Avalon Woburn
Woburn, MA

Kanso Twinbrook
Rockville, MD

AVA Hollywood at La Pietra Place
Los Angeles, CA

AvalonBay
COMMUNITIES

INVESTOR TELECONFERENCE PRESENTATION

Third Quarter 2023
October 25, 2023

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

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

PARTICIPANTS

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

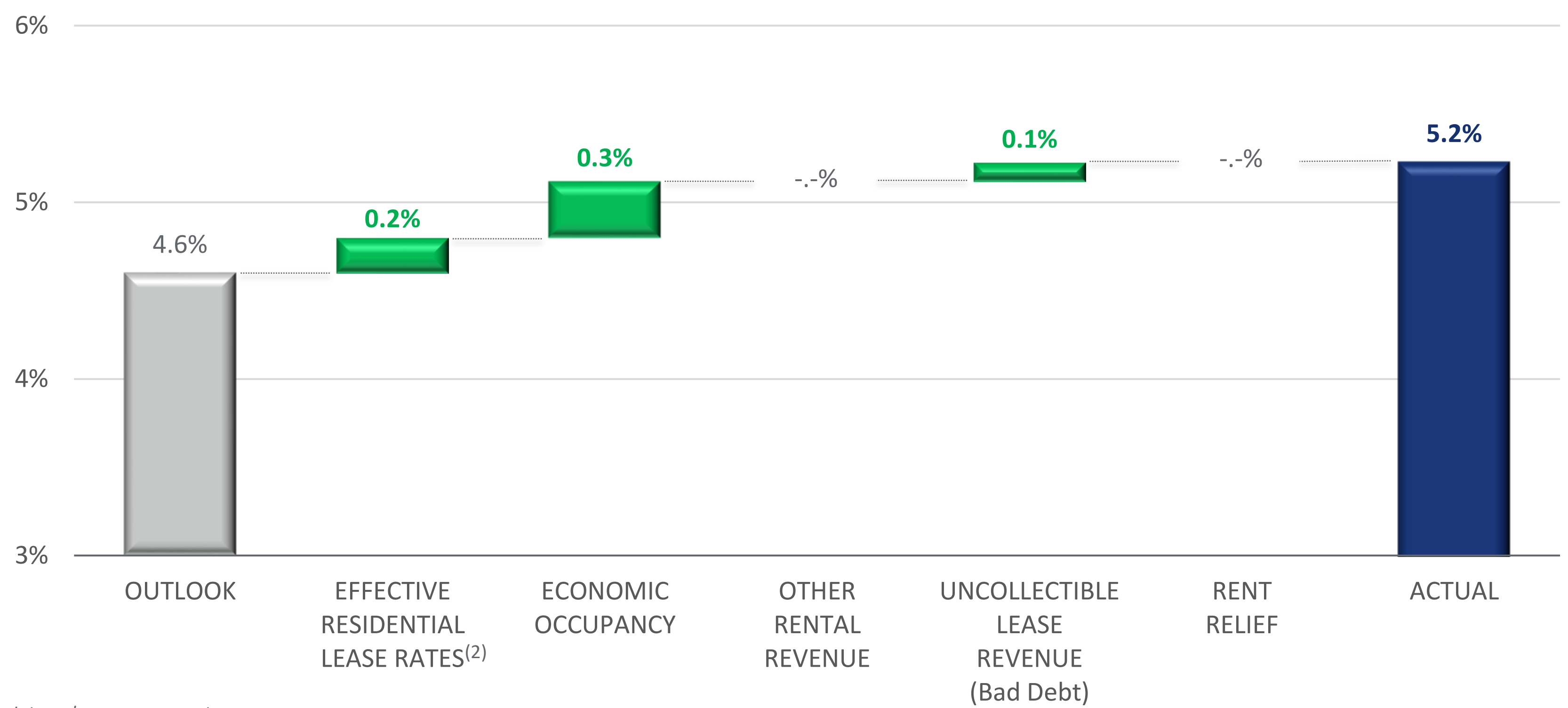
REVIEW OF THIRD QUARTER AND YEAR-TO-DATE RESULTS AND ACTIVITY

THIRD QUARTER AND YEAR-TO-DATE 2023 RESULTS AND ACTIVITY	Q3	YTD
CORE FFO PER SHARE YEAR-OVER-YEAR GROWTH	6.4%	9.7%
SAME STORE RESIDENTIAL RENTAL REVENUE GROWTH		
YEAR-OVER-YEAR	5.2%	6.9%
SEQUENTIAL	1.2%	N/A
DEVELOPMENT COMPLETIONS | WTD. AVG. INITIAL PROJECTED STABILIZED YIELD	$ 300M | 7.2%	$ 485M | 6.7%
DEVELOPMENT STARTS	$ 270M	$ 480M
STRUCTURED INVESTMENT PROGRAM ("SIP") COMMITMENTS	$ 50M	$ 50M
CAPITAL RAISED | WTD. AVG. INITIAL COST OF CAPITAL(1)	$ 110M | 5.1%	$ 855M | 4.3%

Source: Internal company reports.
See Appendix for a reconciliation of Net Income attributable to common stockholders to FFO and to Core FFO.
(1) Capital raised includes net proceeds from all equity issuances, wholly-owned dispositions and distributions from unconsolidated real estate entities. Weighted average initial cost of capital includes all equity issuances and wholly-owned dispositions only. Capital raised and weighted average initial cost of capital does not include $70 million of commercial paper issued at the end of the third quarter in connection with the timing of various transactions; there were no other debt issuances completed during the periods presented.

