
Avalon Doral
Doral, FL


AVA RiNo
Denver, CO


eaves Santa Margarita
Santa Margarita, CA

AvalonBay
COMMUNITIES

INVESTOR TELECONFERENCE PRESENTATION

Third Quarter 2022
November 3, 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.

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 THIRD QUARTER AND YEAR-TO-DATE RESULTS AND ACTIVITY

THIRD QUARTER & YEAR-TO-DATE 2022 RESULTS & ACTIVITY	Q3	YTD
CORE FFO PER SHARE YEAR-OVER-YEAR GROWTH	21.4%	20.0%
SAME STORE RESIDENTIAL RENTAL REVENUE GROWTH		
YEAR-OVER-YEAR	11.8%	11.1%
SEQUENTIAL	2.2%	N/A
DEVELOPMENT COMPLETIONS | WTD. AVG. INITIAL PROJECTED STABILIZED YIELD(1)	N/A	$ 600M | 6.2%
DEVELOPMENT STARTS	$ 200M	$ 665M
STRUCTURED INVESTMENT PROGRAM (“SIP”) COMMITMENTS	$ 15M	$ 90M
CAPITAL RAISED | WTD. AVG. INITIAL COST OF CAPITAL(2)	$ 630M | 4.1%	$ 940M | 3.9%
EQUITY FORWARD(3)	N/A	$ 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

UPDATED FULL YEAR FINANCIAL AND OPERATING OUTLOOK

FULL YEAR 2022 UPDATED OUTLOOK SUMMARY[1]	REVISED OUTLOOK	JULY OUTLOOK[2]
PROJECTED CORE FFO PER SHARE GROWTH	18.5%	19.4%
SAME STORE COMMUNITIES (RESIDENTIAL ONLY)		
RENTAL REVENUE GROWTH KEY DRIVER → SLIGHTLY LOWER LEASE RATES	11.0%	11.25%
OPERATING EXPENSE GROWTH KEY DRIVERS → HIGHER-THAN-EXPECTED RESIDENT TURNOVER IN THE THIRD QUARTER, AND INCREASED UTILITY COSTS IN THE FOURTH QUARTER	5.75%	5.0%
NET OPERATING INCOME GROWTH	13.4%	14.25%

Source: Internal company reports.
See Appendix for a reconciliation of Projected EPS to Projected FFO and to Projected Core FFO.
(1) All figures based on the midpoint of the Company's outlook ranges.
(2) July outlook provided on July 27, 2022.

ADJUSTED BALANCE SHEET MANAGEMENT AND INVESTMENT APPROACH IN RESPONSE TO EVOLVING CAPITAL MARKET CONDITIONS

BALANCE SHEET ACTIVITY

→ COMPLETED AN ≈ $ 495 MILLION EQUITY FORWARD IN APRIL[(1)]

→ INCREASED DEVELOPMENT MATCH-FUNDING TO ≈ 95% FROM ≈ 80%[(2)]

→ INCREASED CREDIT FACILITY TO $ 2.25 BILLION FROM $ 1.75 BILLION AND EXTENDED TERM TO 2026

TRANSACTION MARKET ACTIVITY

→ TRANSITIONED TO A NET SELLER IN 2022 FROM A NET BUYER AND PIVOTED TO "SELL FIRST, BUY LATER"

→ TARGETING HIGHER RETURNS ON SELECTIVE ACQUISITION OPPORTUNITIES IN EXPANSION REGIONS

DEVELOPMENT ACTIVITY

→ REDUCED 2022 DEVELOPMENT START VOLUME TO ≈ $ 850 MILLION FROM $ 1.15 BILLION[(3)]

→ MANAGING DEVELOPMENT RIGHTS PIPELINE TO PRESERVE FLEXIBILITY; CURRENT PIPELINE CONSISTS OF 34 PROJECTS, REPRESENTING ≈ 11,500 APARTMENT HOMES, AND IS CONTROLLED FOR ≈ $ 222 MILLION[(4)]

Source: Internal company reports.

(1) See footnote 3 on page 4 in this presentation for additional information.

