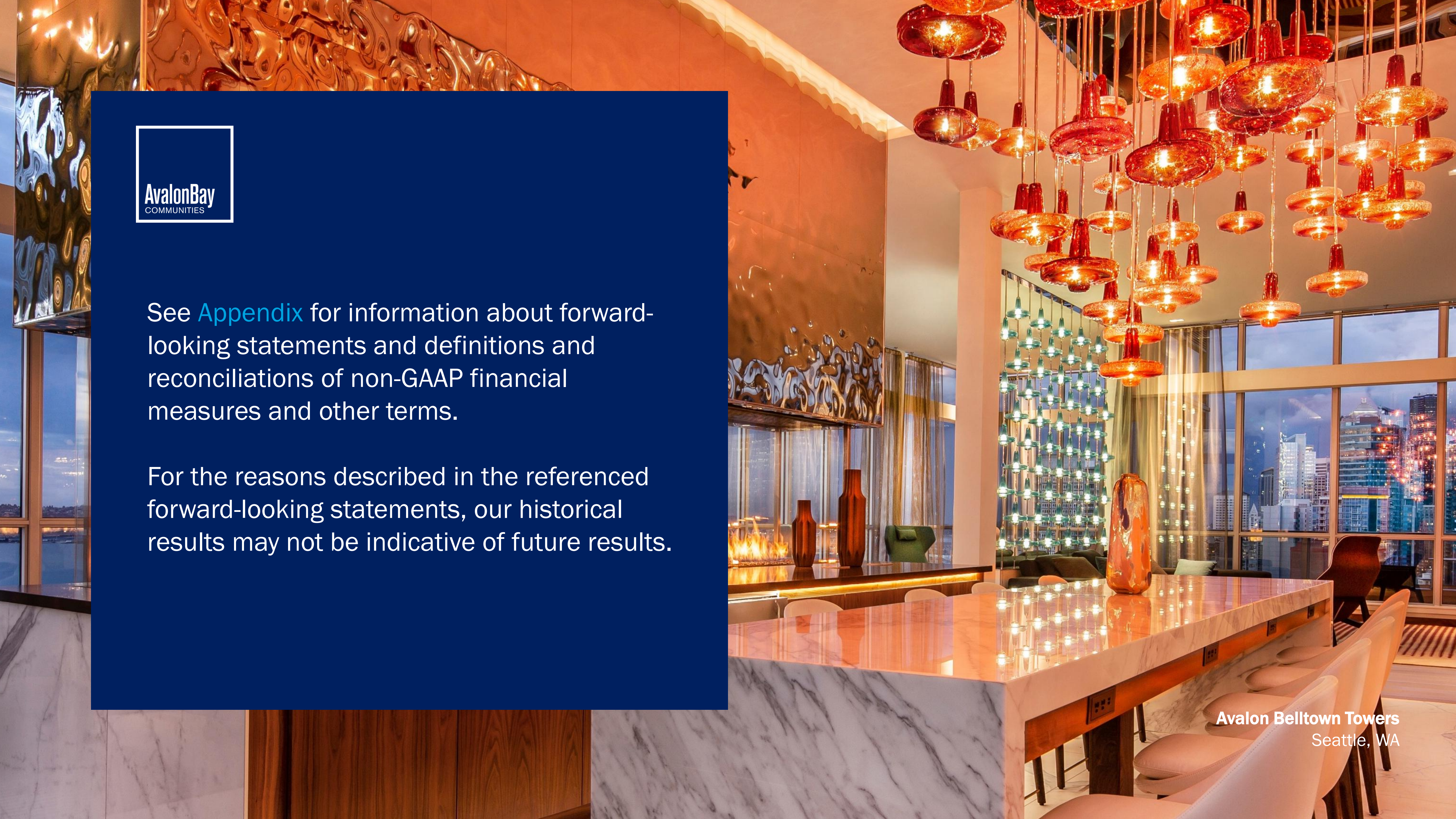
AvalonBay COMMUNITIES

INVESTOR TELECONFERENCE PRESENTATION

FOURTH QUARTER 2025

FEBRUARY 5, 2026

Avalon Ocean Avenue
San Francisco, CA



AvalonBay COMMUNITIES

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.

Avalon Belltown Towers
Seattle, WA

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 4Q AND FULL-YEAR 2025 RESULTS

4Q | FULL-YEAR RESULTS AND ACTIVITY	4Q	FULL-YEAR
CORE FFO PER SHARE GROWTH YEAR-OVER-YEAR	**1.8%**	**2.1%**
SAME STORE RESIDENTIAL REVENUE GROWTH YEAR-OVER-YEAR	**1.8%**	**2.5%**
DEVELOPMENT STARTS(1)	**$590M**	**$1.65B**
DEVELOPMENT COMPLETIONS	**$290M**	**$560M**
CAPITAL SOURCED(2) WTD. AVG. INITIAL COST OF CAPITAL	**$480M** 4.6%	**$2.5B** 5.0%
SHARES REPURCHASED WTD. AVG. STOCK PRICE	**$336M** $178	**$488M** $182

Source: Internal company reports.
See Appendix for a reconciliation of Net Income attributable to common stockholders to FFO and to Core FFO.
(1) 4Q 2025 Development starts include the Company's expansion of Avalon Tech Ridge, representing an incremental $33M of projected Total Capital Cost. Full-year 2025 Development starts include the Company's expansions of both Avalon Pleasanton and Avalon Tech Ridge, which combined represent an incremental $193M of projected Total Capital Cost.
(2) Capital sourced includes net proceeds from all equity and debt issuances, wholly-owned dispositions, and distributions from unconsolidated real estate entities. Weighted average initial cost of capital includes all equity and debt (inclusive of the effect of interest rate hedges) issuances, and wholly-owned dispositions only.

Avalon South Miami
South Miami, FL

LOOKING AHEAD

- **2026 Same Store Residential revenue growth projected at 1.4%, with fundamentals expected to improve as 2026 progresses**

- **Historically low levels of new supply in Established Regions expected for the foreseeable future**

- **Operating and technology leadership continuing to drive Incremental NOI, with $7M of Incremental NOI projected for ’26**
  - → Achieved $48M annual run-rate from ‘21 baseline as of YE25

- **Meaningful ramp in 2026 projected Development NOI, partially offset by the funding of $3.6B of profitable Development Underway**

- **Reduced ’26 Development starts to $800M; targeting 6.5-7.0% projected Initial Stabilized Yields**

- **Increased quarterly dividend by ~1.7% to $1.78 per share**

Source: Internal company reports.
See Appendix for a definition of Projected Core FFO and Same Store.
Please refer to Attachment 12 in the Company’s earnings release dated February 4, 2026, which provides the Company’s 2026 outlook.