60 BASIS POINTS OF OUTPERFORMANCE IN Q3 SAME STORE REVENUE GROWTH DRIVEN BY BETTER-THAN-EXPECTED OCCUPANCY AND EFFECTIVE LEASE RATES

THIRD QUARTER 2023 SAME STORE YEAR-OVER-YEAR
COMPONENTS OF RESIDENTIAL RENTAL REVENUE GROWTH OUTPERFORMANCE
VERSUS OUTLOOK[1]



Source: Internal company reports.

(1) Outlook represents what the Company's expectation was for Same Store Residential rental revenue growth for the third quarter of 2023 when the Company published its updated outlook for full year 2023 Same Store Residential rental revenue growth on July 31, 2023.

(2) Includes Residential lease rates and concessions and other discounts.

AvalonBay COMMUNITIES

UPDATED FULL YEAR 2023 OUTLOOK

FULL YEAR 2023 OUTLOOK SUMMARY[1]	INITIAL[2]	MIDYEAR[3]	UPDATED
PROJECTED CORE FFO PER SHARE GROWTH	5.3%	7.9%	8.6%
SAME STORE COMMUNITIES (*RESIDENTIAL ONLY*)			
RENTAL REVENUE GROWTH	5.0%	6.0%	6.3%
OPERATING EXPENSE GROWTH	6.5%	6.5%	6.3%
NET OPERATING INCOME GROWTH	4.25%	6.0%	6.3%

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) All amounts based on the midpoints of the projected outlook ranges.

(2) Initial outlook provided on February 8, 2023.

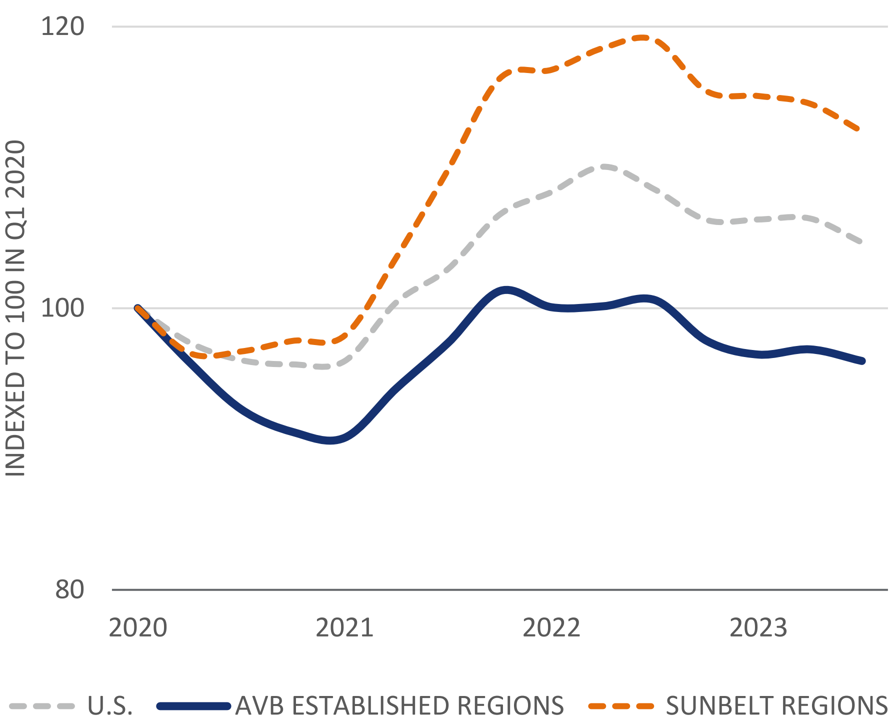
(3) Midyear outlook provided on July 31, 2023.

