Avalon Doral
Doral, FL

AVA RiNo
Denver, CO

eaves Santa Margarita
Santa Margarita, CA

AvalonBay
COMMUNITIES

INVESTOR TELECONFERENCE PRESENTATION

Second Quarter 2022
July 27, 2022

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,
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.

AvalonBay COMMUNITIES

Participants

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

AvalonBay Communities

Review of Second Quarter and Year-to-Date Results and Activity

Q2 & YTD 2022 RESULTS & ACTIVITY	Q2	YTD
CORE FFO PER SHARE YEAR-OVER-YEAR GROWTH	22.7%	19.3%
SAME STORE TOTAL RESIDENTIAL RENTAL REVENUE GROWTH		
YEAR-OVER-YEAR	12.9%	10.7%
SEQUENTIAL	5.0%	N/A
DEVELOPMENT COMPLETIONS | WTD. AVG. INITIAL PROJECTED STABILIZED YIELD(1)	$ 380M | 5.7%	$ 600M | 6.2%
DEVELOPMENT STARTS	$ 325M	$ 460M
STRUCTURED INVESTMENT PROGRAM ("SIP") COMMITMENTS	$ 80M	$ 80M
CAPITAL RAISED | WTD. AVG. INITIAL COST OF CAPITAL(2)	$ 40M | 3.2%	$ 310M | 3.7%
EQUITY FORWARD(3)	$ 495M	$ 495M

Source: Internal company reports.

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

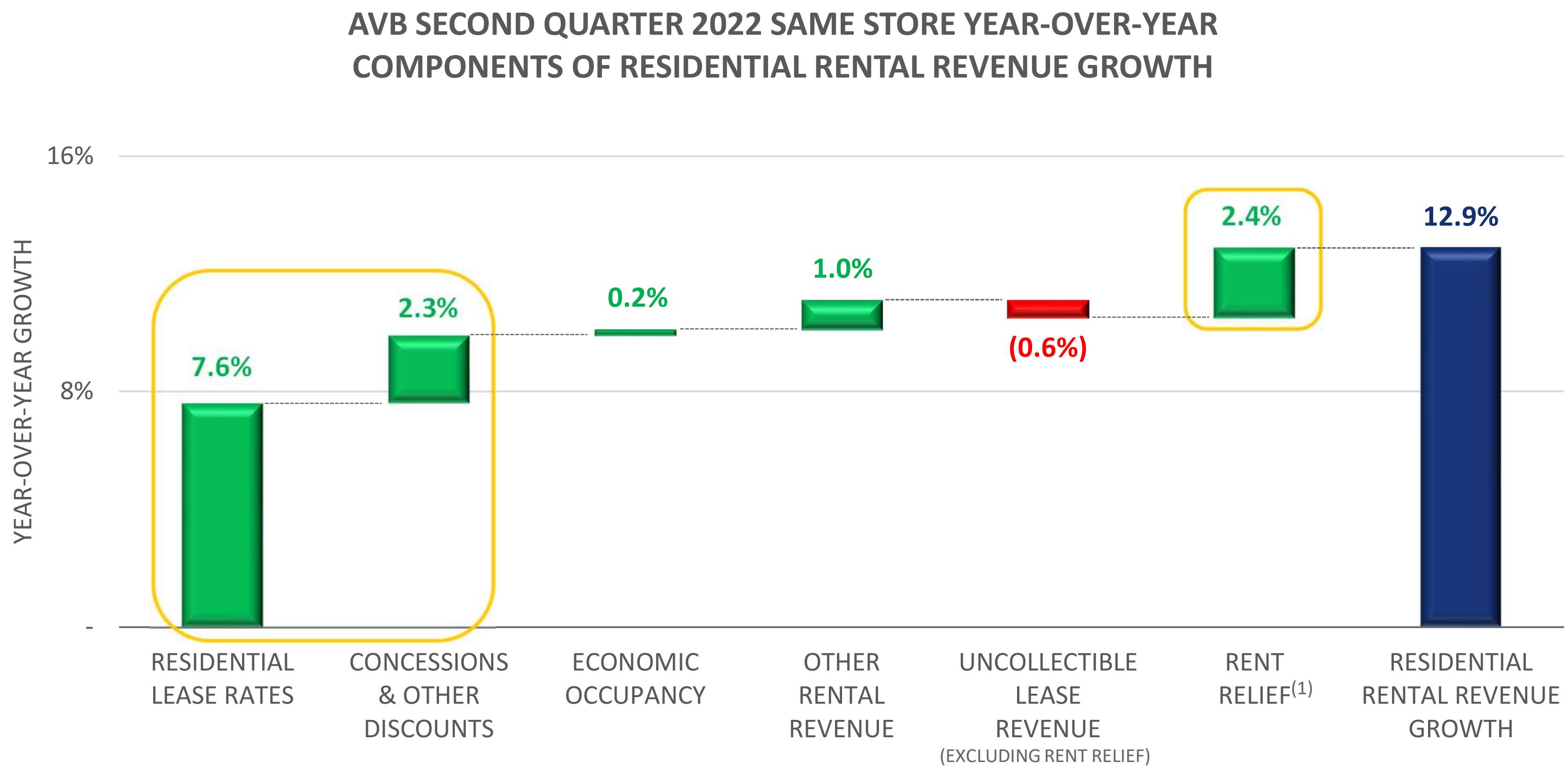
(1) Development completions and the weighted average Initial Projected Stabilized Yield include consolidated Development completions only.

(2) Capital raised includes net proceeds from all 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 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