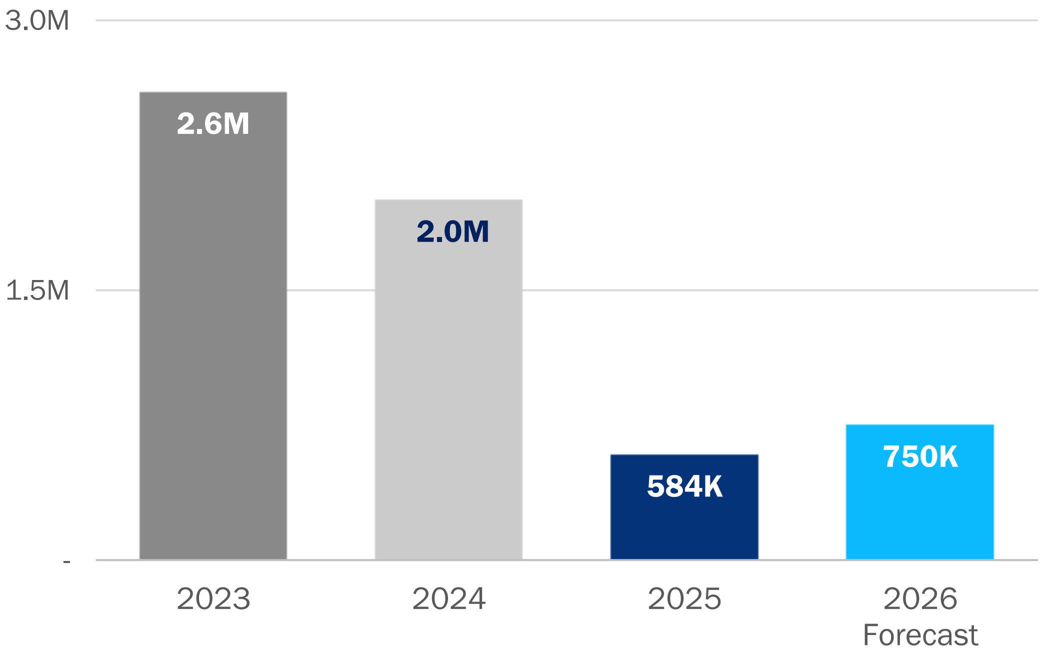
Avalon Doral
Miami Springs, FL

JOBS FORECAST REFLECTS CONTINUATION OF RECENT TRENDS, WITH EXPECTED STRONGER 2H26 GROWTH IN KEY CUSTOMER INDUSTRIES

AvalonBay COMMUNITIES

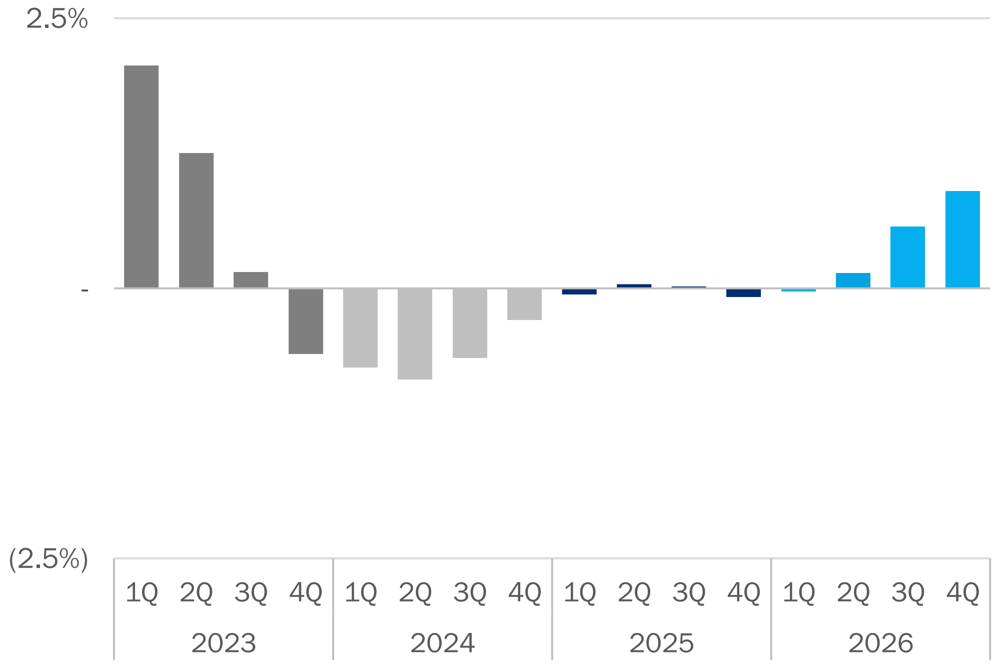
U.S. Annual Non-Farm Payroll Growth

Actuals per BLS, 2026 Forecast per NABE



U.S. Employment: Finance, Professional Services & Information

% chg y/y

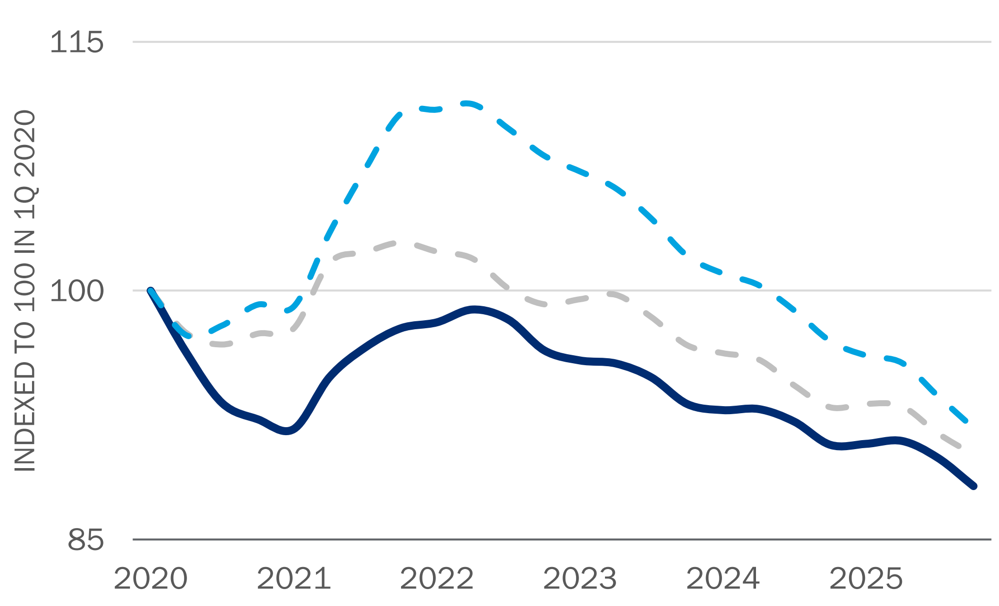


Source: Bureau of Labor Statistics (BLS), National Association for Business Economics (NABE), U.S. Census Bureau, Moody's Analytics, AVB Market Research Group.