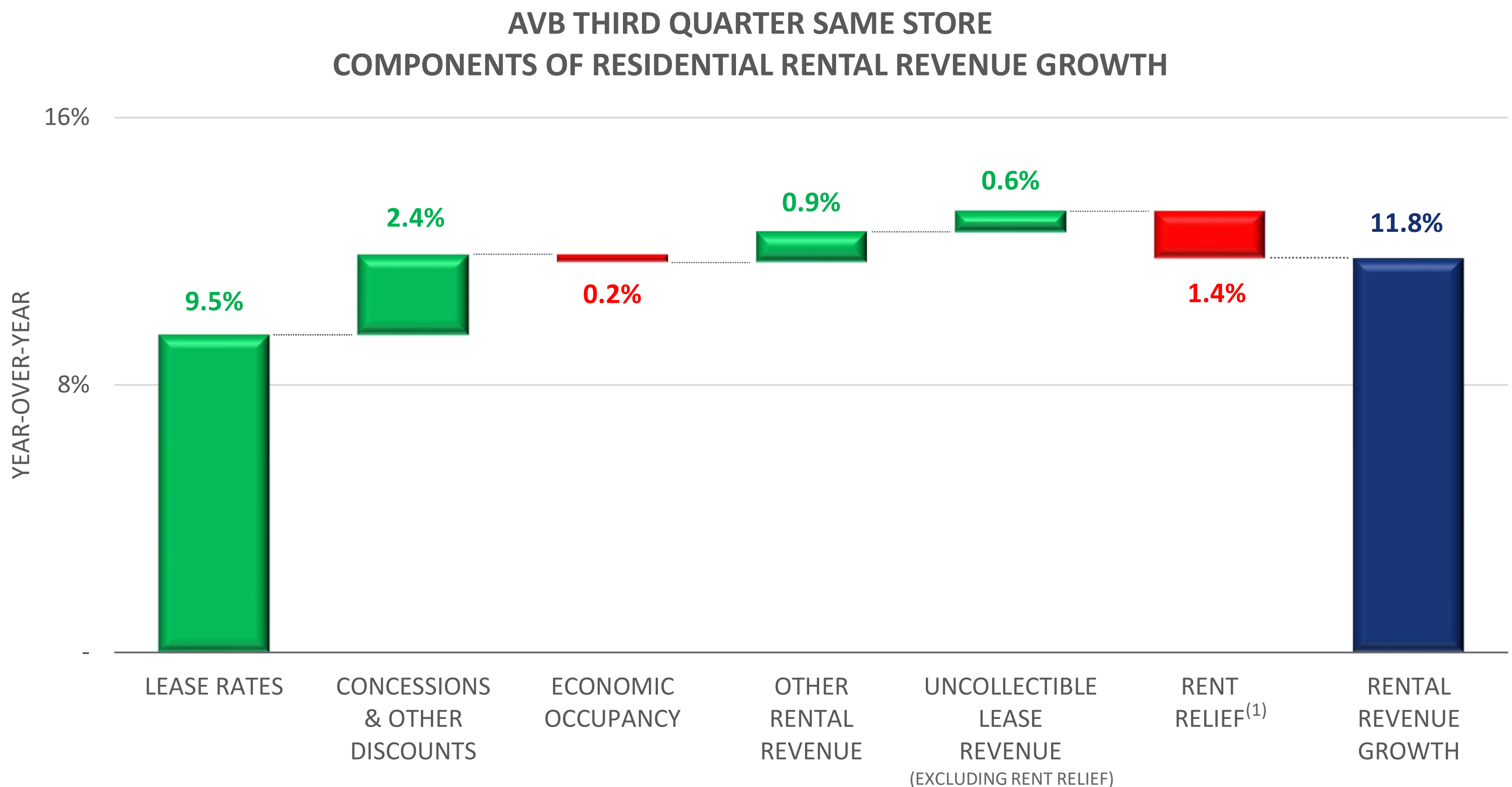
(2) As of September 30, 2022, and December 31, 2021, respectively. See page 13 in this presentation for a calculation of match-funding as of September 30, 2022 (i.e., ≈ 95%). See page 25 in this presentation for a calculation of match-funding as of December 31, 2021 (i.e., ≈ 80%).

(3) Initial outlook provided on February 2, 2022.

(4) Includes Land held for development (≈ $167 million) and capitalized costs related to Development Rights (≈ $ 55 million) for which the Company controls the land parcel (typically through a conditional agreement or option to purchase or lease the land).

AvalonBay COMMUNITIES

THIRD QUARTER SAME STORE RENTAL REVENUE GROWTH DRIVEN BY STRONG EFFECTIVE LEASE RATE GROWTH



Source: Internal company reports.

The Company amortizes concessions over the term of the lease.

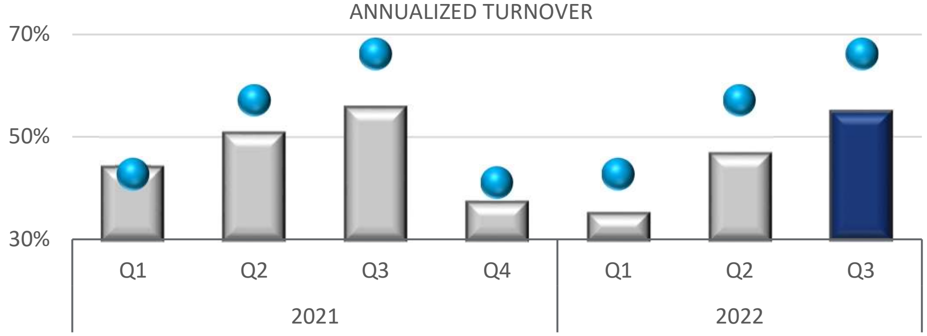
(1) Includes rent relief ("Rent Relief") recognized by the Company from the Emergency Rental Assistance Program funded by the U.S. Department of Treasury to assist households that are unable to pay rent and utilities due to the COVID-19 pandemic. During the third quarter of 2022, the Company recognized ≈ $5.7 million of Rent Relief for Same Store communities, as compared to ≈ $12.7 million of Rent Relief during the third quarter of 2021.