SECOND QUARTER SAME STORE RENTAL REVENUE GROWTH DRIVEN BY STRONG EFFECTIVE LEASE RATE GROWTH AND HIGHER RENT RELIEF…

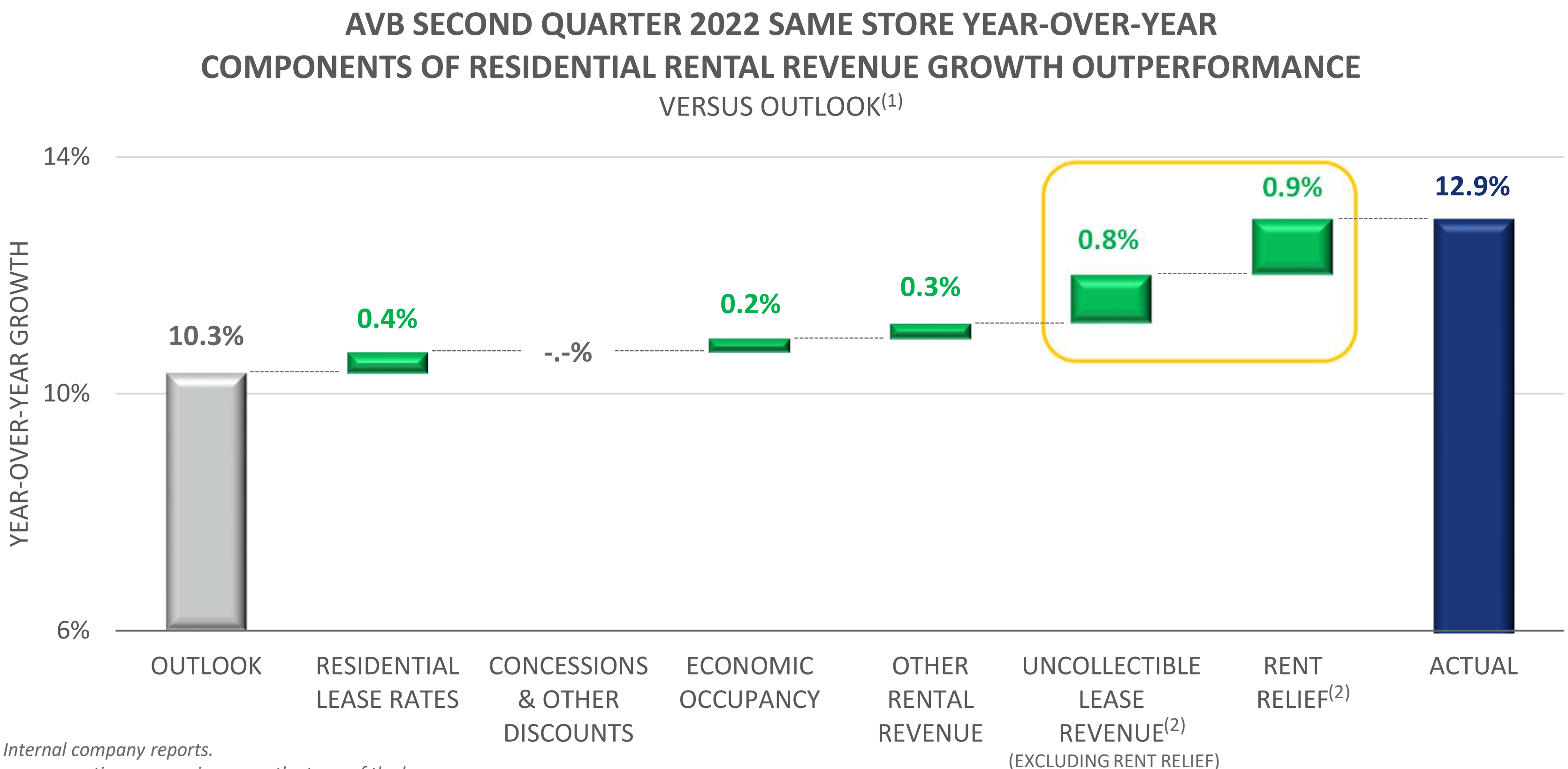


Source: Internal company reports.

The Company amortizes concessions over the term of the lease.

(1) Includes rent relief ("Rent Relief") recognized by the Company from the Emergency Rental Assistance Program funded by the U.S. Department of Treasury to assist households that are unable to pay rent and utilities due to the COVID-19 pandemic. During the second quarter of 2022, the Company recognized ≈ $15.0 million of Rent Relief for Same Store communities, as compared to ≈ $3.0 million of Rent Relief during the second quarter of 2021.

...AND WAS 260 BASIS POINTS > OUTLOOK, DRIVEN PRIMARILY BY LOWER BAD DEBT AND HIGHER RENT RELIEF



Source: Internal company reports.

The Company amortizes concessions over the term of the lease.

(1) Reflects the Company's expectation for second quarter 2022 Same Store year-over-year Residential rental revenue growth when the Company published its outlook for full year 2022 Same Store Residential rental revenue growth on April 27, 2022.

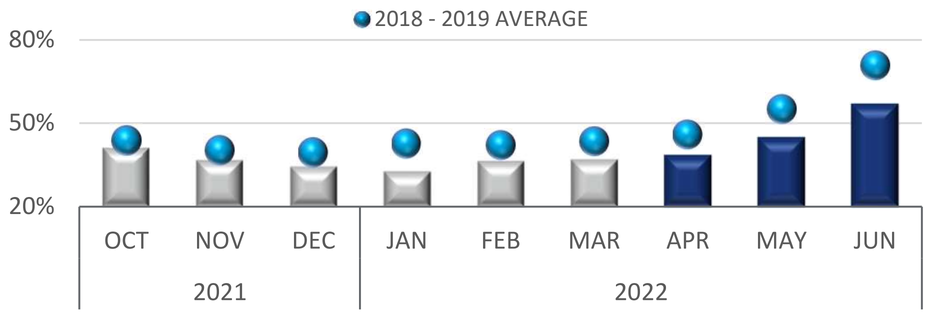
(2) Same Store uncollectible lease revenue, including Rent Relief, as a percentage of total Same Store Residential revenue was 0.7% during the second quarter of 2022, as compared to 2.3% of projected Same Store uncollectible lease revenue, including Rent Relief, as a percentage of total Same Store Residential rental revenue as included in the Company's second quarter 2022 outlook. During the second quarter of 2022, the Company recognized ≈ $15.0 million of Rent Relief for Same Store communities, as compared to ≈ $10.3 million of projected Rent Relief for Same Store communities as included in the Company's second quarter 2022 outlook.

The Same Store portfolio performed well during the second quarter…

AVB SAME STORE

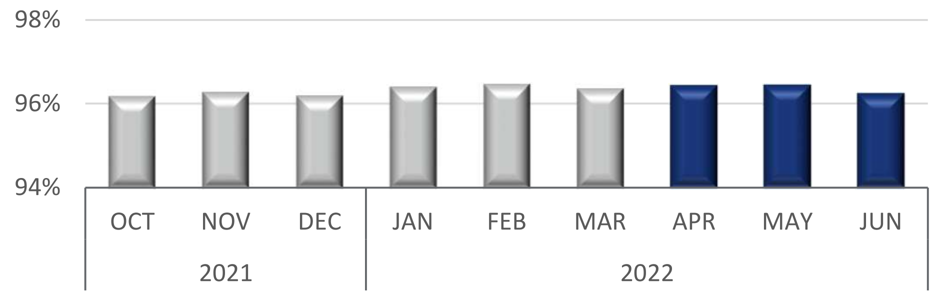
1 TURNOVER WAS BELOW HISTORICAL NORMS…

ANNUALIZED TURNOVER



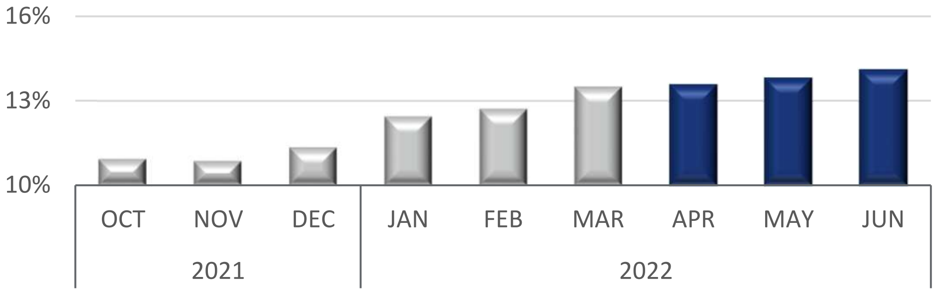
2 …AND OCCUPANCY REMAINED ABOVE 96%

AVERAGE PHYSICAL OCCUPANCY



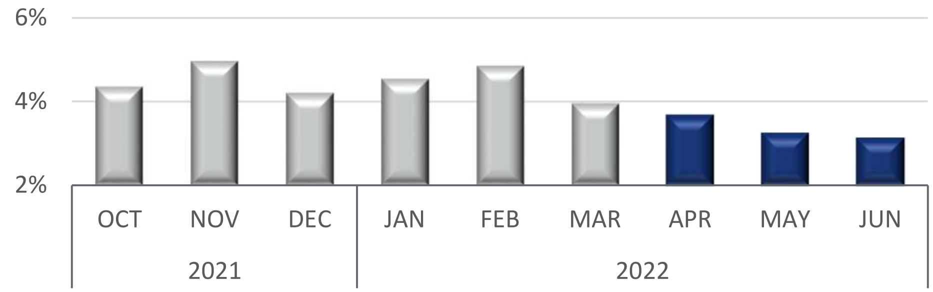
3 LIKE-TERM EFFECTIVE RENT CHANGE ACCELERATED TO ≈ 14% IN THE SECOND QUARTER…

LIKE-TERM EFFECTIVE RENT CHANGE



4 …AND UNDERLYING UNCOLLECTIBLE LEASE REVENUE IMPROVED

UNCOLLECTIBLE LEASE REVENUE AS A % OF TOTAL RENTAL REVENUE(1)



Source: Internal company reports.

(1) Excluding Rent Relief.