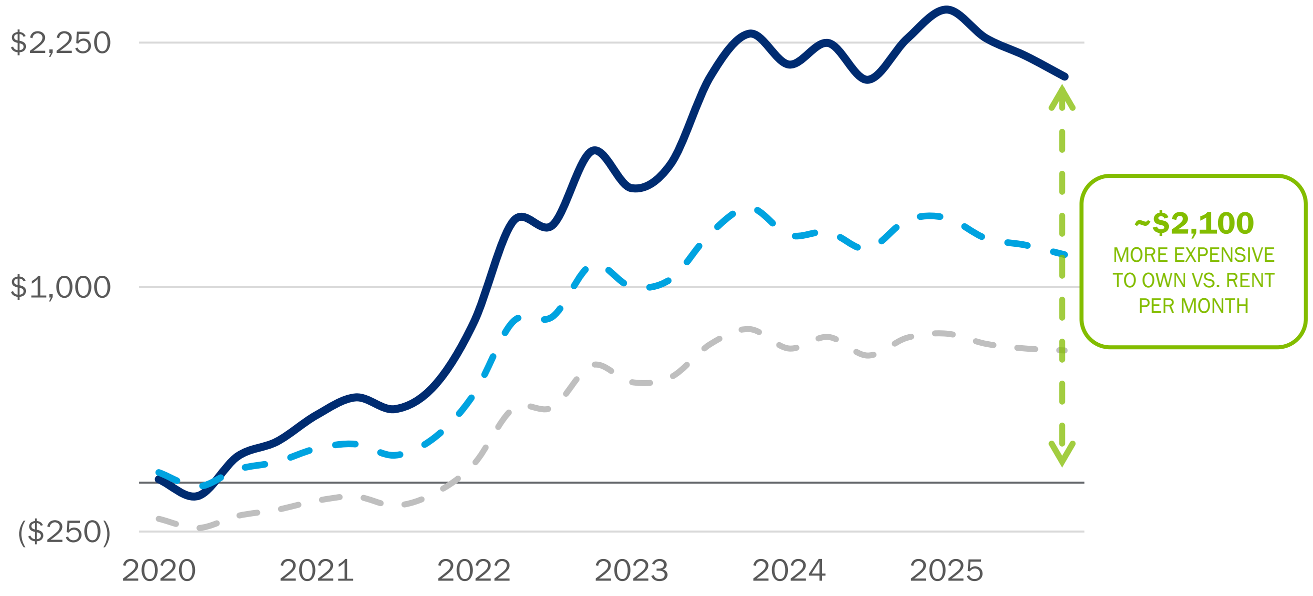
IMPROVING RENTAL AFFORDABILITY AND EXPENSIVE FOR-SALE HOUSING ALTERNATIVES SUPPORT ESTABLISHED REGION FUNDAMENTALS

AvalonBay COMMUNITIES

INDEXED RENT-TO-INCOME RATIO[1]



MEDIAN MORTGAGE PAYMENT LESS APARTMENT RENT[2]



U.S. Established Regions Expansion Regions

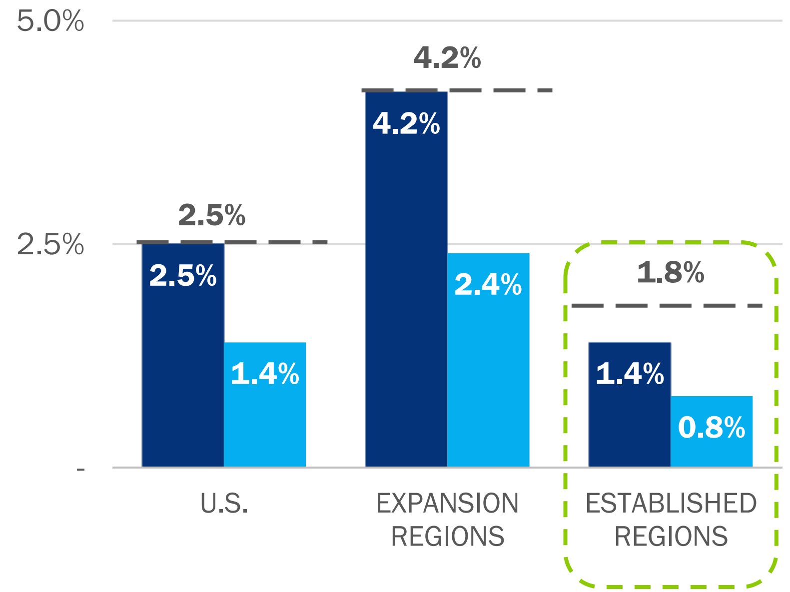
Source: CoStar, U.S. Census Bureau, Moody's Analytics, National Association of Realtors, Freddie Mac, National Association of Homebuilders, AVB Market Research Group.

(1) *Annual effective rent (net of concessions) divided by annual median household income.*

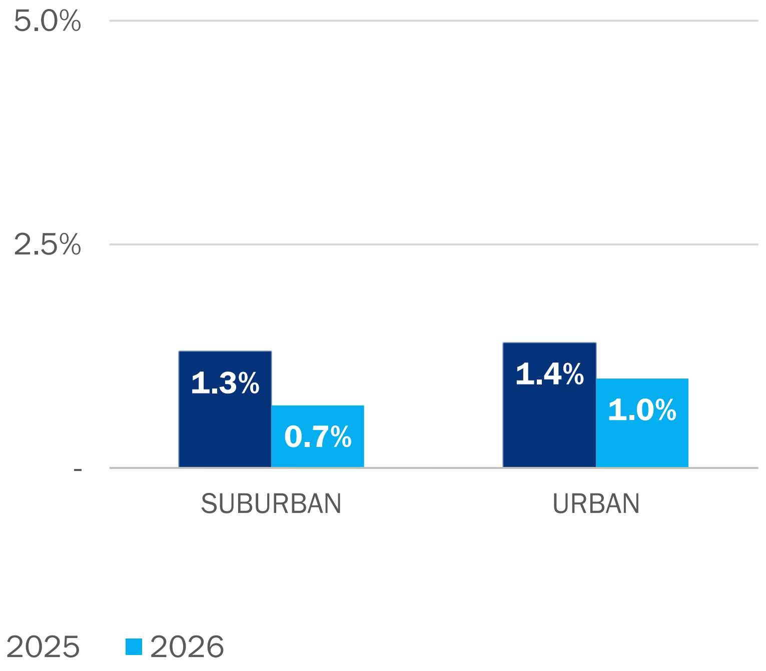
(2) *As of 4Q25, based on a median monthly mortgage payment (30-year fixed rate, 20% down payment, average property tax) minus monthly apartment rent (80+ unit buildings), the median mortgage payment in Established Regions was ~$2,086/month more expensive than the median apartment rent.*

PROJECTED DELIVERIES DOWN ~40% Y/Y IN AVB MARKETS; FAVORABLE BACKDROP FOR ESTABLISHED REGIONS TO LIKELY PERSIST

Projected 2026 New Market Rate Apartment Deliveries
As a % of Existing Inventory



Projected 2026 New Market Rate Apartment Deliveries in Established Regions
As a % of Existing Inventory



Source: Census, Moody's, AVB Market Research Group.

AvalonBay COMMUNITIES

Supply Outlook

Established Regions

Established Region supply of +80bps in '26 is at historically low levels (lowest since '12, coming out of the GFC)

Established Regions represent 92% of our projected 2026 Same Store Pool

We expect historically low levels of supply to persist in Established Regions given zoning and entitlement barriers

FULL-YEAR 2026 OUTLOOK SUMMARY

'26 OUTLOOK[1]	FULL-YEAR
PROJECTED CORE FFO PER SHARE GROWTH	
MIDPOINT OF OUTLOOK RANGE	0.1%
SAME STORE RESIDENTIAL	
REVENUE GROWTH	1.4%
OPERATING EXPENSE GROWTH	3.8%
NOI GROWTH	0.3%

Source: Internal company reports.
See Appendix for a reconciliation of Projected Net Income attributable to common stockholders to Projected FFO and to Projected Core FFO.
(1) Projected Core FFO growth, Same Store Residential revenue, operating expense, and NOI growth are based on the midpoints of the outlook ranges as provided on Attachment 12 in the Company's earnings supplement dated February 4, 2026.

Avalon Pleasanton
Pleasanton, CA

DEVELOPMENT & CAPITAL ACTIVITY OUTLOOK SUMMARY

'26 OUTLOOK[1]	FULL-YEAR
DEVELOPMENT ACTIVITY	
TOTAL CAPITAL COST FOR 2026 DEVELOPMENT STARTS	$ 800M
2026 PROJECTED DEVELOPMENT NOI	$ 47M
KEY CAPITAL ITEMS	
NEW CAPITAL SOURCED FROM CAPITAL MARKETS ACTIVITY AND ASSET SALES	$ 1.1B
SETTLEMENT OF FORWARD EQUITY CONTRACTS	$ 810M
CAPITAL USED FOR INVESTMENT ACTIVITIES[2]	$ 1.5B
CAPITAL USED FOR DEBT REDEMPTIONS AND AMORTIZATION	$ 785M

Source: Internal company reports.

