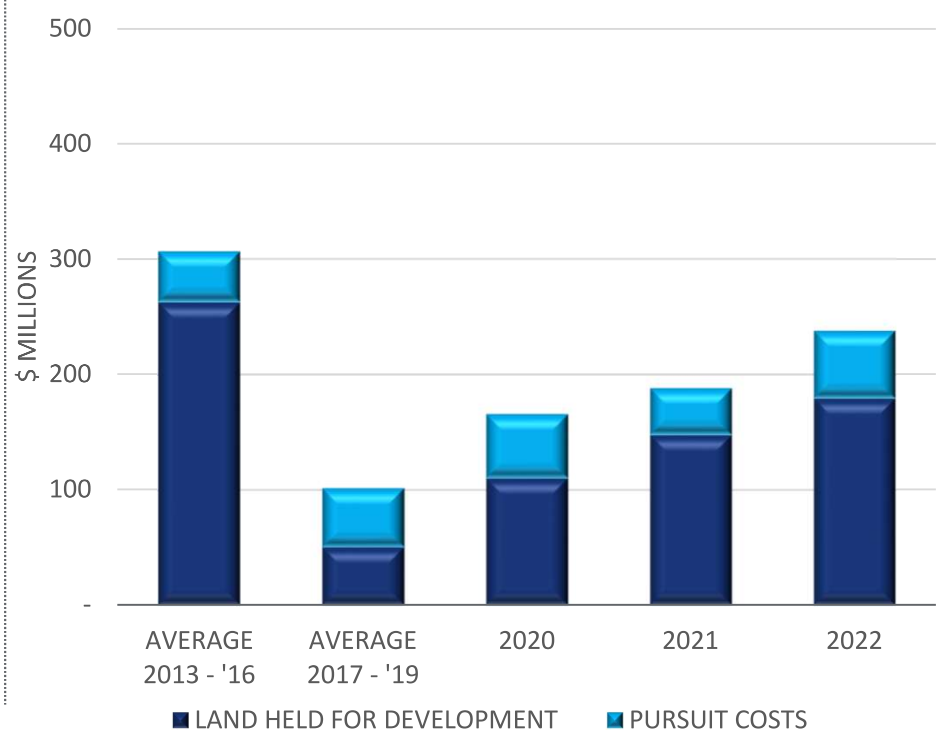
Managing the Development Rights pipeline to preserve flexibility; ≈ 40 Development opportunities controlled for < $240M

DEVELOPMENT RIGHTS PIPELINE
AS OF DECEMBER 31, 2022

BY LOCATION
BASED ON PROJECTED TOTAL CAPITAL COST



INVESTMENT
LAND HELD FOR DEVELOPMENT AND CAPITALIZED PURSUIT COSTS AT YEAR-END



Source: Internal company reports.

Key takeaways

- **Delivered exceptional financial and operating results in 2022**
  - → Core FFO per share increased by 18.5%
  - → Same Store Residential rental revenue and Same Store Residential NOI increased by 10.9% and 13.2%, respectively

- **Made meaningful progress on key strategic focus areas**
  - → Innovation efforts delivered ≈ $11 million of incremental Same Store Residential NOI
  - → Deployed nearly $800 million to Expansion Regions
  - → Completed ≈ $700 million of new Development at yields well above prevailing Market Cap Rates

- **Priorities for 2023 include:**
  - → Expanding innovation efforts to drive incremental NOI and operating efficiencies
  - → Increasing allocation to Expansion Regions
  - → Preserving financial flexibility to capitalize on accretive investment opportunities

Source: Internal company reports.

FORWARD-LOOKING STATEMENTS

- This presentation dated February 8, 2023 is provided in connection with AvalonBay's fourth quarter 2022 earnings conference call on February 9, 2023. This presentation is intended to accompany AvalonBay's earnings release dated February 8, 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 21 to 30 in this presentation in addition to Attachment 14 to the earnings release.

- This presentation dated February 8, 2023 contains forward-looking statements, which are indicated by the use of words such as "expects," "projects," "forecast," "outlook," "estimate" and other words that do not relate to historical matters. Forward-looking statements, by their very nature, are subject to inherent risks and uncertainties are based on several assumptions, both general and specific, which give rise to the possibility that actual results or events could differ materially from our expectations expressed in or implied by such forward-looking statements. These statements are not guarantees of future performance or events and the Company cautions you against relying on any of these forward-looking statements. For information concerning risks and other factors that could cause such differences, see "Forward-Looking Statements" in AvalonBay's fourth quarter 2022 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 communities are those communities that have an average rent equal to, or above, the submarket median rent.

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.

Economic Occupancy is defined as total possible Residential revenue less vacancy loss as a percentage of total possible Residential revenue. Total possible Residential revenue (also known as “gross potential”) is determined by valuing occupied units at contract rates and vacant units at Market Rents. Vacancy loss is determined by valuing vacant units at current Market Rents. By measuring vacant apartments at their Market Rents, Economic Occupancy takes into account the fact that apartment homes of different sizes and locations within a community have different economic impacts on a community’s gross revenue.

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.