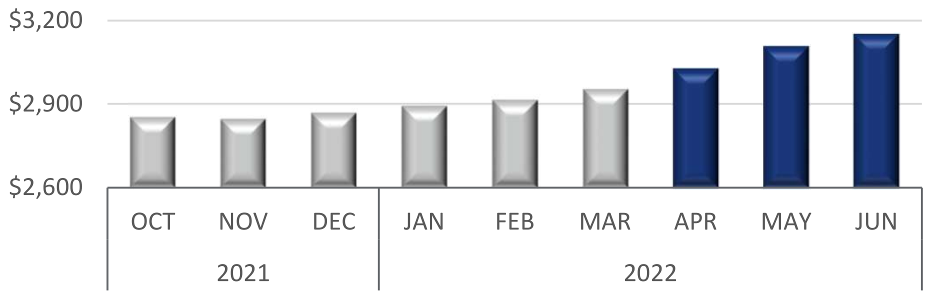
AvalonBay COMMUNITIES

…AND THE OUTLOOK IS FAVORABLE; ASKING RENTS ARE DRIVING LOSS-TO-LEASE HIGHER, AVAILABILITY IS LOW, AND RESIDENT INCOMES ARE GROWING

AVB SAME STORE

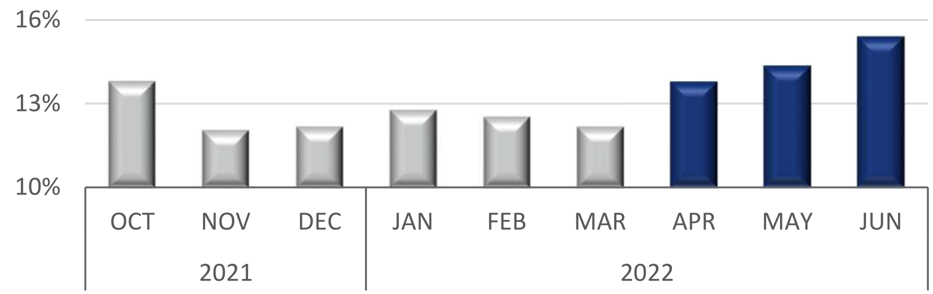
1 ASKING RENTS CONTINUED TO INCREASE DURING THE SECOND QUARTER…

ASKING RENTS



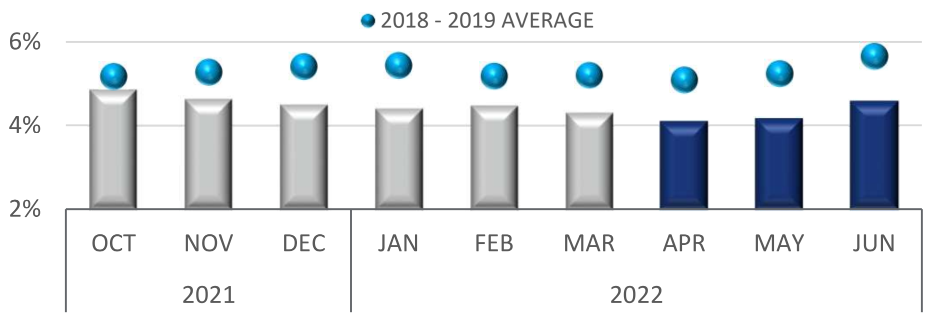
2 …WHICH SUPPORTED A HEALTHY LEVEL OF LOSS-TO-LEASE AT THE END OF JUNE (≈ 15%)

LOSS-TO-LEASE(1)



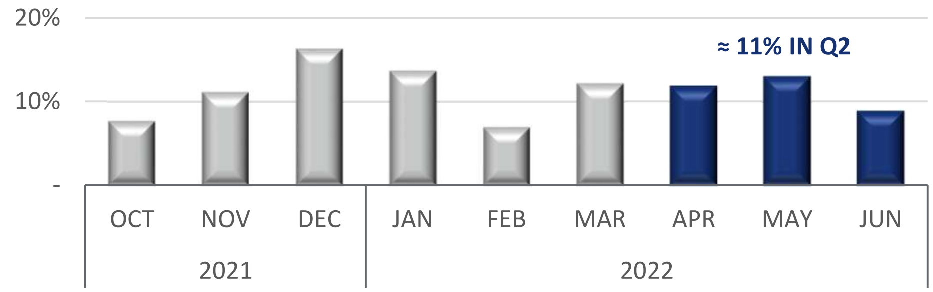
3 30-DAY AVAILABILITY IS AROUND 4%

30-DAY AVAILABILITY



4 HOUSEHOLD INCOME GROWTH FOR NEW MOVE-INS REMAINS STRONG

MEDIAN ANNUAL HOUSEHOLD INCOME YEAR-OVER-YEAR % CHANGE(2)



Source: Internal company reports.

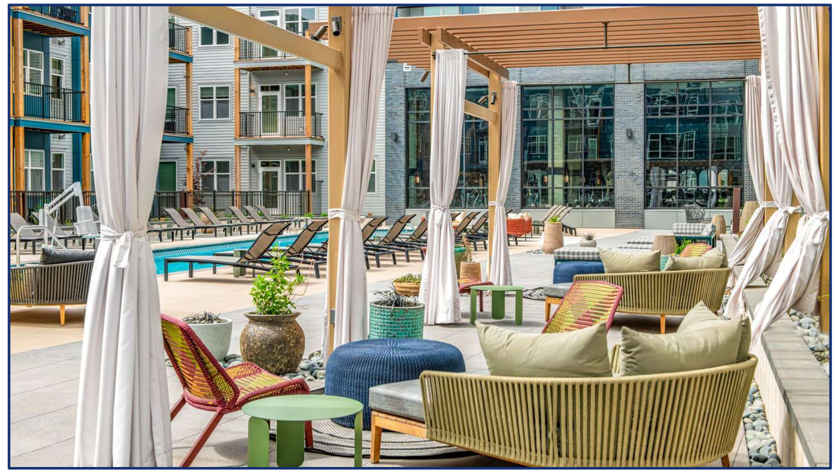
(1) Represents the percentage difference between the average market rent and average gross potential rent and excludes the impact of regulatory constraints (e.g., rent regulation, rent control, other) that limit rent increases in certain regions.

(2) Represents self-reported incomes for new move-ins only.

Five lease-ups, representing ≈ $685M in projected Total Capital Cost, are outperforming initial expectations

CURRENT LEASE-UP ACTIVITY[1]	CURRENT PROJECTION	INITIAL PROJECTION	VARIANCE
WTD. AVG. RENT PER HOME	$ 3,240	$ 2,890	$ 350 | 12.1%
WTD. AVG. INITIAL PROJECTED STABILIZED YIELD	6.4%	5.9%	50 BPS

AVALON BREA PLACE
BREA, CA



AVA RINO
DENVER, CO

Source: Internal company reports.
(1) Includes Avalon Harrison, Avalon Harbor Isle, Avalon Somerville Station, Avalon Brea Place, and AVA RiNo.