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

(1) Projected Total Capital Costs for Development starts and Development NOI are based on the midpoints of the outlook ranges as provided on Attachment 12 in the Company's earnings supplement dated February 4, 2026.

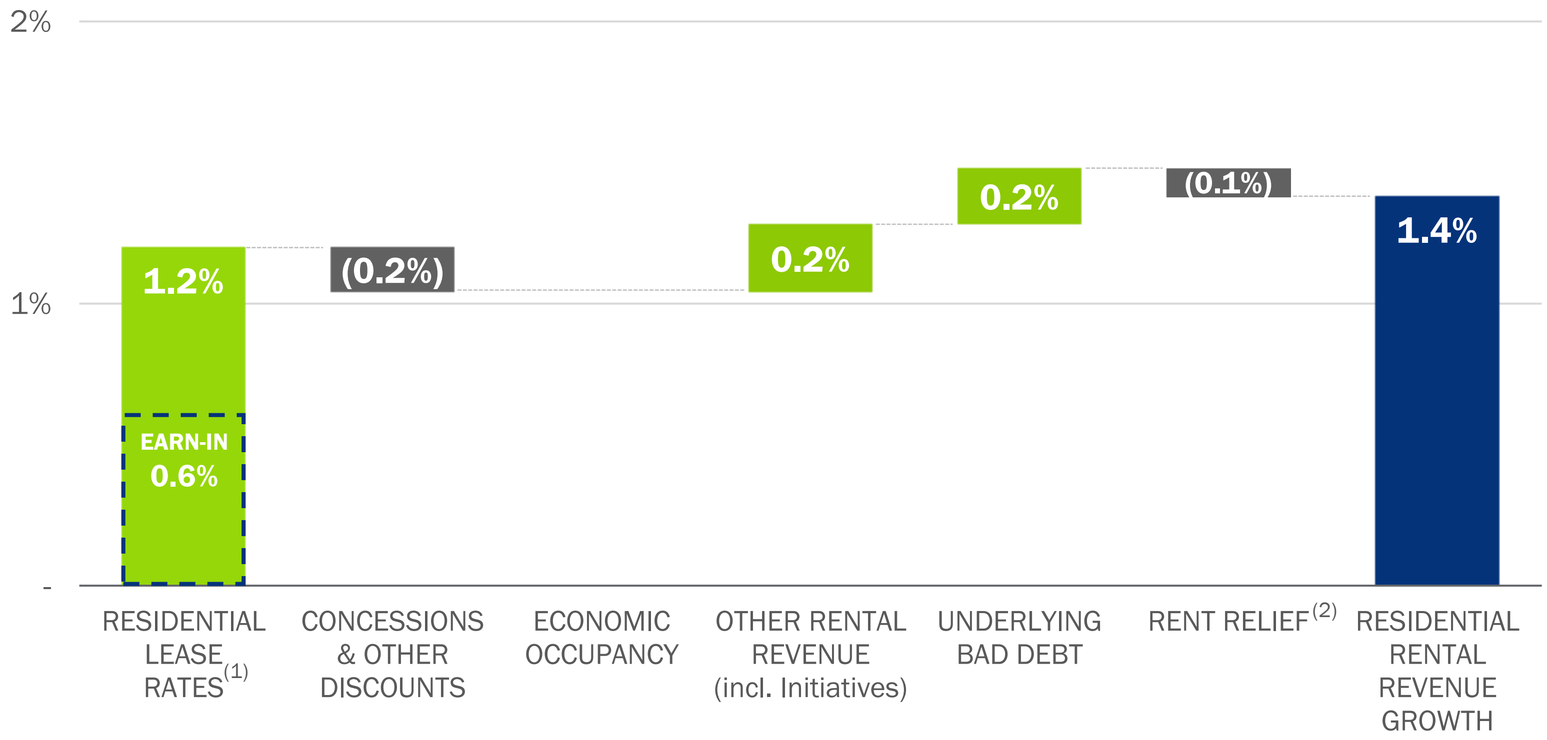
(2) Includes (i) Development, including land, NOI enhancing capitalized expenditures, and Redevelopment activity (ii) funding the Company's SIP commitments and (iii) joint venture funding.

Avalon Newcastle Commons
Newcastle, WA

HIGHER LEASE RATES, GROWTH IN OTHER RENTAL REVENUE AND IMPROVEMENT IN BAD DEBT DRIVING REVENUE GROWTH

Components of 2026 Full Year Projected Same Store Residential Revenue Growth

Based on the midpoint of outlook range



Source: Internal company reports.

(1) Represents growth based on leases in-place as of January 2026 relative to the average lease rate in 2025 (earn-in) and the projected contribution from new leases signed in 2026.

(2) The Company expects to recognize ≈ $ 2.2 million of revenue from government rent relief collections in 2026, as compared to ≈ $ 4.5 million of recognized government rent relief collections in 2025.

Same Store Outlook

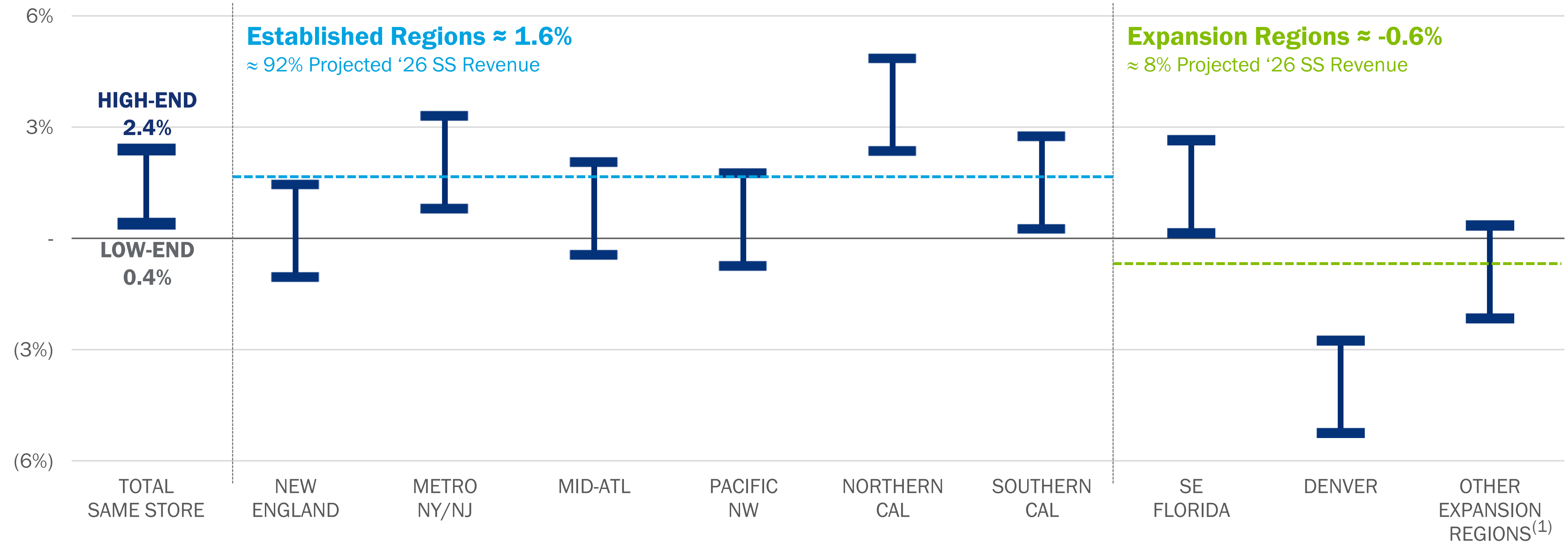
2026 Assumptions

- Projected Like-Term Effective Rent Change of ~2%, roughly 1.25% in 1H and 2.5% in 2H
- Underlying bad debt from residents is expected to decline by ~20bps y/y, partially offset by lower rent relief
- Other rental revenue growth of 3.5% driven by contribution from operating initiatives offset by ~150bps headwind related to legislation adopted in 2025.