AvalonBay COMMUNITIES

AVB ESTABLISHED REGIONS WELL-POSITIONED GIVEN STABLE RENT-TO-INCOME RATIOS AND HIGH COST OF HOME OWNERSHIP

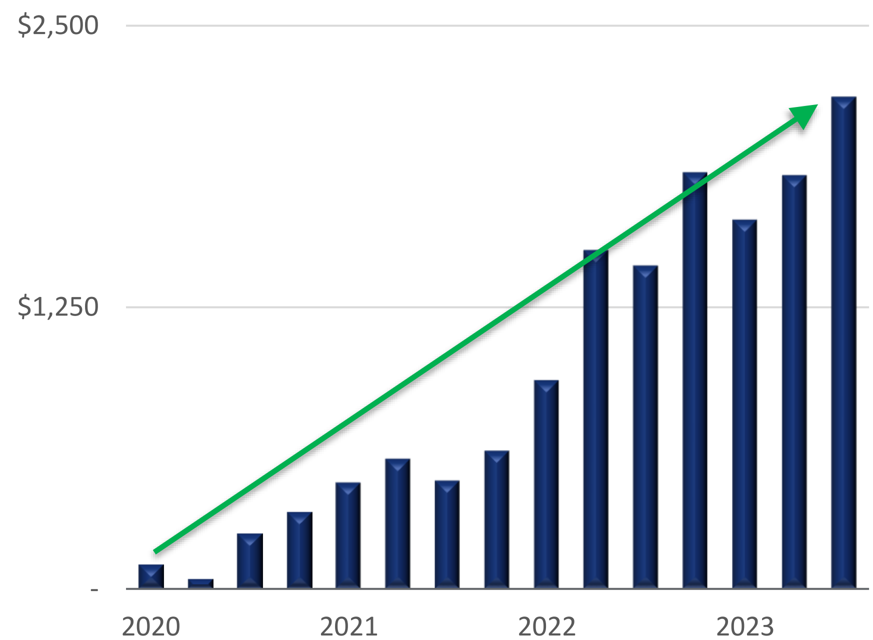
1 **RENTAL AFFORDABILITY MORE STABLE IN AVB ESTABLISHED REGIONS…**

ANNUAL EFFECTIVE RENT[(1)] / ANNUAL MEDIAN HOUSEHOLD INCOME



2 **…AND THE FOR-SALE HOUSING ALTERNATIVE HAS BECOME VERY EXPENSIVE COMPARED TO RENTS**

MEDIAN MORTGAGE PAYMENT LESS APARTMENT RENT[(2)]
AVB ESTABLISHED REGIONS



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

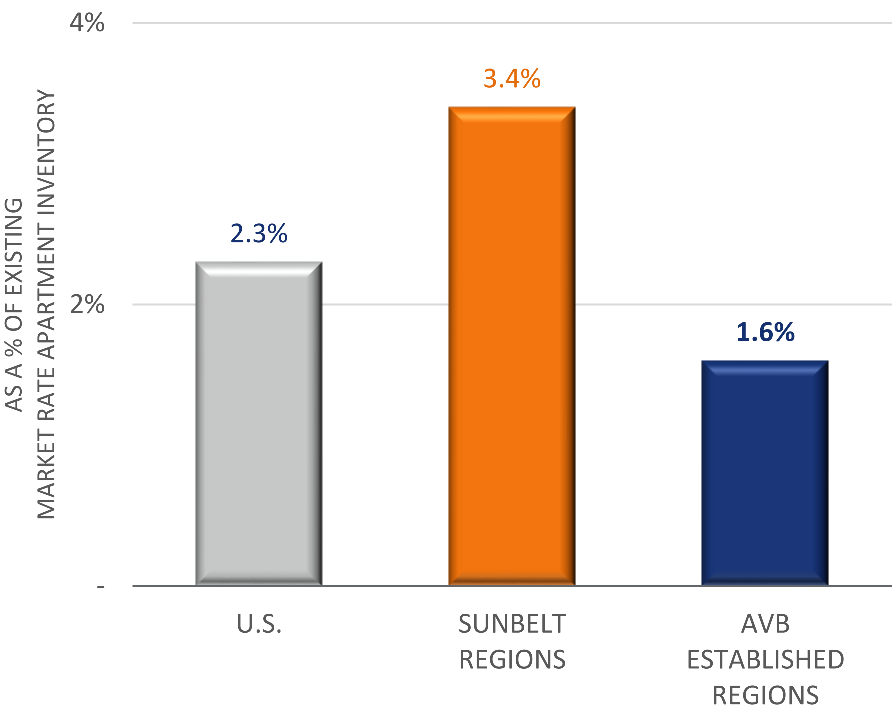
(1) Effective rent is net of concessions.