SAME STORE PORTFOLIO TRENDS CONTINUED TO REMAIN STRONGER THAN HISTORICAL NORMS

AVB SAME STORE

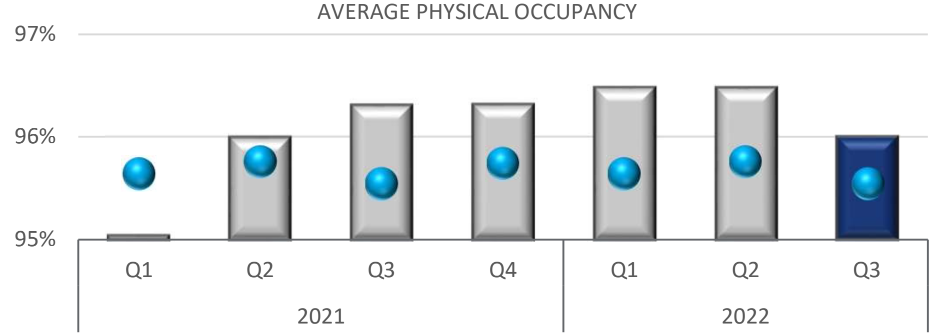
1 TURNOVER CONTINUED TO BE BELOW PRE-PANDEMIC LEVELS

ANNUALIZED TURNOVER



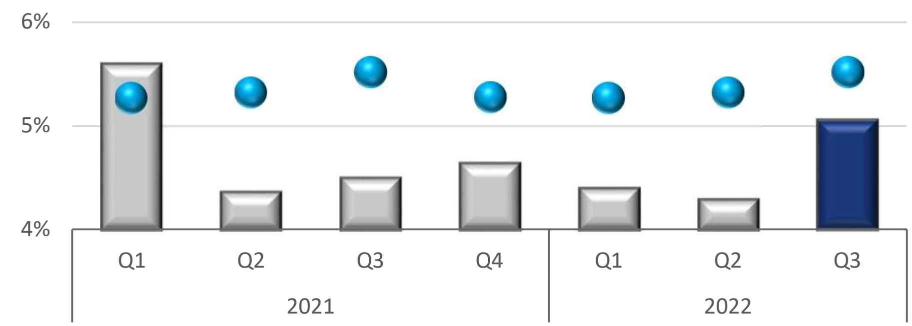
2 OCCUPANCY TICKED DOWN TO 96% BUT REMAINED ABOVE THIRD QUARTER NORMS

AVERAGE PHYSICAL OCCUPANCY



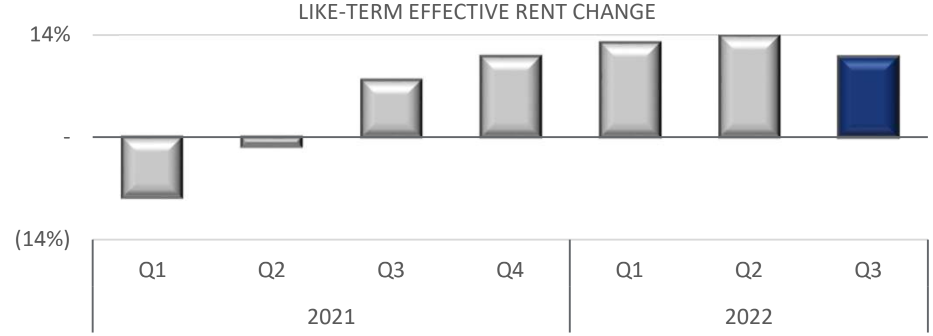
3 AVAILABILITY HOVERED AROUND ≈ 5%

30-DAY AVAILABILITY



4 RENT CHANGE WAS 11% IN THE THIRD QUARTER AND IS EXPECTED TO DECELERATE GIVEN STRONG COMPS[1]

LIKE-TERM EFFECTIVE RENT CHANGE



2018 – 2019 AVERAGE

Source: Internal company reports.
(1) Comparable year periods.

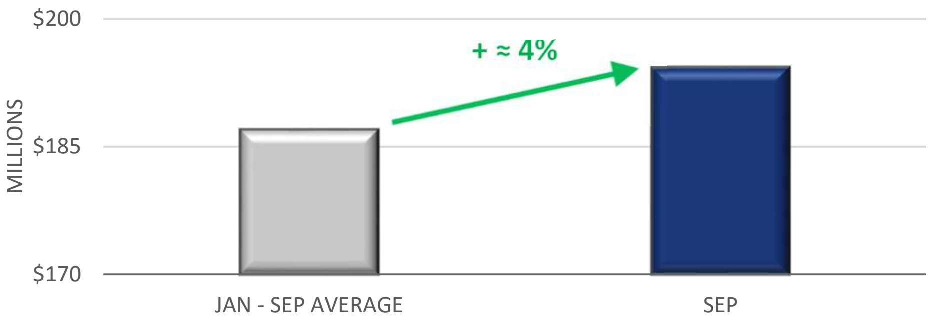
AvalonBay COMMUNITIES

2023 REVENUE GROWTH IS EXPECTED TO BE SUPPORTED BY A HEALTHY EARN-IN, ELEVATED LOSS-TO-LEASE, AND LOWER BAD DEBT; RENT RELIEF A HEADWIND

AVB SAME STORE

1 EMBEDDED GROSS POTENTIAL GROWTH ("EARN-IN") OF ≈ 4%

2022 GROSS POTENTIAL

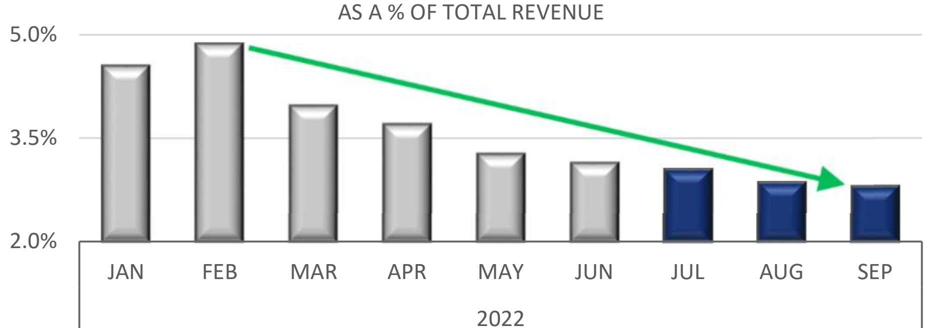


2 LOSS-TO-LEASE ≈ 6%

CURRENT LOSS-TO-LEASE[1]