NORTHERN CALIFORNIA LEADING '26 SAME STORE REVENUE GROWTH, WITH METRO NY/NJ LEADING ON THE EAST COAST

PROJECTED 2026 FULL YEAR SAME STORE RESIDENTIAL REVENUE GROWTH

BY REGION



Source: Internal company reports.

(1) Represents homes in Texas (1,975) and North Carolina (1,225).

OPERATING EXPENSE GROWTH IMPACTED BY SELECT PROPERTY TAX ITEMS; ORGANIC EXPENSE GROWTH LOWER THAN LAST YEAR

Select Components of Projected 2026 Full-year Same Store Residential Operating Expense Growth

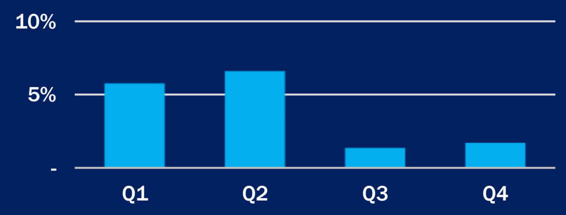
FY 2026 *ORGANIC* SS RESIDENTIAL OPERATING EXPENSE GROWTH		**2.5%**
SELECT PROPERTY TAX ITEMS		
PHASE-OUT OF PROPERTY TAX ABATEMENT PROGRAMS	0.7%	
PRIOR YEAR TAX REFUND	+ 0.5%	
	= 1.2%	**+ 1.2%**
INITIATIVE EXPENSES		
AVALON CONNECT, FURNISHED HOUSING	0.3%	
LABOR EFFICIENCIES	+ (0.2%)	
	= 0.1%	**+ 0.1%**
FY 2026 SS RESIDENTIAL OPERATING EXPENSE GROWTH (MIDPOINT)		**= 3.8%**

Source: Internal company reports.
For additional details on Same Store Residential Operating Expenses please refer to Attachment 7 in the Company's Earnings release dated February 4, 2026.
(1) Represents the expiration of property tax incentive programs, primarily at certain New York City properties.
(2) Avalon Connect represents the continued implementation of the Company's bulk internet offering, the costs for which are more than offset by the bulk internet revenue.
(3) Property taxes decreased in 4Q25 compared to the prior year period due to a successful tax appeal in Southern California, partially offset by increased assessments across the remaining portfolio and the expiration of property tax incentive programs primarily at certain New York City properties.

Same Store Outlook
Residential Operating Expenses

- Organic growth projected to improve from 2.9% in '25 to 2.5% in '26
- Phase-out of property tax abatement programs, primarily assets in NYC, contributing 70bps of opex growth
- Favorable property tax appeal and refund in 4Q25 creating 50bps headwind for '26
- Net impact of operating initiatives 10bps, as labor efficiencies mostly offset incremental cost from stabilizing Avalon Connect offering

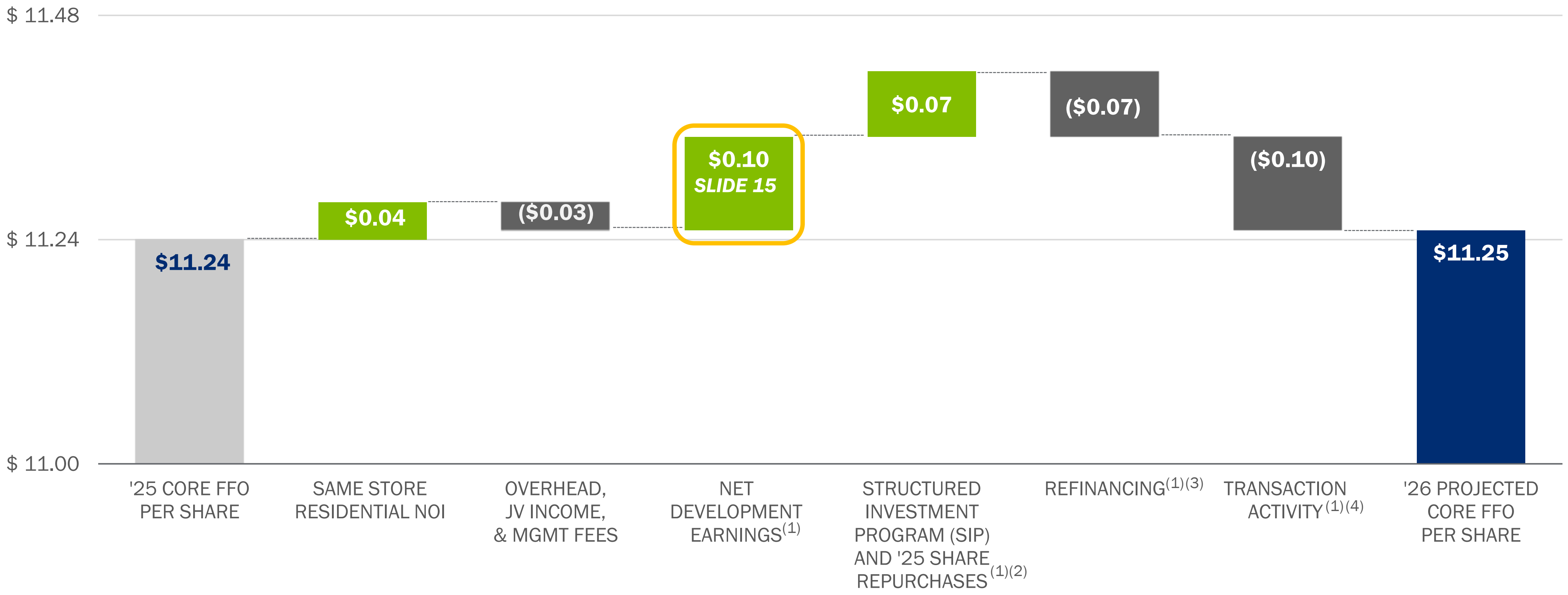
PROJECTED 2026 QUARTERLY SAME STORE RESIDENTIAL OPERATING EXPENSE GROWTH



DEVELOPMENT CONTRIBUTION OF +10¢/SHR TO EARNINGS IN '26 OFFSET BY REFINANCING AND TRANSACTION ACTIVITY

Components of 2026 Full-Year Projected Core FFO per Share Change

Supplemental Outlook Roadmap *(See Page 4 of earnings release dated February 4, 2026 for add'l details)*



Source: Internal company reports.

See Appendix for a reconciliation of Projected Net Income attributable to common stockholders to Projected FFO and to Projected Core FFO, as well as a definition of Net Development Earnings.