(2) Based on a median monthly mortgage payment (30-year fixed rate, 20% down payment, average property tax) minus monthly apartment rent (80+ unit buildings).

2024 SUPPLY OUTLOOK FOR AVB ESTABLISHED REGIONS FAVORABLE RELATIVE TO OTHER U.S. REGIONS

1 **AVB ESTABLISHED REGIONS PROJECTED TO REMAIN SUPPLY CONSTRAINED IN 2024…**

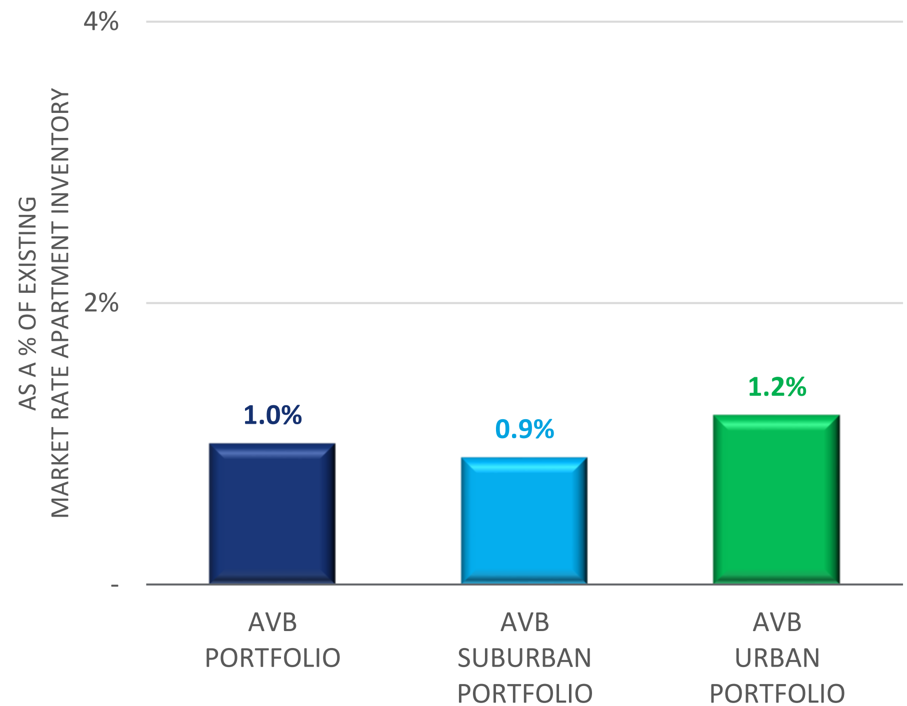
PROJECTED 2024 NEW MARKET RATE APARTMENT DELIVERIES



2 **…AND THE PORTFOLIO IS EXPECTED TO BENEFIT FROM LESS DIRECTLY-COMPETITIVE SUPPLY(1)**

PROJECTED 2024 NEW MARKET RATE APARTMENT DELIVERIES

AVB ESTABLISHED REGIONS



Source: CoStar, AVB Market Research Group.