AvalonBay COMMUNITIES

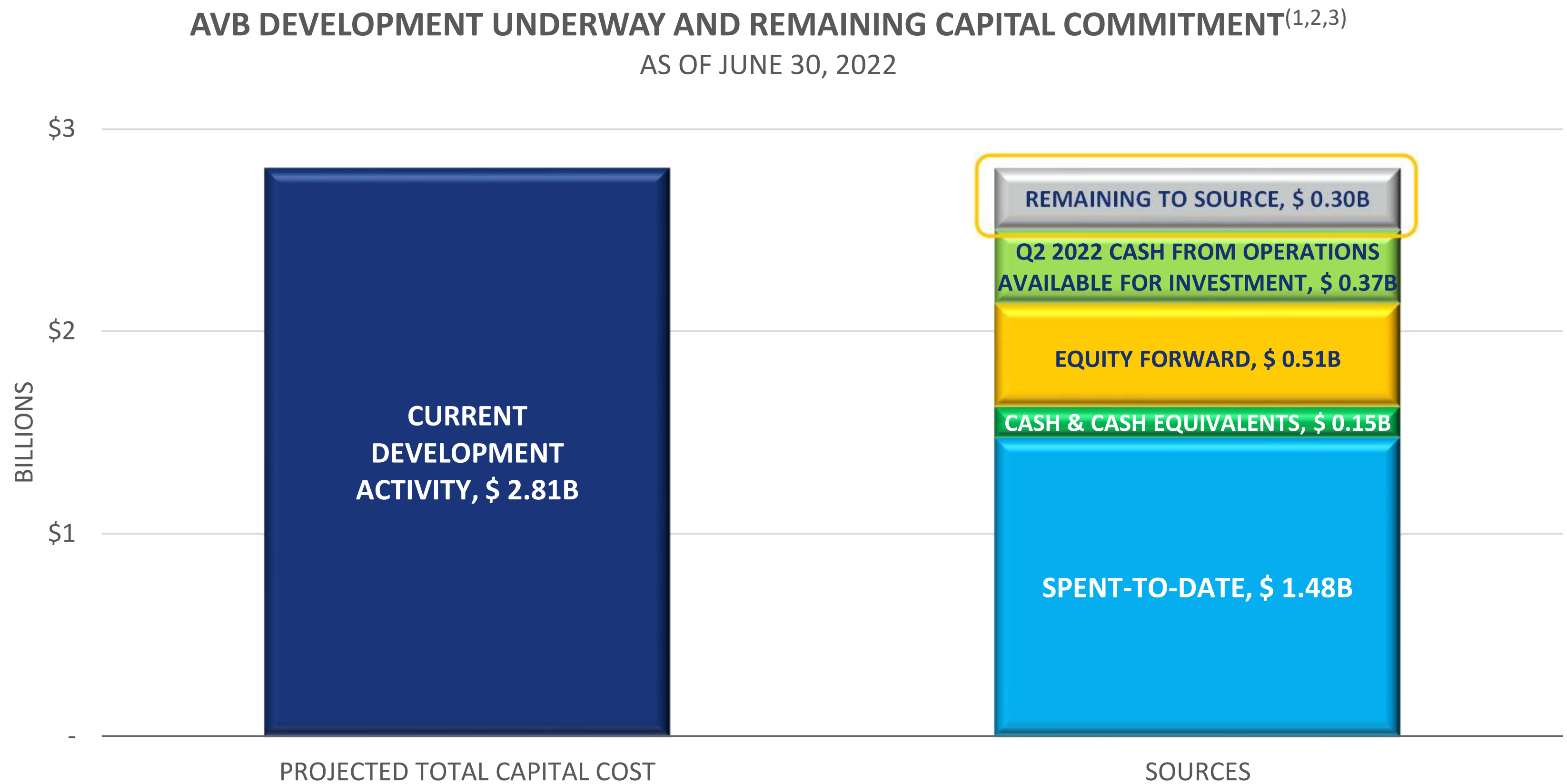
UPDATED FULL YEAR 2022 FINANCIAL AND OPERATING OUTLOOK

FULL YEAR 2022 REVISED OUTLOOK SUMMARY[1]	REVISED OUTLOOK	APRIL OUTLOOK[2]	INITIAL OUTLOOK[3]
PROJECTED CORE FFO PER SHARE GROWTH	19.4%	16.0%	15.6%
SAME STORE COMMUNITIES (*RESIDENTIAL ONLY*)			
RENTAL REVENUE GROWTH	11.25%	9.0%	8.25%
OPERATING EXPENSE GROWTH	5.0%	4.75%	4.75%
NET OPERATING INCOME GROWTH	14.25%	11.0%	10.0%
EXPECTED TOTAL CAPITAL COST FOR DEVELOPMENT STARTS	$ 850M	N/A	$ 1.15B

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) All figures based on the midpoint of the Company's outlook ranges.
(2) April outlook provided on April 27, 2022.
(3) Initial outlook provided on February 2, 2022.

AvalonBay COMMUNITIES

DEVELOPMENT UNDERWAY IS ≈ 90% MATCH-FUNDED



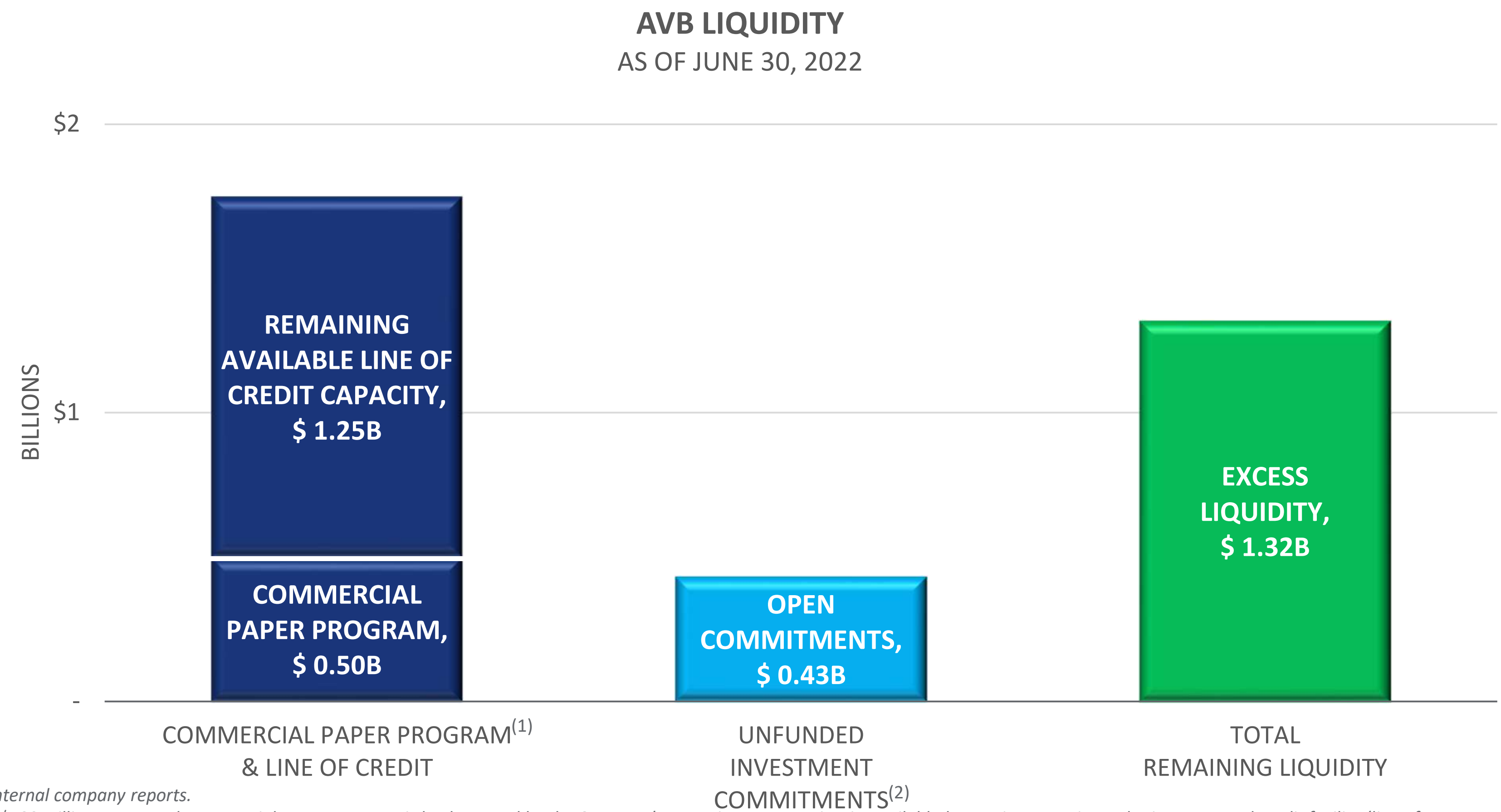
Source: Internal company reports.
See Appendix for a reconciliation of Q2 2022 cash from operations available for investment.
(1) Includes non-stabilized Development completions and excludes unconsolidated Development activity.
(2) Q2 2022 Cash from operations available for investment is annualized.
(3) Equity forward includes ≈ $16 million of unsettled equity forward proceeds from forward contracts entered into in 2021 under the Company's existing continuous equity program ("CEP V"), in addition to the ≈ $494.2 million equity forward described in footnote 3 on page 4 in this presentation.