(1) The components Net Development Earnings, Structured Investment Program (SIP) and '25 share repurchases, refinancing, and transaction activity relate to and reallocate the NOI from new Development (+0.33c) and the capital markets and transaction activity (-33c) presented in the outlook roadmap on page 4 of our Earnings Release dated February 4, 2026.

(2) '26 Projected SIP Income, net of funding applied from Commercial Paper, and $488M of 2025 share repurchase activity at an avg. price of ~$182, with initial funding applied from Nov. '25 5-yr unsecured bond offering.

(3) Impact of refinancing on ~$1.6B of unsecured debt maturities over '25 and '26, using actual and projected weighted average interest rates representing 3.4% on maturing debt and 4.6% on new issuances, respectively.

(4) Transaction Activity includes timing impacts of $0.06 from the net impact of ~$1.3B of actual and projected acquisitions and dispositions over the two-year period '25 and '26.

CURRENT EARNINGS CONTRIBUTION FROM DEVELOPMENT REFLECTS THE FUNDING OF FUTURE ACCRETIVE GROWTH

2026 Projected Development NOI

11 Communities[1] | ≈ 3,175 Occupancies	+ $0.33/shr
'26 Development Communities	$0.29
Prior Year Stabilized Development[2]	$0.04

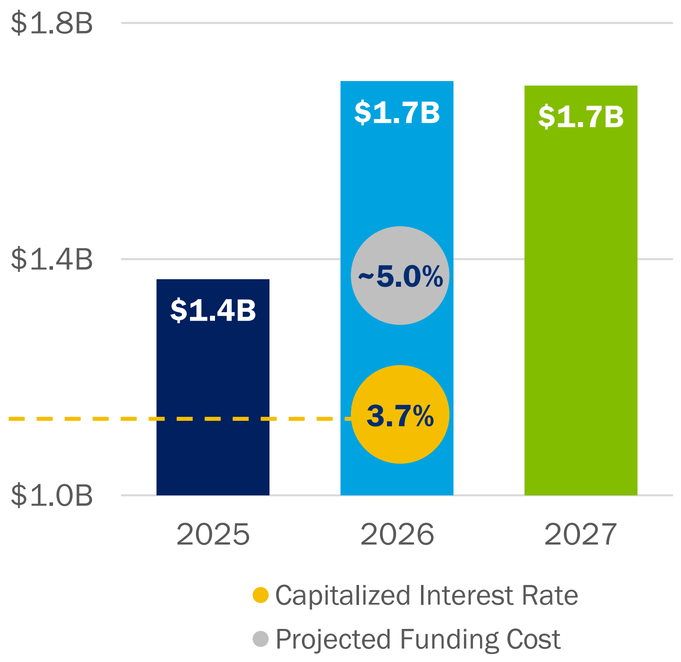
2026 Funding of Development Underway & Projected '26 Development Starts

34 Communities | > 11,000 Homes	- $0.23/shr
Debt Issuance & Commercial Paper[4]	($0.21)
Forward Equity Settlement[5]	($0.12)
Increase in Capitalized Interest[3]	+$0.10

Net Development Earnings = $0.10/shr

Avg. Construction in Progress (CIP), including Land and Capitalized Pursuit Costs

Actual and Projected by Year



Components of Net Development Earnings

Development NOI is generated as lease-up homes are delivered, leased and occupied

Less, incremental Development Funding Costs, representing the cost of debt and equity sourced during the year to fund pursuit costs, land and construction

Plus, the increase in capitalized interest: Under GAAP, construction in progress (CIP) is assigned a capitalized interest cost, calculated as all capitalized costs multiplied by our weighted-average unsecured debt rate (3.7% in 4Q25).

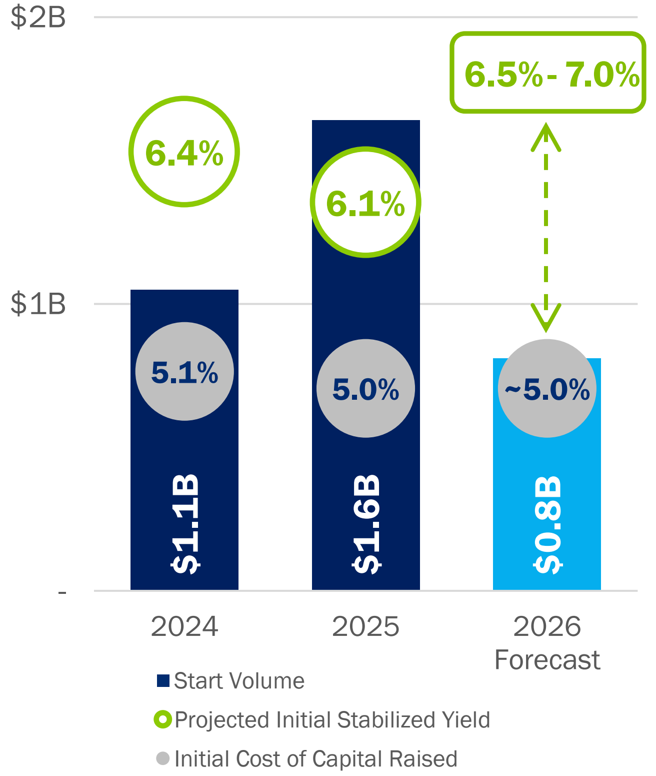
This capitalized interest reduces reported net interest expense during construction. However, because the capitalized interest rate is below our initial capital cost, this creates a temporary net earnings headwind when CIP is growing y/y.

Source: Internal company reports
Please see Appendix for a definition of Net Development Earnings.
(1) 11 communities are projected to contribute 2,910 of 3,175 Development occupancies for 2026. See Slide 17 for additional details.
(2) Prior Year Stabilized Development is included in Other Stabilized ("OS") communities.
(3) The projected increase in capitalized interest y/y represents a +10c tailwind to Net Development Earnings, primarily driven by an increase in the projected Avg. CIP balance by ~$340M y/y in '26.
(4) Debt Issuance and Commercial Paper represent actual and projected debt issuances, incremental to refinancing, over the two-year period 2025 and 2026, with actual and projected interest costs applied to fund Development.
(5) The Company's outlook reflects assumed settlement of outstanding forward equity in two, ~$400M tranches in 2Q and 4Q 2026, respectively.

ACCRETIVE DEVELOPMENT STARTS IN LAST TWO YEARS DRIVING ACCELERATION IN OCCUPANCIES AND DEVELOPMENT NOI INTO '27

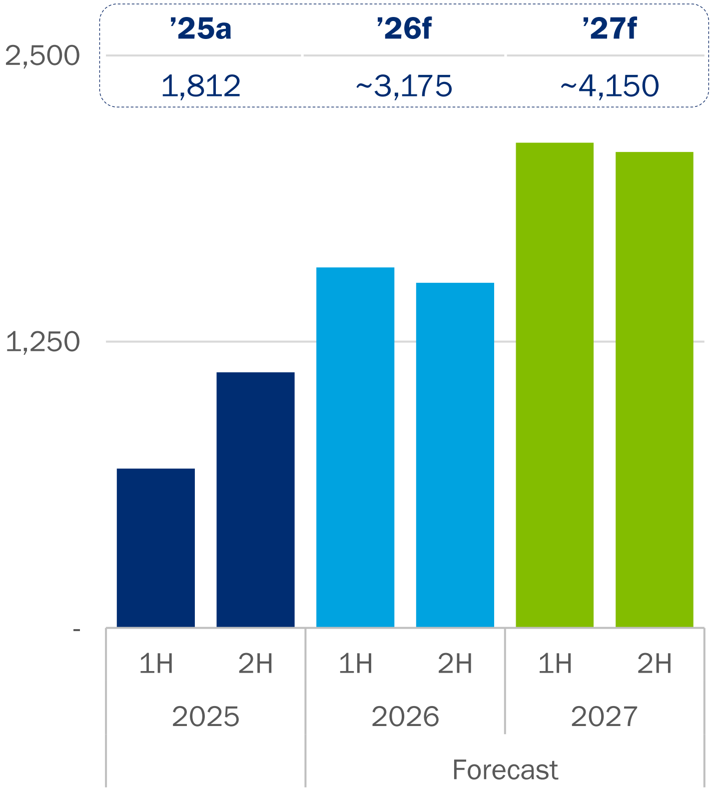
Development Starts, Projected Initial Stabilized Yields, Cost of Capital Raised