(1) Includes new supply in submarkets in which AVB has a presence and is weighted by AVB's inventory of Class A apartment communities (homes) in each of those submarkets.

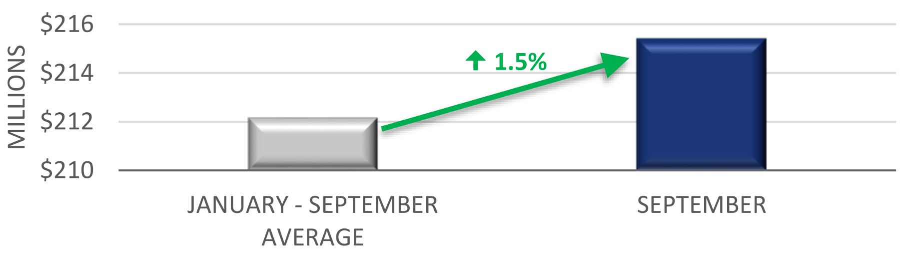
AvalonBay COMMUNITIES

SEVERAL TAILWINDS IN PLACE TO SUPPORT HEALTHY SAME STORE RESIDENTIAL RENTAL REVENUE GROWTH IN 2024

2023 AVB SAME STORE

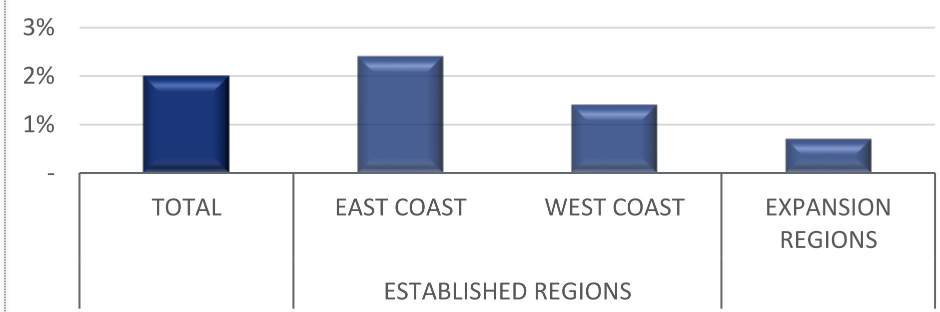
1 **EMBEDDED GROSS POTENTIAL GROWTH (“EARN-IN”) OF ≈ 1.5%**

GROSS POTENTIAL



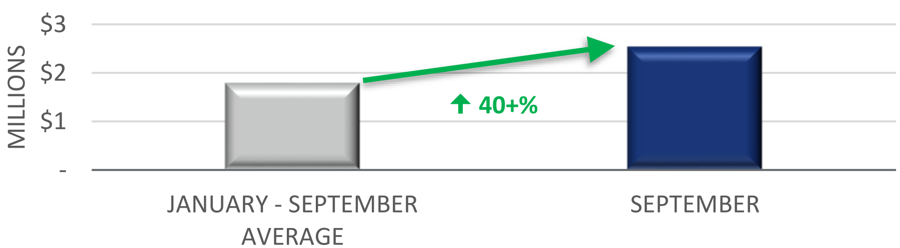
2 **LOSS-TO-LEASE ≈ 2%**

CURRENT LOSS-TO-LEASE[1]



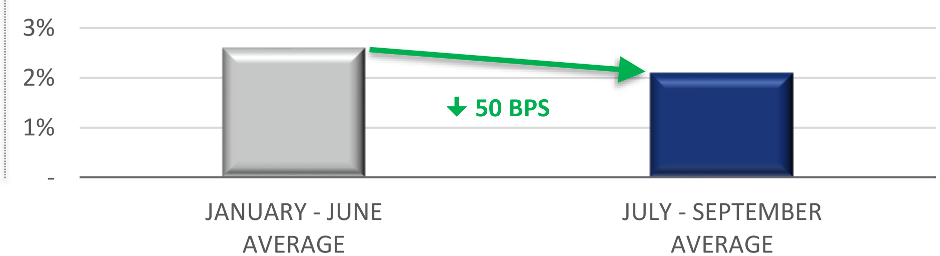
3 **MONTHLY REVENUE STREAM FROM AVALON CONNECT INCREASING**

AVALON CONNECT REVENUE



4 **UNDERLYING UNCOLLECTIBLE LEASE REVENUE (“BAD DEBT”) DECLINING[2]**

AS A % OF TOTAL REVENUE



Source: Internal company reports.