BALANCE SHEET IS WELL-POSITIONED TO PROVIDE STABILITY WHILE SUPPORTING CONTINUED GROWTH

SELECT BALANCE SHEET METRICS	Q2 2022
NET DEBT-TO-CORE EBITDAre	4.9x
TARGET RANGE	5.0x – 6.0x
INTEREST COVERAGE	7.0x
UNENCUMBERED NOI[1,2]	95%
WTD. AVG. YEARS-TO-MATURITY OF TOTAL DEBT	8.4

Source: Internal company reports.
See Appendix for a reconciliation of Net Debt-to-Core EBITDAre, Interest Coverage and Unencumbered NOI.
(1) Year-to-date.
(2) Excludes any associated issuance discount, mark-to-market discounts and deferred financing costs, if applicable, on the Company's debt.

$1.3 BILLION OF EXCESS LIQUIDITY AFTER CONSIDERING OPEN COMMITMENTS



Source: Internal company reports.

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

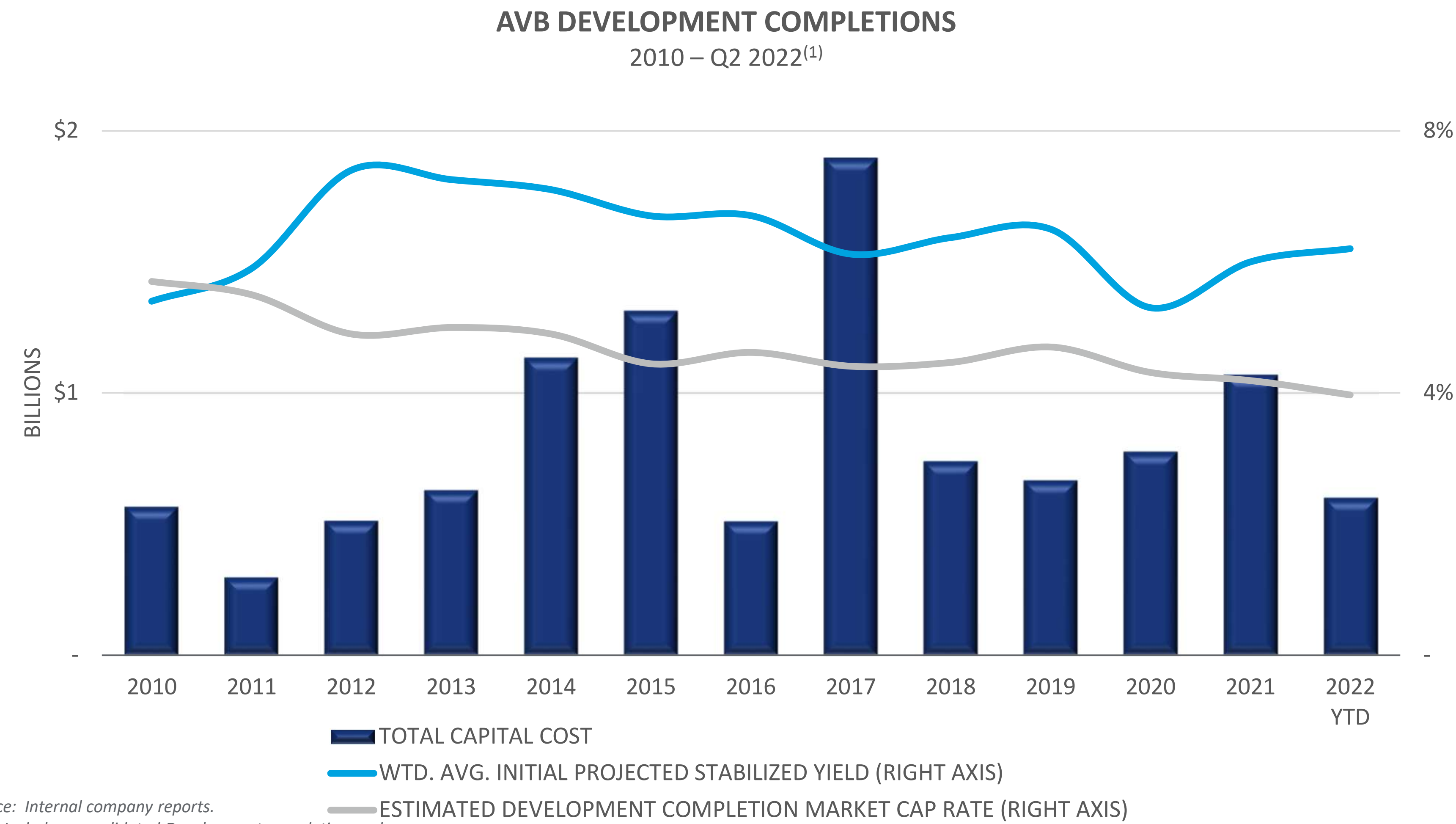
(2) *Includes Development underway and remaining capital commitment – Remaining to source (see page 11 in this presentation for additional information) and unfunded existing and pending Structured Investment Program commitments (see page 18 in this presentation for additional information).*