2024 – 2026, Actual and Projected



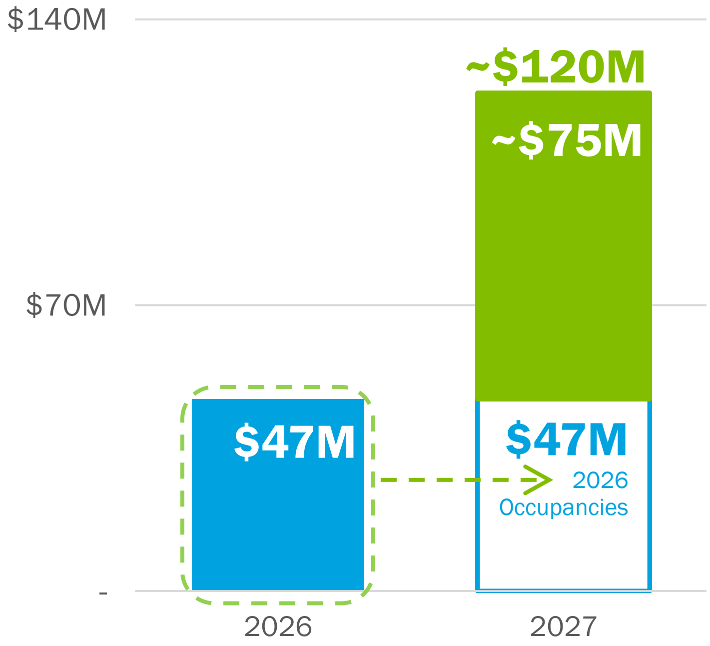
Development Occupancies

1H vs. 2H, Actual and Projected



Projected Development NOI

Calendar Year, Projected



Source: Internal Company Reports
For additional information, please refer to Attachment 9 in the Company's Earnings Release dated February 4, 2026.

2026 PROJECTED LEASE-UP ACTIVITY CONCENTRATED IN SUBURBAN SUBMARKETS IN ESTABLISHED REGIONS WITH LESS COMPETITION

AvalonBay COMMUNITIES

Key Metrics

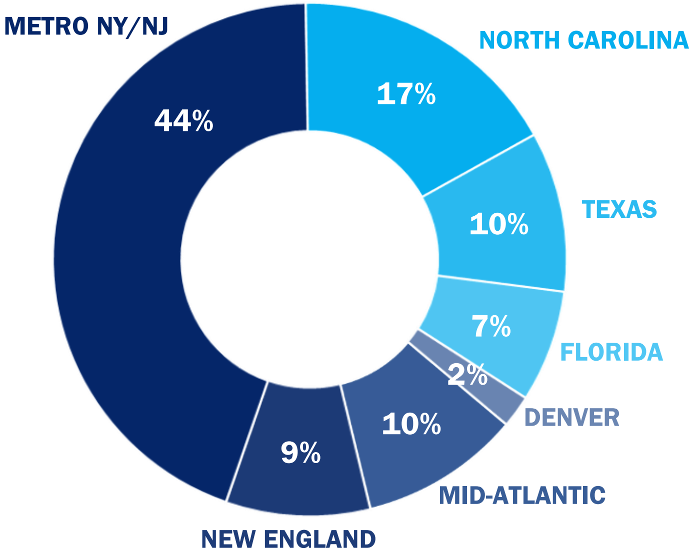
100%
Suburban

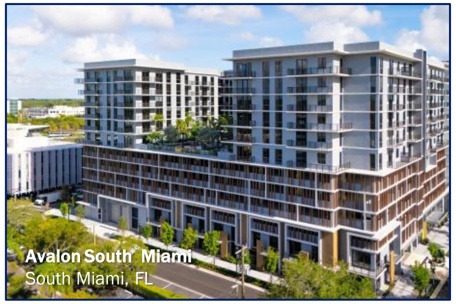
75%
Established Regions
Projected '26 Development NOI

~3,175
'26 Occupancies

Development Occupancies by Region

2026 Projected Occupancies





2026 Lease-ups

Development

Over 90% of Projected 2026 Development occupancies concentrated at 11 communities, with 9 already open and operating, and 2 scheduled to open in 1H26

75%+ of projected occupancies are in Established Regions, weighted by projected Development NOI

Source: Internal company reports

AvalonBay
COMMUNITIES

FORWARD-LOOKING STATEMENTS

This presentation dated February 5, 2026 is provided in connection with AvalonBay's fourth quarter 2025 earnings conference call on February 5, 2026. This presentation is intended to accompany AvalonBay's earnings release dated February 4, 2026 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 https://investors.avalonbay.com/

For definitions, additional information and reconciliations of non-GAAP financial information and certain defined terms included in this presentation, see pages 20 to 28 in this presentation in addition to Attachment 13 to the earnings release.

This presentation dated February 5, 2026 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 2025 earnings release that accompanies this presentation. The Company does not undertake a duty to update the projections and expectations stated in this presentation, which speak only as of the date of this presentation unless otherwise referenced.

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

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

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

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

DownREIT Units means units representing limited partnership interests in the "downREIT" partnership that acquired the Dallas-Fort Worth portfolio of six communities in April 2025. Each DownREIT Unit is entitled to receive quarterly distributions at the same rate as quarterly dividends on a share of the Company’s common stock (pro rated for the time outstanding during the first quarter of issuance). Following the one-year anniversary of the closing date, each holder of a DownREIT Unit will have the right to initiate a transaction in which each DownREIT Unit may be redeemed for a cash amount related to the then-current trading price of one share of the Company’s common stock or, at the Company’s election, one share of the Company’s common stock.