See Appendix for a definition of Gross Potential.

(1) Represents the percentage difference between the average market rent and average gross potential rent for the four-week period ending October 20, 2023 before considering the impact of regulatory constraints (e.g., rent regulation, rent control, other) that limit rent increases in certain regions.

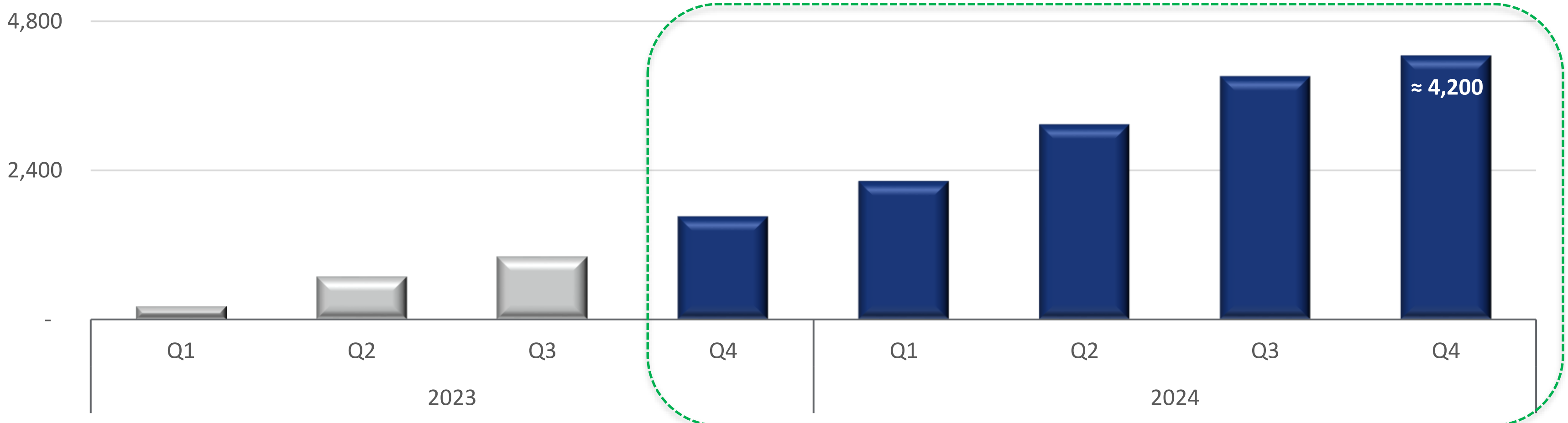
(2) Underlying uncollectible lease revenue represents the percentage of rent and other revenue items not paid by residents and excludes the impact of rent relief recognized by the Company. Year-to-date through September 30th, the Company recognized approximately $7 million in rent relief, including approximately $1.5 million in the third quarter of 2023.

LEASE-UPS CONTINUE TO EXCEED EXPECTATIONS; INCREASED DELIVERIES PROJECTED TO DRIVE INCREMENTAL EARNINGS GROWTH INTO 2024

CURRENT LEASE-UP ACTIVITY[1] 5 COMMUNITIES | ≈ $ 525M IN PROJECTED TOTAL CAPITAL COST	CURRENT PROJECTION	INITIAL PROJECTION	VARIANCE
WTD. AVG. MONTHLY RENTAL REVENUE PER HOME	$ 3,350	$ 2,865	$ 485 | 16.9%
WTD. AVG. INITIAL PROJECTED STABILIZED YIELD	7.4%	6.5%	90 BPS

CUMULATIVE NEW DEVELOPMENT DELIVERIES

ACTUAL | PROJECTED 2023 & 2024 APARTMENT DELIVERIES[2]



Source: Internal company reports.

(1) Includes Avalon Somerville Station, Avalon North Andover, Avalon Merrick Park, Avalon Amityville, and Avalon Princeton Circle.