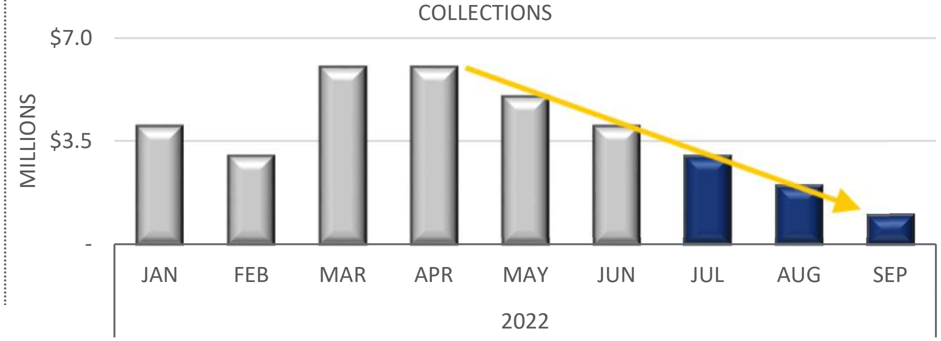
3 UNDERLYING UNCOLLECTIBLE LEASE REVENUE ("BAD DEBT") IMPROVING

AS A % OF TOTAL REVENUE



4 EMERGENCY RENTAL ASSISTANCE PROGRAM COLLECTIONS ("RENT RELIEF") TRENDING LOWER

COLLECTIONS



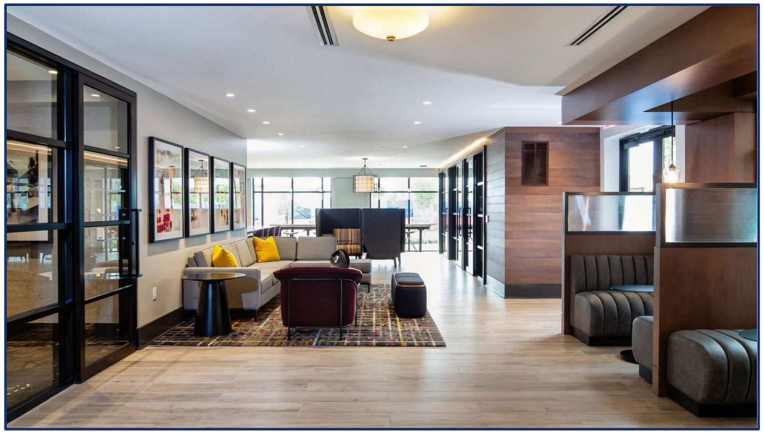
Source: Internal company reports.

(1) Represents the percentage difference between the average market rent and average gross potential rent for the four-week period ending September 30, 2022, and excludes the impact of regulatory constraints (e.g., rent regulation, rent control, other) that limit rent increases in certain regions.

FOUR LEASE-UPS, REPRESENTING ≈ $380 MILLION IN PROJECTED TOTAL CAPITAL COST, ARE OUTPERFORMING INITIAL EXPECTATIONS

CURRENT LEASE-UP ACTIVITY(1)	CURRENT PROJECTION	INITIAL PROJECTION	VARIANCE
WTD. AVG. RENTAL REVENUE PER HOME	$ 3,430	$ 3,045	$ 385 | 12.6%
WTD. AVG. INITIAL PROJECTED STABILIZED YIELD	6.9%	6.5%	40 BPS

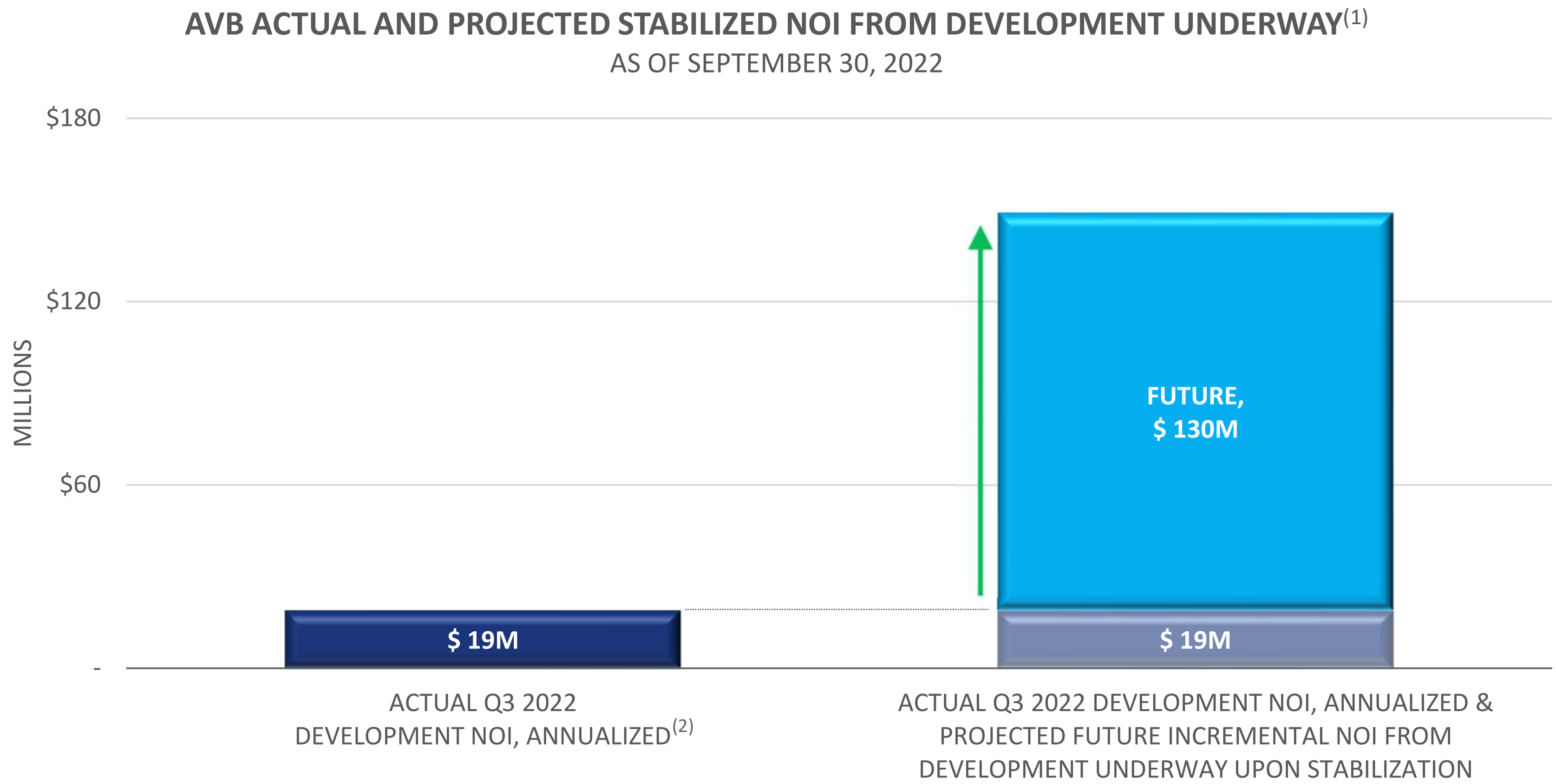
AVALON HARBOR ISLE
ISLAND PARK, NY



AVALON SOMERVILLE STATION
SOMERVILLE, NJ

Source: Internal company reports.
(1) Includes Avalon Harrison, Avalon Harbor Isle, Avalon Somerville Station, and Avalon North Andover.