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

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 presented on the following page (dollars in thousands):

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

	Q4 2022	Q4 2021	FULL YEAR 2022	FULL YEAR 2021
Net income attributable to common stockholders	$ 241,293	$ 335,209	$ 1,136,775	$ 1,004,299
Depreciation - real estate assets, including joint venture adjustments	205,977	195,749	810,611	753,755
Distributions to noncontrolling interests	12	12	48	48
Gain on sale of unconsolidated entities holding previously depreciated real estate	(82)	-	(38,144)	(23,305)
Gain on sale of previously depreciated real estate	(88,065)	(213,881)	(555,558)	(602,235)
Casualty loss on real estate	-	2	-	3,119
FFO attributable to common stockholders	$ 359,135	$ 317,091	$ 1,353,732	$ 1,135,681
Adjusting items:				
Unconsolidated entity gains, net (1)	(6,367)	(5,814)	(8,355)	(14,870)
Joint venture promote (2)	-	-	(4,690)	-
Structured Investment Program loan reserve (3)	(21)	-	1,632	-
Loss on extinguishment of consolidated debt	-	19	1,646	17,787
Loss (gain) on interest rate contract	267	-	(229)	(2,654)
Advocacy contributions	100	59	634	59
Executive transition compensation costs	411	411	1,631	3,010
Severance related costs	458	(73)	1,097	313
Expensed transaction, development and other pursuit costs, net of recoveries (4)	5,507	788	13,288	1,363
Gain on for-sale condominiums (5)	(104)	(1,059)	(2,217)	(3,110)
For-sale condominium marketing, operating and administrative costs (5)	485	634	2,129	4,087
For-sale condominium imputed carry cost (6)	271	1,252	2,306	7,031
Gain on other real estate transactions, net	(4,944)	(95)	(5,039)	(2,097)
Legal settlements	1,206	39	(2,212)	1,139
Income tax expense (7)	6,683	4,299	14,646	5,733
Core FFO attributable to common stockholders	$ 363,087	$ 317,551	$ 1,369,999	$ 1,153,472
Average shares outstanding - diluted	140,007,823	139,928,816	139,975,087	139,717,399
Earnings per share - diluted	$ 1.72	$ 2.40	$ 8.12	$ 7.19
FFO per common share - diluted	$ 2.57	$ 2.27	$ 9.67	$ 8.13
Core FFO per common share - diluted	$ 2.59	$ 2.27	$ 9.79	$ 8.26

** FOOTNOTES ARE PROVIDED ON THE FOLLOWING PAGE **

AvalonBay COMMUNITIES

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

(1) Amounts consist primarily of net unrealized gains on technology investments.
(2) Amount for 2022 is for the Company's recognition of its promoted interest in the U.S. Fund.
(3) 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.
(4) Amount for 2022 includes the charges of $10,073 primarily related to development opportunities in the Pacific Northwest and Southern California that we determined are no longer probable.
(5) Aggregate impact of (i) Gain on for-sale condominiums and (ii) For-sale condominium marketing, operating and administrative costs, is a net expense of $381 for Q4 2022 and net gain $88 for full year 2022 and a net gain of $425 for Q4 2021 and net expense of $977 for full year 2021, respectively, as shown on Attachment 1 - Condensed Consolidated Operating Information.
(6) 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.
(7) Amounts are primarily for the recognition of taxes associated with The Park Loggia.

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.

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.

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

Move-in Rent Values reflect 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.

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, gain on other real estate transactions, net, 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

	FULL YEAR 2022	FULL YEAR 2021
Net income	$ 1,136,438	$ 1,004,356
Property management and other indirect operating expenses, net of corporate income	114,200	98,665
Expensed transaction, development and other pursuit costs, net of recoveries	16,565	3,231
Interest expense, net	230,074	220,415
Loss on extinguishment of debt, net	1,646	17,787
General and administrative expense	74,064	69,611
Income from investments in unconsolidated entities	(53,394)	(38,585)
Depreciation expense	814,978	758,596
Income tax expense (benefit)	14,646	5,733
Casualty loss	-	3,119
Gain on sale of communities	(555,558)	(602,235)
Gain on other real estate transactions, net	(5,039)	(2,097)
Net for-sale condominium activity	(88)	977
NOI from real estate assets sold or held for sale	(22,746)	(61,105)
NOI	1,765,786	1,478,468
Commercial NOI	(36,144)	(25,326)
Residential NOI	$ 1,729,642	$ 1,453,142
Residential NOI		
Same Store	1,540,390	1,360,449
Other Stabilized	128,346	68,392
Development/Redevelopment	60,906	24,301
Residential NOI	$ 1,729,642	$ 1,453,142

AvalonBay COMMUNITIES

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 full year 2023 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 2023	$ 6.25	$ 6.75
Depreciation (real estate related)	5.67	5.67
Gain on sale of communities	(1.93)	(1.93)
Projected FFO per share (diluted) - Full Year 2023	$ 9.99	$ 10.49
Expensed transaction, development and other pursuit costs, net of recoveries	0.03	0.03
Executive transition compensation costs	0.01	0.01
Structured Investment Program loan reserve	0.01	0.01
Income tax expense	0.02	0.02
Adjustments related to residential for-sale condominiums at The Park Loggia (1)	0.01	0.01
Gain on other real estate transactions, net	(0.01)	(0.01)
Projected Core FFO per share (diluted) - Full Year 2023	$ 10.06	$ 10.56

(1) The Park Loggia adjustments relate to the following for the for-sale condominiums: operating expenses incurred, GAAP gain after taxes and cost of sales, and imputed carry costs on unsold homes.

AvalonBay COMMUNITIES

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.

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

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 2022 operating results, Same Store is composed of consolidated communities that have Stabilized Operations as of January 1, 2021, 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 (“AVB suburban portfolio”) are communities located in submarkets with less than 3,500 households per square mile.

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

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 (“AVB urban portfolio”) are communities located in submarkets with 3,500 households or more per square mile.

AvalonBay
COMMUNITIES