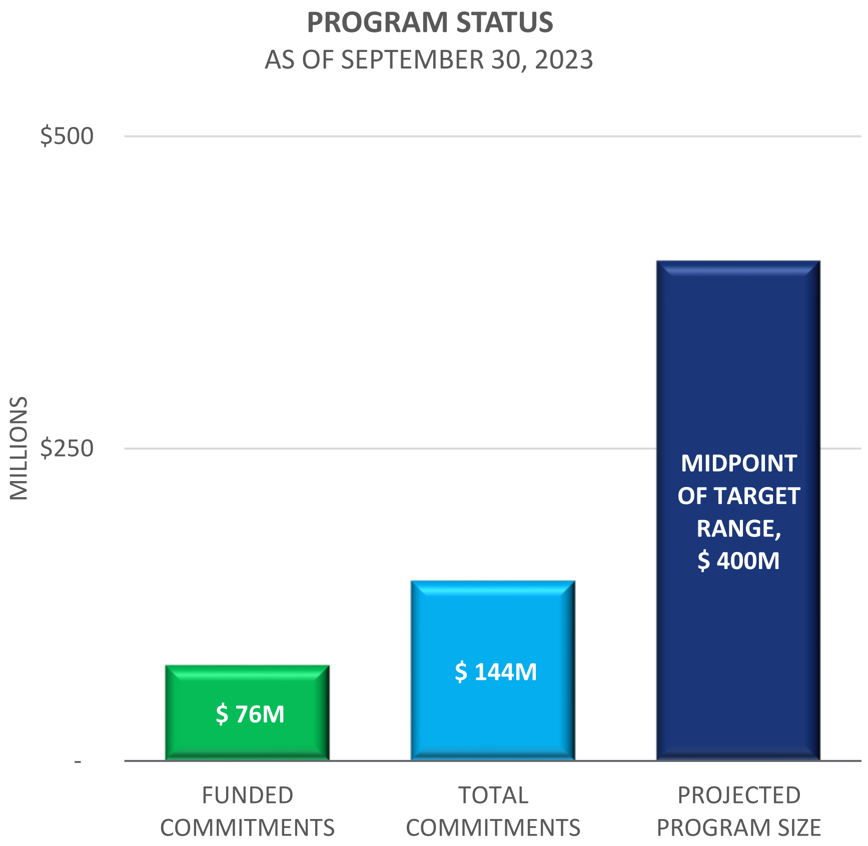
(2) Includes wholly-owned Development communities only.

STRUCTURED INVESTMENT PROGRAM GROWING; 2023 COMMITMENTS TO DELIVER A 13% RATE OF RETURN

PROGRAM SUMMARY SINCE INCEPTION		
	TOTAL COMMITMENTS	WTD. AVG. RATE OF RETURN
2022	$ 92M	9.8%
2023	52M	13.0%
TOTAL | WTD. AVG.	**$ 144M**	**10.9%**

CHARLOTTE, NC

MIAMI, FL



Source: Internal company reports.