DEVELOPMENT UNDERWAY IS EXPECTED TO DELIVER ≈ $130 MILLION OF INCREMENTAL NOI OVER THE NEXT FEW YEARS



Source: Internal company reports.

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

(2) See Attachment 9, footnote 3, in the Company's earnings release dated November 3, 2022, for additional information.

INCREASED DISPOSITION ACTIVITY IN THE THIRD QUARTER IN RESPONSE TO CHANGING MARKET CONDITIONS, PROVIDING ATTRACTIVELY PRICED CAPITAL

Q3 DISPOSITIONS	HOMES	SALES PRICE	SALES PRICE PER HOME	WTD. AVG. MARKET CAP RATE
WHOLLY-OWNED ACTIVITY[1]	1,120	$ 540M	$ 480K	4.1%
UNCONSOLIDATED ACTIVITY	671	315M	470K	3.6%
TOTAL	**1,791**	**$ 855M**	**$ 475K**	**3.9%**

AVALON DEL MAR STATION
PASADENA, CA

AVALON GREEN
(PHASES I, II, & III)
ELMSFORD, NY

AVALON SHARON
SHARON, MA

Source: Internal company reports.
(1) Excludes retail allocation at Avalon Del Mar Station and residential condominium sales at The Park Loggia.

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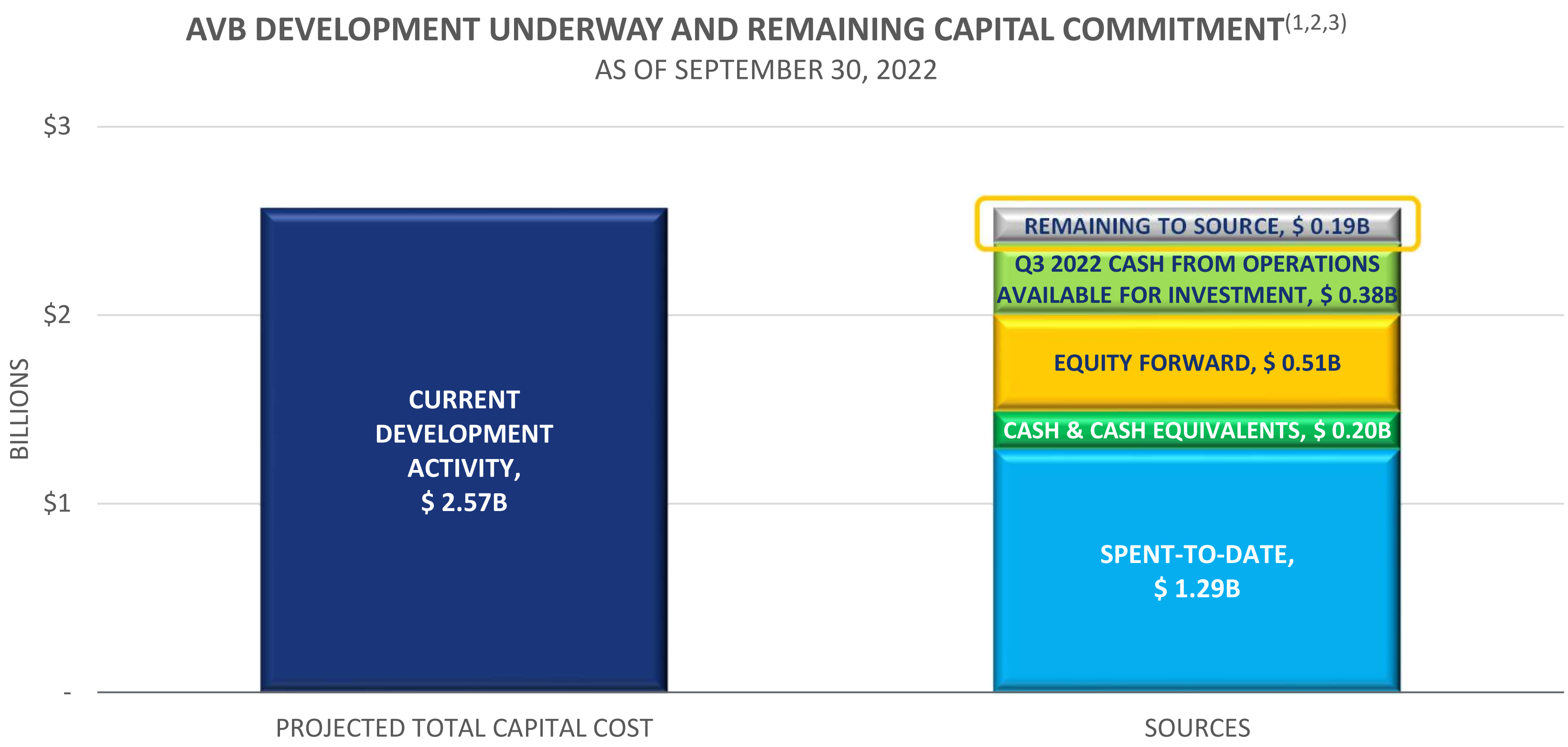
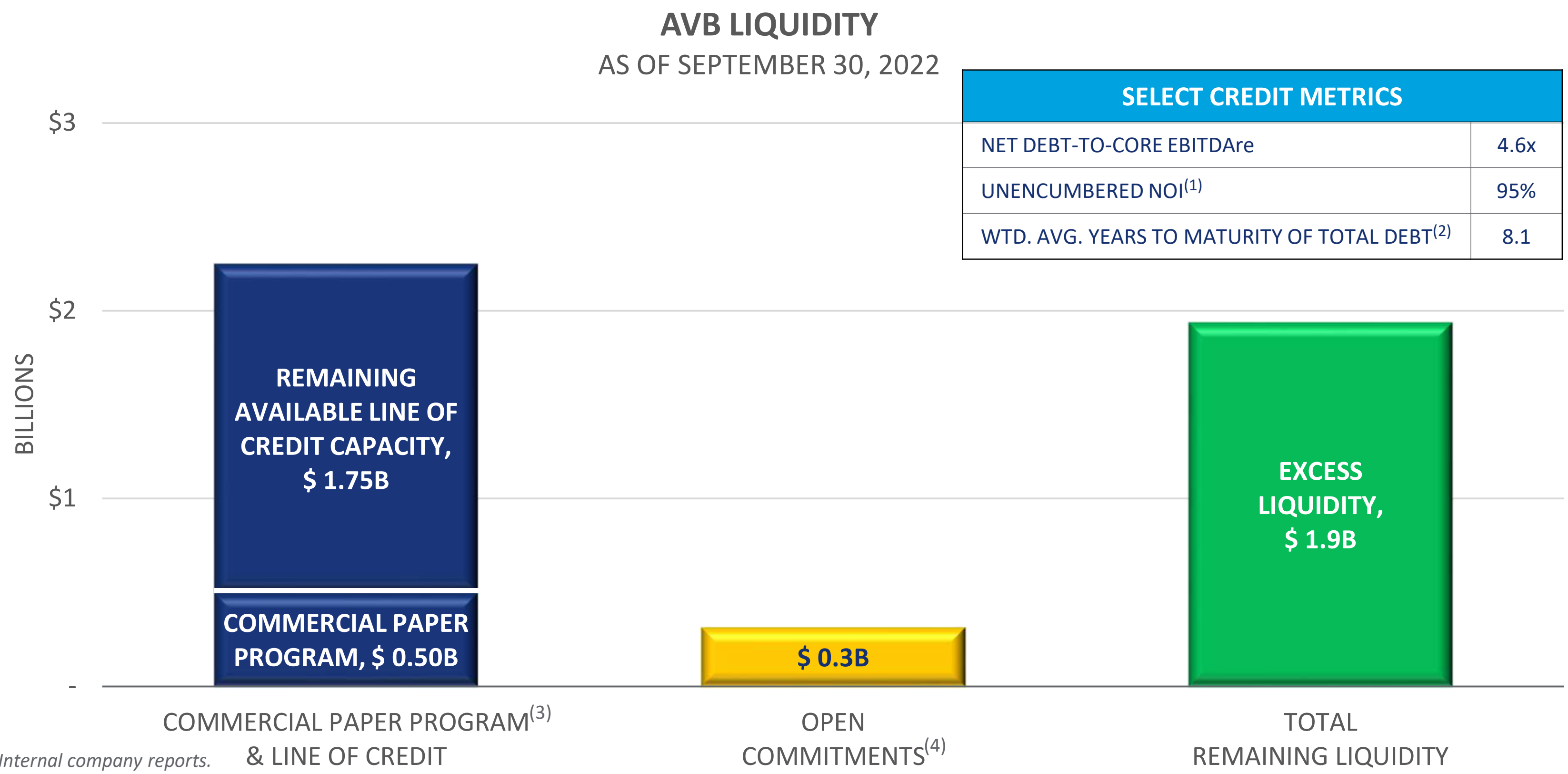
DEVELOPMENT UNDERWAY IS ≈ 95% MATCH-FUNDED