AvalonBay COMMUNITIES

LOOKING AHEAD, FURTHER GROWTH IS EXPECTED TO BENEFIT FROM SEVERAL TAILWINDS

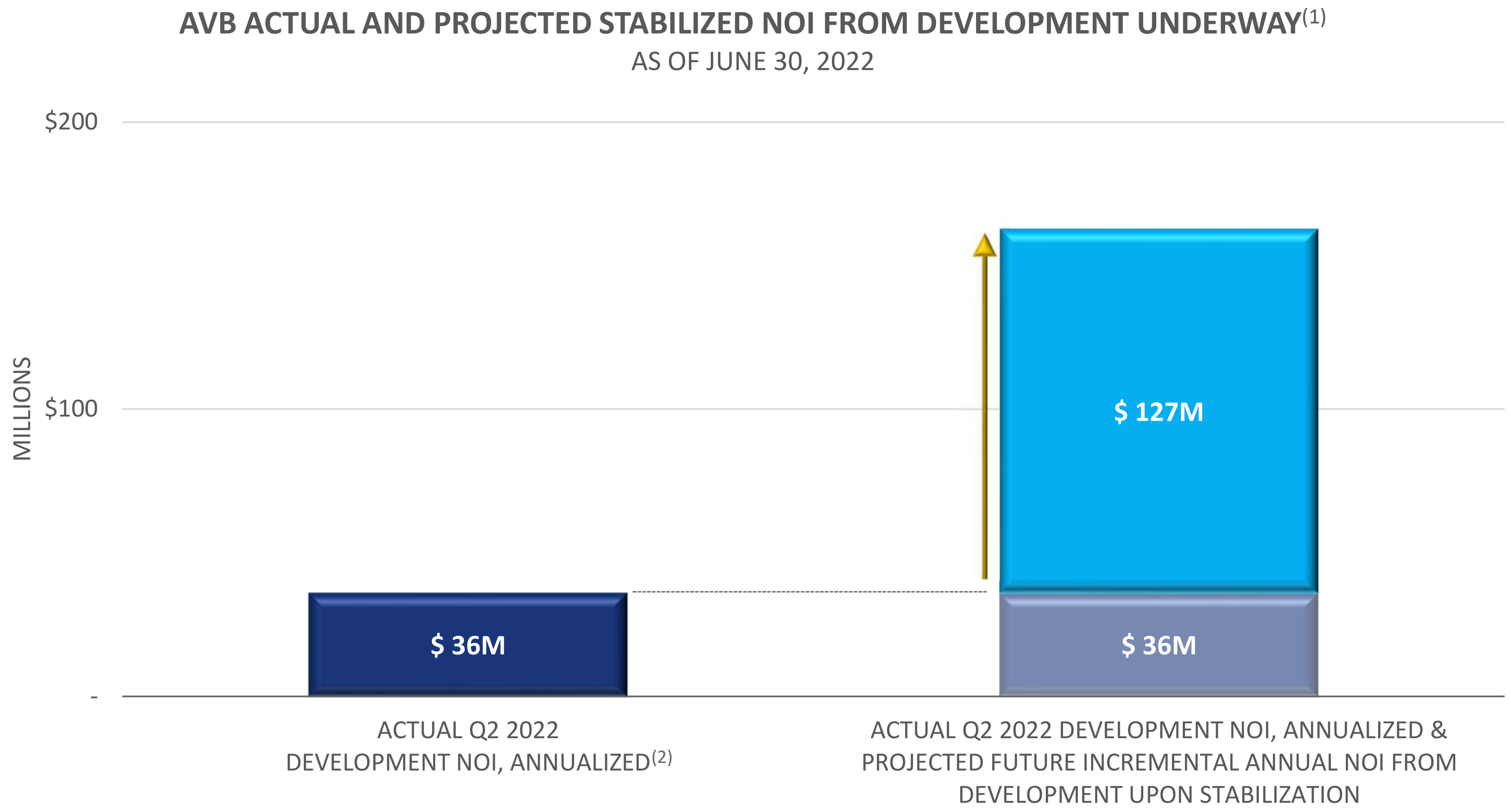
- **FAVORABLE APARTMENT MARKET FUNDAMENTALS** – COMBINED WITH ***ELEVATED LOSS-TO-LEASE*** AND THE ***NORMALIZATION OF BAD DEBT***
- **DEVELOPMENT** – A ***DIFFERENTIATED GROWTH STRATEGY***
- **PLATFORM INNOVATION** – SIGNIFICANT, ***INCREMENTAL EARNINGS*** ANTICIPATED
- **STRUCTURED INVESTMENT PROGRAM** – ***ENHANCED EARNINGS*** GROWTH POTENTIAL FROM FUNDING ACTIVITY

Development platform drives consistent value creation



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

DEVELOPMENT UNDERWAY IS EXPECTED TO DELIVER ≈ $125M OF INCREMENTAL NOI OVER THE NEXT TWO TO THREE YEARS…



Source: Internal company reports.

(1) Includes non-stabilized Development completions and excludes unconsolidated Development activity.

(2) See Attachment 9, footnote 4, in the Company's earnings release dated July 27, 2022, for additional information.

…AND PLATFORM INNOVATION EFFORTS ARE PROJECTED TO PRODUCE INCREMENTAL EARNINGS GROWTH…

BULK INTERNET / MANAGED WI-FI

RELIABLE, HIGH-SPEED INTERNET SERVICES THAT WE BELIEVE WILL PRODUCE MEANINGFUL ECONOMIC RETURNS

STATUS: IN PROGRESS

ACTUAL | PROJECTED DEPLOYMENTS AT YEAR-END: *(% OF COMMUNITIES)*	2021	2022	2023	2024
	10%	45%	75%	**95%**

SMART HOME TECHNOLOGY

SMART HOME ACCESS AND SMART HOME DEVICES THAT WE EXPECT WILL ENHANCE RESIDENT EXPERIENCES

STATUS: IN PROGRESS

ADDITIONAL DEPLOYMENTS UNDER EVALUATION

ACTUAL | PROJECTED DEPLOYMENTS AT YEAR-END: *(% OF COMMUNITIES)*	2021	2022	2023
	5%	20%	40%

PROJECTED INCREMENTAL ANNUAL SAME STORE NOI BY 2025

≈ $20 MILLION
INCREMENTAL REVENUE

DIGITALIZATION

ADDITIONAL DIGITAL, SELF-SERVICE EXPERIENCES DESIGNED TO INCREASE CUSTOMER SATISFACTION, OPTIMIZE OPERATING EFFICIENCES, AND REDUCE EXPENSES

STATUS: IN PROGRESS

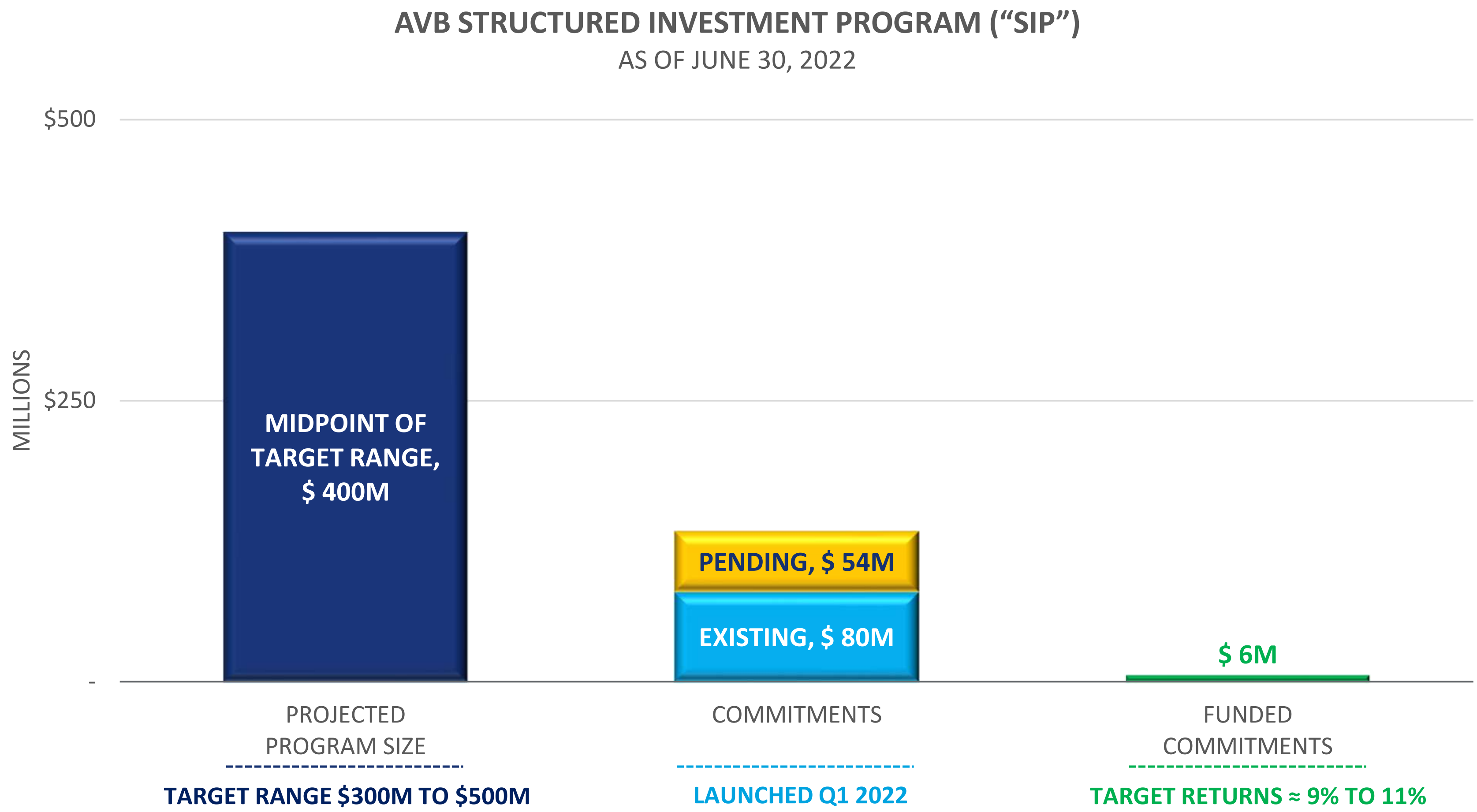
PROJECTED DEPLOYMENT AT YEAR-END: *(% OF IDENTIFIED DIGITALIZED SYSTEMS IN-PLACE)*	2023	2024	2025
	33%	66%	**100%**

≈ $20 MILLION
OPERATING EXPENSE SAVINGS

Source: Internal company reports.