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 generally considered by management to be appropriate 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 due to a decrease in the value of depreciable real estate assets held by those affiliates and depreciation of real estate assets, including similar adjustments for unconsolidated partnerships and joint ventures, including those from a change in control. FFO can help one compare the operating and financial performance of a real estate company between periods or as compared to different companies because adjustments such as (i) gains or losses on sales of previously depreciated property or (ii) real estate depreciation may impact comparability between companies as the amount and timing of these or similar items can vary among owners of identical assets in similar condition based on historical cost accounting and useful life estimates. Core FFO is the Company's FFO as adjusted for non-core items outlined in the table below. By further adjusting for items that we do not consider to be part of our core business operations, Core FFO can help with the comparison of core operating 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

	Q4 2025	Q4 2024	Full Year 2025	Full Year 2024
Net income attributable to common stockholders	$ 164,733	$ 282,092	$ 1,051,301	$ 1,081,994
Depreciation - real estate assets, including joint venture adjustments	230,848	214,547	905,701	843,224
Income attributable to noncontrolling interests	1,252	—	5,298	—
Loss (gain) on sale of previously depreciated real estate, net	368	(121,841)	(335,713)	(363,300)
Casualty loss on real estate	418	—	1,276	2,935
FFO	397,619	374,798	1,627,863	1,564,853
Adjusting items:				
Unconsolidated entity losses (gains), net (1)	658	1,686	(39,227)	(33,137)
Structured Investment Program loan reserve (2)	(310)	(286)	(304)	(1,057)
Hedge accounting activity	—	(19)	24	61
Advocacy contributions	350	13,242	587	19,156
Executive transition compensation costs	—	—	—	304
Severance related costs	551	(192)	1,504	1,787
Expensed transaction, development and other pursuit costs, net of recoveries (3)	1,162	9,792	6,960	13,649
Other real estate activity (4)	(212)	(95)	(4,086)	(669)
Legal settlements and costs	4,563	713	13,391	3,002
Income tax (benefit) expense	(295)	(253)	(1,135)	445
Core FFO	$ 404,086	$ 399,386	$ 1,605,577	$ 1,568,394
Weighted average common shares outstanding - diluted	141,991,262	142,705,114	142,826,382	142,458,604
Earnings per common share - diluted	$ 1.17	$ 1.98	$ 7.40	$ 7.60
FFO per common share - diluted	$ 2.80	$ 2.63	$ 11.40	$ 10.98
Core FFO per common share - diluted	$ 2.85	$ 2.80	$ 11.24	$ 11.01

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

(1) Amounts consist primarily of net unrealized losses (gains) on property technology and sustainability fund investments.

(2) Changes are the expected credit losses associated with the Company's lending commitments primarily under its SIP. The timing and amount of any actual losses that will be incurred, if any, is to be determined.

(3) Amounts for 2025 and 2024 include a write-off of $3,668 and $8,947, respectively, for one development opportunity in each year that the Company determined is no longer probable.

(4) Amounts for Q4 and Full Year 2025 include gains on sale of non-operating real estate and Full Year 2025 includes a gain on the sale of a development right. Amounts for Q4 and Full Year 2024 consist primarily of gains on sale of non-operating real estate, as well as the imputed carry cost of for-sale residential condominiums at The Park Loggia. We compute this adjustment by multiplying the total capitalized cost of the unsold for-sale residential condominiums by our weighted average unsecured debt effective interest rate.

Initial Stabilized Yield represents NOI as a percentage of Total Capital Cost for the first 12 months after Stabilized Operations and is weighted based on the Total Capital Cost of each community.

Like-Term Effective Rent Change for an individual apartment home 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. Like-Term Effective Rent Change with respect to multiple apartment homes represents an average. 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.

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

Net Development Earnings is calculated as: (a) calendar year contribution from Development NOI, minus (b) the estimated initial cost of capital (debt and equity) sourced during the year to fund Development activities (pursuit costs, land and construction), and plus or minus (c) gains (losses) from the year-over-year change in capitalized interest.

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), property management and other indirect operating expenses, net of corporate income, 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 unconsolidated investments, depreciation expense, income tax (benefit) expense, casualty loss, (gain) loss on sale of communities, other real estate 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 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 group of assets.

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 an estimate of typical capital expenditure allowance 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 2.5% and an estimate of typical market costs for insurance, payroll and other operating expenses for which the Company may have proprietary advantages not available to a typical buyer. 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.

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

Match-Funded (Development Underway) is calculated by the Company as the sum of (i) Total Capital Cost, disbursed through 12/31/25 for all wholly-owned Development communities that had not achieved Stabilized Operations for the entire three month period ended December 31, 2025, (ii) cash and cash equivalents, (iii) unsettled forward equity contracts, and (iv) Q4 2025 cash from operations available for investment, annualized divided by the Total Capital Cost, under construction for all wholly-owned Development communities that had not achieved Stabilized Operations for the entire three month period ended December 31, 2025. A calculation of Match-funded (Development Underway) is as follows (dollars in millions):

	Q4 2025
Total Capital Cost, disbursed to date	$ 2,233
Cash and cash equivalents	187
Unsettled Forward Equity Activity	808
Q4 2025 cash from operations available for investment, annualized	425
Total	$ 3,653
Total Capital Cost, under construction and completed	$ 4,006
Match-funded (Development underway)	91%

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

Projected FFO and Projected Core FFO, as provided within this release 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 first quarter and full year 2026 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) - Q1 2026	$ 2.35	$ 2.45
Depreciation (real estate related)	1.62	1.62
Gain on sale of communities, net	(1.28)	(1.28)
Projected FFO per share (diluted) - Q1 2026	$ 2.69	$ 2.79
Unconsolidated entity losses, net	0.01	0.01
Expensed transaction, development and other pursuit costs, net of recoveries	0.01	0.01
Legal settlements and costs	0.01	0.01
Severance related costs	0.01	0.01
Projected Core FFO per share (diluted) - Q1 2026	$ 2.73	$ 2.83
Projected EPS (diluted) - Full Year 2026	$ 6.33	$ 6.83
Depreciation (real estate related)	6.65	6.65
Gain on sale of communities, net	(2.18)	(2.18)
Projected FFO per share (diluted) - Full Year 2026	$ 10.80	$ 11.30
Unconsolidated entity gains, net	0.03	0.03
Structured Investment Program loan reserve	0.01	0.01
Severance related costs	0.01	0.01
Expensed transaction, development and other pursuit costs, net of recoveries	0.04	0.04
Legal settlements and costs	0.10	0.10
Other	0.01	0.01
Projected Core FFO per share (diluted) - Full Year 2026	$ 11.00	$ 11.50

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 is weighted based on the Company's share of the Total Capital Cost of each community, based on its percentage ownership.

Residential represents results attributable to the Company's apartment rental operations, including parking and other ancillary Residential revenue.

Redevelopment is composed of consolidated communities where substantial redevelopment is in progress or is probable to begin during the current year. Redevelopment is considered substantial when (i) capital invested during the reconstruction effort is expected to exceed the lesser of $5,000,000 or 10% of the community's pre-redevelopment basis and (ii) physical occupancy is below or is expected to be below 90% during or as a result of the redevelopment activity.

Q4 2025 cash from operations available for investment, annualized is the Company's fourth quarter 2025 Core FFO, less (i) fourth quarter 2025 dividends declared – common shares and DownREIT units and (ii) fourth quarter 2025 Asset Preservation Capex, annualized. Q4 2025 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 Q4 2025 cash from operations available for investment, annualized to Core FFO is as follows (dollars in thousands):

		Q4 2025
Core FFO attributable to common stockholders	$	404,086
Dividends declared - common shares and DownREIT units		(247,436)
Established and Other Stabilized Asset Preservation Capex		(50,353)
Q4 2025 cash from operations available for investment	$	106,297
Q4 2025 cash from operations available for investment, annualized	$	425,188

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

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 2024 operating results, Same Store is composed of consolidated communities that have Stabilized Operations as of January 1, 2023, 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 operations of a community that occur after the earlier of (i) attainment of 90% physical occupancy or (ii) the one-year anniversary of completion of development or redevelopment.

Suburban locations are defined as submarkets having less than 3,500 households per square mile.

Total Capital Cost includes all capitalized costs projected to be or actually incurred to develop the respective Development or Redevelopment community, including land acquisition costs, construction costs, real estate taxes, capitalized interest and loan fees, permits, professional fees, allocated development overhead and other regulatory fees and a contingency estimate, 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 period 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 (locations) are defined as submarkets having 3,500 or more households per square mile.

AvalonBay
COMMUNITIES