Source: Internal company reports.
See Appendix for a reconciliation of Q3 2022 cash from operations available for investment.
(1) Includes non-stabilized Development completions and excludes unconsolidated Development activity.
(2) Q3 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, in addition to the ≈ $494.2 million equity forward described in footnote 3 on page 4 in this presentation.

BALANCE SHEET IS WELL POSITIONED; $1.9 BILLION OF EXCESS LIQUIDITY AFTER CONSIDERING OPEN COMMITMENTS, AND CREDIT METRICS ARE STRONG



SELECT CREDIT METRICS	
NET DEBT-TO-CORE EBITDAre	4.6x
UNENCUMBERED NOI(1)	95%
WTD. AVG. YEARS TO MATURITY OF TOTAL DEBT(2)	8.1

Source: Internal company reports.

See Appendix for a reconciliation of Net Debt-to-Core EBITDAre and Unencumbered NOI.

(1) Year-to-date.

(2) Excludes the Company's (i) unsecured credit facility, (ii) commercial paper program, and (iii) any associated issuance discount, mark-to-market discounts and deferred financing costs, if applicable.

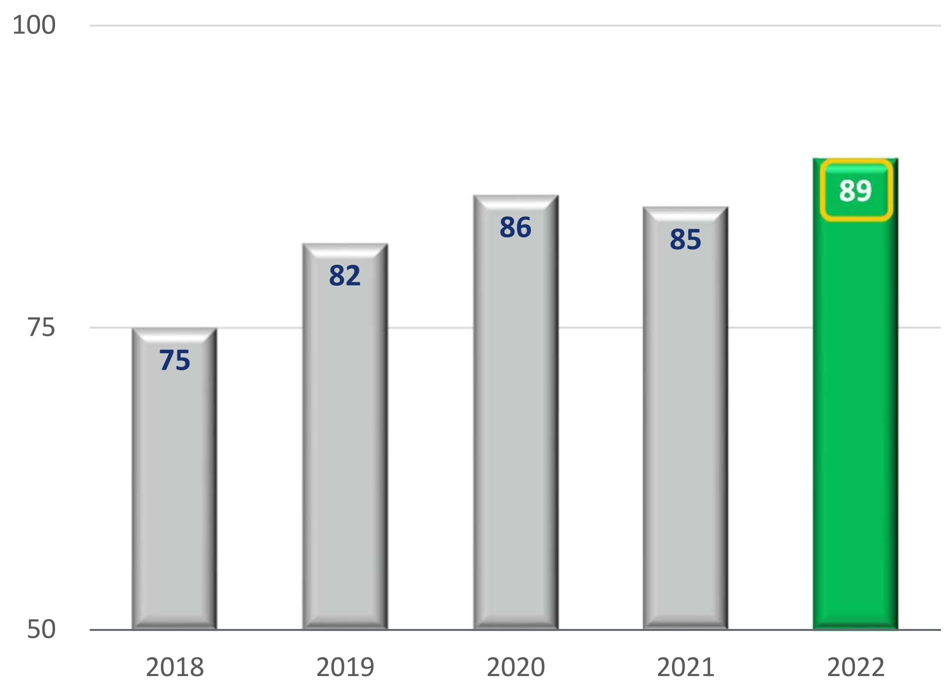
(3) The $500 million unsecured commercial paper program is backstopped by the Company's commitment to maintain available borrowing capacity under its unsecured credit facility (line of credit) in an amount equal to actual borrowings under the program.