AvalonBay COMMUNITIES

...WHICH IS ANTICIPATED TO BE ENHANCED BY CONTRIBUTIONS FROM THE STRUCTURED INVESTMENT PROGRAM



Source: Internal company reports.

HIGHLIGHTS FROM OUR 11TH ESG REPORT

SCIENCE-BASED TARGETS			
GOAL	PROGRESS TO-DATE	GOAL	PROGRESS TO-DATE
53%	32%	47%	23%
REDUCTION IN SCOPE 1 & 2 GHG EMISSIONS PER SQUARE FOOT BY 2030	REDUCTION SINCE 2017 BASELINE YEAR	REDUCTION IN SCOPE 3 GHG EMISSIONS PER SQUARE FOOT BY 2030	REDUCTION SINCE 2017 BASELINE YEAR

WASTE TARGET	
GOAL	PROGRESS TO-DATE
20%	20%
REDUCTION IN LANDFILL-BOUND WASTE INTENSITY BY 2023	REDUCTION SINCE 2017 BASELINE YEAR

INCLUSION & DIVERSITY VISION			
VISION	PROGRESS TO-DATE	VISION	PROGRESS TO-DATE
41%	37%	20%	17%
	+2 PERCENTAGE POINTS IN 2021		*+2 PERCENTAGE POINTS IN 2021*
WOMEN IN LEADERSHIP(1) BY 2025	WOMEN IN LEADERSHIP IN 2021	PEOPLE OF COLOR IN LEADERSHIP(1) BY 2025	PEOPLE OF COLOR IN LEADERSHIP IN 2021

COMMUNITY INVESTMENT	
GOAL	PROGRESS TO-DATE
$ 2.75M	$ 2.5M
ANNUAL COMMUNITY INVESTMENT (CASH & IN-KIND) BY 2025	ANNUAL COMMUNITY INVESTMENT (CASH & IN-KIND) IN 2021

CUSTOMERS & ASSOCIATES		
ORA Power Rankings POWERED BY J Turner Research #1	AVALONBAY SPIRIT OF CARING Season 2021	HUMAN RIGHTS CAMPAIGN FOUNDATION BEST PLACES TO WORK 2022 for LGBTQ+ Equality 100% CORPORATE EQUALITY INDEX
ONLINE CUSTOMER REPUTATION MULTIFAMILY(2)	10th ANNIVERSARY	PERFECT SCORE

CORPORATE RESPONSIBILITY RECOGNITION		
CDP DISCLOSURE INSIGHT ACTION	GRESB REAL ESTATE	Nareit Leader in the Light 2021 Award Winner
"A LIST"	RESIDENTIAL SECTOR LEADER	RESIDENTIAL WINNER

Source: The Company's 2021 Environmental, Social and Governance Report.
(1) Defined as Director-level associates and above.
(2) Includes AIRC, CPT, EQR, ESS, MAA, and UDR.

AvalonBay COMMUNITIES

KEY TAKEAWAYS

- **Q2 AND YEAR-TO-DATE RESULTS EXCEEDED EXPECTATIONS**
- **SAME STORE PERFORMANCE REMAINS ROBUST, AND LEASE-UP COMMUNITIES CONTINUE TO OUTPERFORM INITIAL PROJECTIONS**
- **FULL YEAR 2022 CORE FFO PER SHARE GROWTH INCREASED TO 19.4%(1), FORECAST UP 340 BASIS POINTS FROM APRIL OUTLOOK(2)**
- **TAILWINDS IN-PLACE TO SUPPORT EARNINGS GROWTH BEYOND 2022** *(ELEVATED LOSS-TO-LEASE, NORMALIZATION OF BAD DEBT, DEVELOPMENT, PLATFORM INNOVATION, STRUCTURED INVESTMENT PROGRAM)*
- **11TH ANNUAL ESG REPORT HIGHLIGHTS OUR CONTINUED FOCUS ON *CREATING A BETTER WAY TO LIVE* – FOR OUR KEY STAKEHOLDERS**

Source: Internal company reports.
(1) Based on the midpoint of the Company's outlook range.
(2) April outlook provided on April 27, 2022.

AvalonBay COMMUNITIES

FORWARD-LOOKING STATEMENTS

- This presentation dated July 27, 2022 is provided in connection with AvalonBay's second quarter 2022 earnings conference call on July 28, 2022. This presentation is intended to accompany AvalonBay's earnings release dated July 27, 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 22 to 32 in this presentation in addition to Attachment 13 to the earnings release.

- This presentation dated July 27, 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 second 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.

AvalonBay
COMMUNITIES

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

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

Average Rent per Home, as calculated for certain Development communities in lease-up, reflects management's projected stabilized rents net of estimated stabilized concessions, including estimated stabilized other rental revenue and excluding projected commercial revenue. Projected stabilized rents are based on one or more of the following: (i) actual average leased rents on apartments leased through quarter end, (ii) projected rollover rents on apartments leased through quarter end where the lease term expires within the first twelve months of Stabilized Operations and (iii) Market Rents on unleased homes.

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

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

AvalonBay COMMUNITIES

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

	Q2 2022
Net income	$ 138,566
Interest expense and loss on extinguishment of debt	57,014
Income tax benefit	(159)
Depreciation expense	199,302
EBITDA	$ 394,723
Gain on sale of communities	(404)
Unconsolidated entity EBITDAre adjustments (1)	3,081
EBITDAre	$ 397,400
Unconsolidated entity gains, net	(2,040)
Structured Investment Program loan reserve	1,608
Advocacy contributions	384
Loss on interest rate contract	297
Executive transition compensation costs	407
Severance related costs	24
Development pursuit write-offs and expensed transaction costs, net of recoveries	1,839
Gain on for-sale condominiums	(467)
For-sale condominium marketing, operating and administrative costs	538
Gain on other real estate transactions, net	(43)
Legal settlements	129
Core EBITDAre	$ 400,076

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

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

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.

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):

AvalonBay COMMUNITIES

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

	Q2 2022	Q2 2021	YTD 2022	YTD 2021	FULL YEAR 2021
Net income attributable to common stockholders	$ 138,691	$ 447,953	$ 400,735	$ 590,176	$ 1,004,299
Depreciation - real estate assets, including joint venture adjustments	198,493	183,257	399,145	365,571	753,755
Distributions to noncontrolling interests	12	12	24	24	48
Gain on sale of unconsolidated entities holding previously depreciated real estate	-	(23,305)	-	(23,305)	(23,305)
Gain on sale of previously depreciated real estate	(404)	(334,569)	(149,204)	(388,296)	(602,235)
Casualty and impairment loss on real estate	-	1,177	-	1,177	3,119
FFO attributable to common stockholders	$ 336,792	$ 274,525	$ 650,700	$ 545,347	$ 1,135,681
Adjusting items:					
Unconsolidated entity gains, net (1)	(2,040)	(2,233)	(2,295)	(2,132)	(14,870)
Structured Investment Program loan reserve (2)	1,608	-	1,608	-	-
Gain (loss) on extinguishment of consolidated debt	-	-	-	(122)	17,787
Loss (gain) on interest rate contract	297	-	(432)	(2,654)	(2,654)
Advocacy contributions	384	-	534	-	59
Executive transition compensation costs	407	407	809	2,188	3,010
Severance related costs	24	102	65	102	313
Development pursuit write-offs and expensed transaction costs, net of recoveries	1,839	527	1,998	302	1,363
Gain on for-sale condominiums (3)	(467)	(575)	(1,469)	(706)	(3,110)
For-sale condominium marketing, operating and administrative costs (3)	538	1,222	1,304	2,266	4,087
For-sale condominium imputed carry cost (4)	716	1,979	1,635	4,131	7,031
Gain on other real estate transactions, net	(43)	(32)	(80)	(459)	(2,097)
Legal settlements	129	1,018	259	1,078	1,139
Income tax (benefit) expense (5)	(159)	10	2,312	(745)	5,733
Core FFO attributable to common stockholders	$ 340,025	$ 276,950	$ 656,948	$ 548,596	$ 1,153,472
Average shares outstanding - diluted	139,934,478	139,650,639	139,955,280	139,601,526	139,717,399
Earnings per share - diluted	$ 0.99	$ 3.21	$ 2.86	$ 4.23	$ 7.19
FFO per common share - diluted	$ 2.41	$ 1.97	$ 4.65	$ 3.91	$ 8.13
Core FFO per common share - diluted	$ 2.43	$ 1.98	$ 4.69	$ 3.93	$ 8.26