(4) Includes Development underway – Remaining to source (see page 13 in this presentation for additional information), unfunded Structured Investment Program commitments, and amounts outstanding under the Company's commercial paper program.

LONG-STANDING INVESTMENT IN ESG INITIATIVES RECOGNIZED THROUGH SECTOR-LEADING GRESB SCORE

AVB GRESB PERFORMANCE

SCORES
2018 - 2022



2022 BENCHMARK REPORT RESULTS

GRESB RATING

PEER COMPARISON

1ST — UNITED STATES OF AMERICA RESIDENTIAL: MULTIFAMILY | LISTED
OUT OF 11

SELECT RANKINGS

1ST — GRESB SCORE WITHIN RESIDENTIAL | LISTED
OUT OF 37

2ND — GRESB SCORE WITHIN RESIDENTIAL | AMERICAS
OUT OF 105

Source: AvalonBay Communities, Inc. 2022 GRESB Real Estate Benchmark Report.

AvalonBay COMMUNITIES

Key takeaways

- Q3 Core FFO per share increased 21.4%;
  Same Store Residential NOI increased 14.4%
- Adjusted balance sheet management and investment approach in response to evolving capital market conditions
- Tailwinds in-place to support anticipated above-trend Same Store rental revenue growth in 2023
- Lease-ups continue to outperform initial expectations; projecting $130 million of incremental NOI from current Development over the next few years
  (≈ *95% match-funded against this activity*)
- Balance sheet is well-positioned; ample liquidity
- Named 2022 Global and Regional sector leader by GRESB

Source: Internal company reports.

AvalonBay
COMMUNITIES

Forward-Looking Statements

- This presentation dated November 3, 2022 is provided in connection with AvalonBay's third quarter 2022 earnings conference call on November 4, 2022. This presentation is intended to accompany AvalonBay's earnings release dated November 3, 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 18 to 31 in this presentation in addition to Attachment 12 to the earnings release.

- This presentation dated November 3, 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 third 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 Rental Revenue per Home, as calculated for certain Development communities in lease-up, reflects management's projected stabilized rents net of estimated stabilized concessions, including estimated stabilized other rental revenue and excluding projected commercial revenue. Projected stabilized rents are based on one or more of the following: (i) actual average leased rents on apartments leased through quarter end, (ii) projected rollover rents on apartments leased through quarter end where the lease term expires within the first twelve months of Stabilized Operations and (iii) Market Rents on unleased homes.

Cash from operations available for investment is the Company's Core FFO, less (i) dividends declared – common and (ii) Asset Preservation Capex, annualized. 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 Cash from operations available for investment, annualized to Core FFO, is as follows (dollars in thousands):

	Q3 2022	Q4 2021
Core FFO	$ 349,964	$ 317,551
Dividends declared - common	(222,753)	(222,658)
Same Store and Other Stabilized Asset Preservation Capex	(32,057)	(23,852)
Cash from operations available for investment	$ 95,154	$ 71,041
Cash from operations available for investment, annualized	$ 380,616	$ 284,164

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.

AvalonBay COMMUNITIES

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

EBITDA, EBITDAre and Core EBITDAre are considered by management to be supplemental measures of our financial performance. EBITDA is defined by the Company as net income or loss 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 as follows (dollars in thousands):

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

	Q3 2022
Net income	$ 494,632
Interest expense and loss on extinguishment of debt	59,558
Income tax expense	5,651
Depreciation expense	206,658
EBITDA	$ 766,499
Gain on sale of communities	(318,289)
Unconsolidated entity EBITDAre adjustments (1)	(35,072)
EBITDAre	$ 413,138
Unconsolidated entity losses, net	307
Joint venture promote	(4,690)
Structured Investment Program loan reserve	45
Gain on interest rate contract	(64)
Executive transition compensation costs	411
Severance related costs	574
Expensed transaction, development and other pursuit costs, net of recoveries	5,783
Gain on for-sale condominiums	(644)
For-sale condominium marketing, operating and administrative costs	340
Gain on other real estate transactions, net	(15)
Legal settlements	(3,677)
Core EBITDAre	$ 411,508

(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

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 as follows (dollars in thousands):

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

	Q3 2022	Q3 2021	YTD 2022	YTD 2021	Q4 2021	FULL YEAR 2021
Net income attributable to common stockholders	$ 494,747	$ 78,914	$ 895,482	$ 669,090	$ 335,209	$ 1,004,299
Depreciation - real estate assets, including joint venture adjustments	205,489	192,435	604,634	558,006	195,749	753,755
Distributions to noncontrolling interests	12	12	36	36	12	48
Gain on sale of unconsolidated entities holding previously depreciated real estate	(38,062)	-	(38,062)	(23,305)	-	(23,305)
Gain on sale of previously depreciated real estate	(318,289)	(58)	(467,493)	(388,354)	(213,881)	(602,235)
Casualty and impairment loss on real estate	-	1,940	-	3,117	2	3,119
FFO attributable to common stockholders	$ 343,897	$ 273,243	$ 994,597	$ 818,590	$ 317,091	$ 1,135,681
Adjusting items:						
Unconsolidated entity losses (gains), net (1)	307	(6,924)	(1,988)	(9,056)	(5,814)	(14,870)
Joint venture promote (2)	(4,690)	-	(4,690)	-	-	-
Structured Investment Program loan reserve (3)	45	-	1,653	-	-	-
Loss on extinguishment of consolidated debt	1,646	17,890	1,646	17,768	19	17,787
Gain on interest rate contract	(64)	-	(496)	(2,654)	-	(2,654)
Advocacy contributions	-	-	534	-	59	59
Executive transition compensation costs	411	411	1,220	2,599	411	3,010
Severance related costs	574	284	639	386	(73)	313
Expensed transaction, development and other pursuit costs, net of recoveries (4)	5,783	273	7,781	575	788	1,363
Gain on for-sale condominiums (5)	(644)	(1,345)	(2,113)	(2,051)	(1,059)	(3,110)
For-sale condominium marketing, operating and administrative costs (5)	340	1,187	1,644	3,453	634	4,087
For-sale condominium imputed carry cost (6)	400	1,648	2,035	5,779	1,252	7,031
Gain on other real estate transactions, net	(15)	(1,543)	(95)	(2,002)	(95)	(2,097)
Legal settlements	(3,677)	22	(3,418)	1,100	39	1,139
Income tax expense (7)	5,651	2,179	7,963	1,434	4,299	5,733
Core FFO attributable to common stockholders	$ 349,964	$ 287,325	$ 1,006,912	$ 835,921	$ 317,551	$ 1,153,472
Average shares outstanding - diluted	139,981,959	139,737,725	139,964,172	139,645,069	139,928,816	139,717,399
Earnings per share - diluted	$ 3.53	$ 0.56	$ 6.40	$ 4.79	$ 2.40	$ 7.19
FFO per common share - diluted	$ 2.46	$ 1.96	$ 7.11	$ 5.86	$ 2.27	$ 8.13
Core FFO per common share - diluted	$ 2.50	$ 2.06	$ 7.19	$ 5.99	$ 2.27	$ 8.26

Footnotes to this table are presented on the following page.

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

(1) Amounts for the nine months ended September 30, 2022 include unrealized gains of $1,948 on property technology investments. Amounts for the three and nine months ended September 30, 2021 include unrealized gains of $6,924 and $10,094, respectively, on property technology investments. The amount for the nine months ended September 30, 2021 is 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. Amount for the three months ended December 31, 2021 includes net unrealized gains on technology investments of $5,814.

(2) Amount for 2022 is for the Company's recognition of its promoted interest in the U.S. Fund.

(3) Amounts represent the change in 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) Amounts for 2022 include the write-off of $5,335 for a development opportunity in the Pacific Northwest that the Company determined is 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 gain of $304 for Q3 2022 and $469 for YTD 2022 and a net gain of $158 for Q3 2021 and net expense of $1,402 for YTD 2021, respectively.

(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 for the recognition of taxes primarily associated with The Park Loggia.

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

Core EBITDAre	$ 411,508
Interest expense (1)	$ 59,558
Interest Coverage	6.9x

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

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.

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

Match-funding calculation (as of December 31, 2021, dollars in billions):

	Q4 2021
Current development activity (1)	$ 2.47
Spent-to-date (1)	(1.33)
Cash & cash equivalents	(0.42)
Cash from operations available for investment (2)	(0.28)
Remaining to source	$ 0.44
Q4 2021 (development) match-funding	82.3%

(1) Includes non-stabilized Development completions and excludes unconsolidated Development activity. See Attachment 9 in the Company's earnings release dated February 2, 2022 for additional information.

(2) See page 18 in this presentation for a reconciliation of this calculation.

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

Total debt principal (1)	$ 8,078,012
Cash and cash in escrow	(487,126)
Net debt	$ 7,590,886
Core EBITDAre	$ 411,508
Core EBITDAre, annualized	$ 1,646,032
Net Debt-to-Core EBITDAre	4.6x

(1) Balance at September 30, 2022 excludes $8,784 of debt discount and $36,851 of deferred financing costs as reflected in unsecured notes, net, and $12,696 of debt discount and $1,722 of deferred financing costs as reflected in notes payable on the Condensed Consolidated Balance Sheets.

AvalonBay COMMUNITIES

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

NOI is defined by the Company as total property revenue less direct property operating expenses (including property taxes), and excluding corporate-level income (including management, development and other fees), corporate-level property management and other indirect operating expenses, expensed transaction, development and other pursuit costs, net of recoveries, interest expense, net, loss (gain) on extinguishment of debt, net, general and administrative expense, income from investments in unconsolidated entities, interest income, 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.

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 is as follows (dollars in thousands):

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

	YTD 2022
Net income	$ 895,274
Property management and other indirect operating expenses, net of corporate income	88,119
Expensed transaction, development and other pursuit costs, net of recoveries	9,865
Interest expense, net	172,613
Loss on extinguishment of debt, net	1,646
General and administrative expense	53,323
Income from investments in unconsolidated entities	(46,574)
Depreciation expense	607,746
Income tax expense (benefit)	7,963
Casualty and impairment loss	-
Gain on sale of communities	(467,493)
Gain on other real estate transactions, net	(95)
Net for-sale condominium activity	(469)
NOI from real estate assets sold or held for sale	(21,847)
NOI	$ 1,300,071

Other Stabilized is composed of completed consolidated communities that the Company owns, which have Stabilized Operations as of January 1, 2022, or which were acquired subsequent to January 1, 2021. Other Stabilized excludes communities that are conducting or are probable to conduct substantial redevelopment activities.

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 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	$ 8.11	$ 8.21
Depreciation (real estate related)	5.74	5.74
Gain on sale of communities	(4.22)	(4.22)
Projected FFO per share (diluted) - Full Year 2022	$ 9.63	$ 9.73
Joint venture promote and unconsolidated entity gains, net	(0.05)	(0.05)
Expensed transaction, development and other pursuit costs, net of recoveries	0.06	0.06
Executive transition compensation costs	0.01	0.01
Legal settlements	(0.02)	(0.02)
Structured Investment Program loan reserve	0.01	0.01
Income tax expense	0.07	0.07
Adjustments related to residential for-sale condominiums at The Park Loggia (1)	0.01	0.01
Loss on extinguishment of consolidated debt	0.01	0.01
Other	0.02	0.02
Projected Core FFO per share (diluted) - Full Year 2022	$ 9.75	$ 9.85

(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.

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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 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 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.

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.

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

Unencumbered NOI as calculated by the Company represents NOI generated by real estate assets unencumbered by outstanding secured notes payable as of September 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 nine months ended September 30, 2022 is as follows (dollars in thousands):

	YTD 2022
NOI from real estate assets sold or held for sale	21,847
Total NOI generated by real estate assets	$ 1,321,918
Less NOI on encumbered assets	(62,831)
NOI on unencumbered assets	$ 1,259,087
Unencumbered NOI	95%

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