(1) Amounts for the three and six months ended June 30, 2022 include unrealized gains of $2,040 on property technology investments. Amounts for the three and six months ended June 30, 2021 include unrealized gains of $3,272 on property technology investments. Amount for the year ended December 31, 2021 includes unrealized gains of $15,908 on property technology investments. The amounts for 2021 are partially offset by the write-off of asset management fee intangibles associated with the disposition of the final two Archstone Multifamily Partners AC JV LP communities.

(2) Amounts represent the expected credit losses associated with the Company's lending commitments under its Structured Investment Program. The timing and amount of any actual losses that will be incurred, if any, is to be determined.

(3) Aggregate impact of (i) Gain on for-sale condominiums and (ii) For-sale condominium marketing, operating and administrative costs, is a net expense of $71 for Q2 2022 and net gain of $165 for YTD 2022, a net expense of $647 for Q2 2021 and $1,560 for YTD 2021, and a net expense of $977 for the full year 2021, respectively.

(4) 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.

(5) Income tax expense is the recognition of taxes primarily associated with The Park Loggia.

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Interest Coverage is calculated by the Company as Core EBITDAre divided by interest expense. Interest Coverage is presented by the Company because it provides rating agencies and investors an additional means of comparing our ability to service debt obligations to that of other companies. A calculation of Interest Coverage for the three months ended June 30, 2022 is as follows (dollars in thousands):

	Q2 2022
Core EBITDAre	$ 400,076
Interest expense (1)	57,014
Interest Coverage	7.0x

(1) Excludes the impact of loss on interest rate contract.

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. 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 Total Capital Cost of each community.

AvalonBay COMMUNITIES

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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.

Net Debt-to-Core EBITDAre is calculated by the Company as total debt (secured and unsecured notes, and the Company's variable rate unsecured credit facility and commercial paper program) that is consolidated for financial reporting purposes, less consolidated cash and cash in escrow, divided by annualized second quarter 2022 Core EBITDAre. A calculation of Net Debt-to- Core EBITDAre is as follows (dollars in thousands):

	Q2 2022
Total debt principal (1)	$ 8,064,003
Cash and cash in escrow	(260,191)
Net debt	$ 7,803,812
Core EBITDAre	$ 400,076
Core EBITDAre, annualized	$ 1,600,304
Net Debt-to-Core EBITDAre	4.9x

(1) Balance at June 30, 2022 excludes $9,201 of debt discount and $38,014 of deferred financing costs as reflected in unsecured notes, net, and $12,973 of debt discount and $2,622 of deferred financing costs as reflected in notes payable on the Condensed Consolidated Balance Sheets.

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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 (gain) on extinguishment of debt, net, general and administrative expense, income from investments in unconsolidated entities, depreciation expense, income tax (benefit) expense, casualty and impairment 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.

	YTD 2022
Net income	$ 400,642
Property management and other indirect operating expenses, net of corporate income	58,745
Expensed transaction, development and other pursuit costs, net of recoveries	3,351
Interest expense, net	115,323
Loss (gain) on extinguishment of debt, net	-
General and administrative expense	38,712
Income from investments in unconsolidated entities	(2,797)
Depreciation expense	401,088
Income tax (benefit) expense	2,312
Casualty and impairment loss	-
Gain on sale of communities	(149,204)
Gain on other real estate transactions, net	(80)
Net for-sale condominium activity	(165)
NOI from real estate assets sold or held for sale	(8,916)
NOI	$ 859,011

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 third quarter and full year 2022 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	$ 7.53	$ 7.73
Depreciation (real estate related)	5.70	5.70
Gain on sale of communities	(3.49)	(3.49)
Projected FFO per share (diluted) - Full Year 2022	$ 9.74	$ 9.94
Non-core transaction activity	(0.08)	(0.08)
Development pursuit write-offs and expensed transaction costs, net of recoveries	0.02	0.02
Executive transition compensation costs	0.01	0.01
Legal settlements	(0.02)	(0.02)
Structured Investment Program loan reserve	0.02	0.02
Income tax expense	0.07	0.07
Projected Core FFO per share (diluted) - Full Year 2022	$ 9.76	$ 9.96

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

Projected NOI, as used within this presentation for certain Development communities represents management's estimate, as of the date of this presentation, of projected stabilized rental revenue minus projected stabilized operating expenses. Projected NOI is calculated based on the first twelve months of Stabilized Operations following the completion of construction. 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 do not include property management fee expense. Projected gross potential 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 Total Capital Cost of each community.

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

Q2 2022 cash from operations available for investment, annualized is the Company's second quarter 2022 Core FFO, less (i) second quarter 2022 dividends declared – common and (ii) second quarter 2022 Asset Preservation Capex, annualized. Q2 2022 cash from operations available for investment, annualized does not represent the Company's Net cash provided by operating activities as presented in the Company's consolidated financial statements. A reconciliation of Q2 2022 cash from operations available for investment, annualized to Core FFO is as follows (dollars in thousands):

	Q2 2022
Core FFO attributable to common stockholders	$ 340,025
Dividends declared - common	(222,772)
Established and Other Stabilized Asset Preservation Capex	(25,957)
Q2 2022 cash from operations available for investment	$ 91,296
Q2 2022 cash from operations available for investment, annualized	$ 365,184

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 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 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.

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

Total Capital Cost includes all capitalized costs projected to be or actually incurred to develop the respective Development community, including land acquisition costs, construction costs, real estate taxes, capitalized interest and loan fees, permits, professional fees, allocated development overhead and other regulatory fees, offset by proceeds from the sale of any associated land or improvements, all as determined in accordance with GAAP. Total Capital Cost also includes costs incurred related to first generation commercial tenants, such as tenant improvements and leasing commissions. With respect to communities where development was completed in a prior or the current period, Total Capital Cost reflects the actual cost incurred, plus any contingency estimate made by management. 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.

Unencumbered NOI as calculated by the Company represents NOI generated by real estate assets unencumbered by outstanding secured notes payable as of June 30, 2022 as a percentage of total NOI generated by real estate assets. The Company believes that current and prospective unsecured creditors of the Company view Unencumbered NOI as one indication of the borrowing capacity of the Company. Therefore, when reviewed together with the Company's Interest Coverage, EBITDA and cash flow from operations, the Company believes that investors and creditors view Unencumbered NOI as a useful supplemental measure for determining the financial flexibility of an entity. A calculation of Unencumbered NOI for the six months ended June 30, 2022 is as follows (dollars in thousands):

	YTD 2022
NOI	$ 859,011
NOI from real estate assets sold or held for sale	8,916
Total NOI generated by real estate assets	867,927
Less NOI on encumbered assets	(44,556)
NOI on unencumbered assets	$ 823,371
Unencumbered NOI	95%