AvalonBay COMMUNITIES

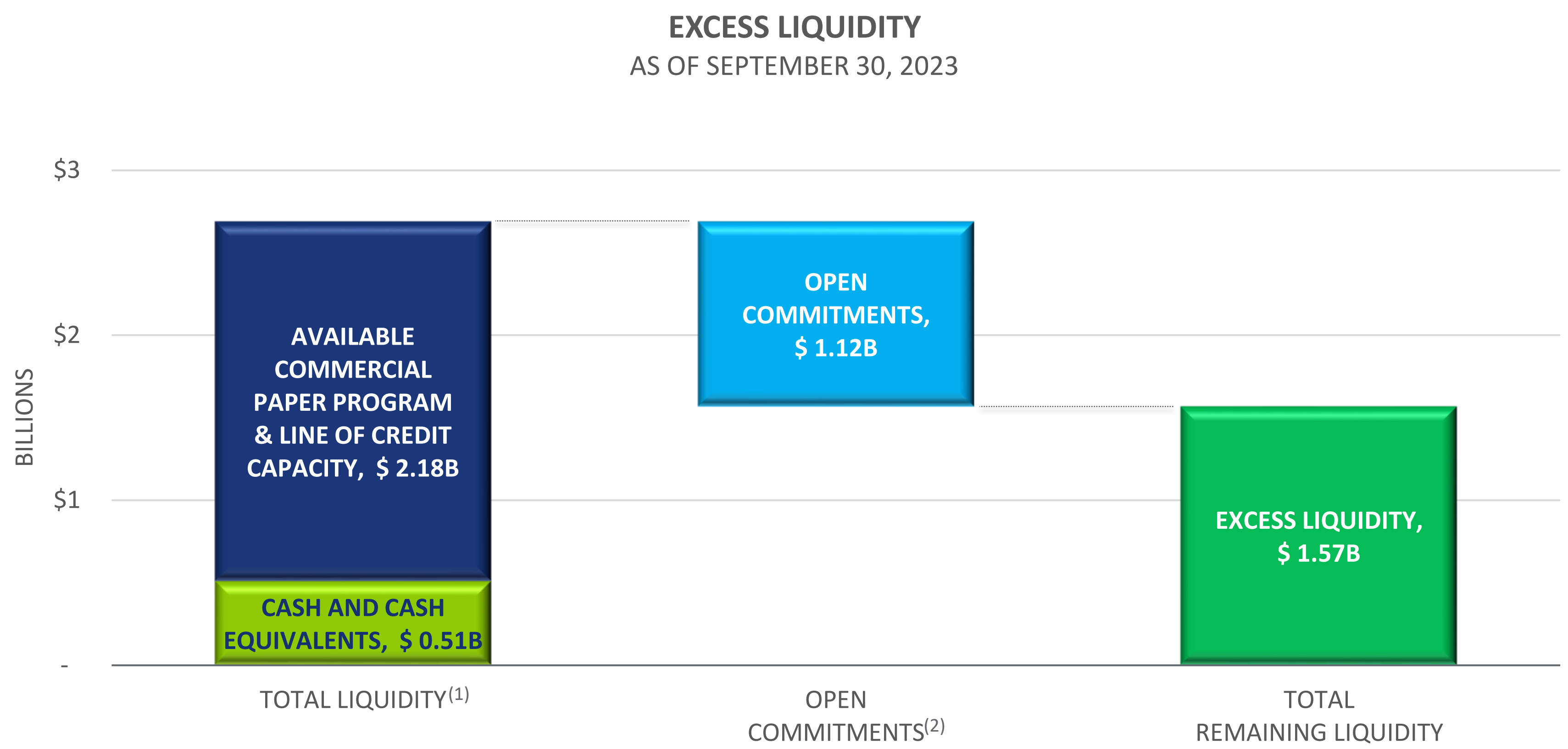
BALANCE SHEET IS STRONG; NET LEVERAGE WELL BELOW TARGET RANGE, AND DEVELOPMENT UNDERWAY IS ≈ 95% MATCH-FUNDED

BALANCE SHEET METRICS	Q3 2023
NET DEBT-TO-CORE EBITDAre	4.1x
TARGET RANGE	**5.0x – 6.0x**
INTEREST COVERAGE	7.5x
UNENCUMBERED NOI (YEAR-TO-DATE)	95%
WTD. AVG. YEARS-TO-MATURITY OF TOTAL DEBT(1)	7.5
MATCH-FUNDING – DEVELOPMENT UNDERWAY	≈ 95%

Source: Internal company reports.
See Appendix for a reconciliation of Net Debt-to-Core EBITDAre, Interest Coverage, Unencumbered NOI and Match-funding - Development underway.
(1) 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.

AvalonBay COMMUNITIES

≈ $ 1.6 BILLION OF EXCESS LIQUIDITY AFTER 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 – Total Capital Cost, remaining to invest and unfunded Structured Investment Program commitments.

CONTINUING TO ADJUST CAPITAL ALLOCATION STRATEGY IN RESPONSE TO MARKET CONDITIONS

- PIVOTED TO A NET SELLER OF ASSETS IN 2023
  - YTD, SOLD ≈ $ 445M ($ 445,000 / HOME) IN ESTABLISHED REGIONS, WHILE ACQUIRING ≈ $ 275M ($ 245,000 / HOME) IN EXPANSION REGIONS(1,2)
- DEVELOPMENT UNDERWAY IS ≈ 95% MATCH-FUNDED
  - > 5,000 (FULLY FUNDED) APARTMENT HOMES REMAIN TO BE DELIVERED TO MARKET
- INCREASING RETURN REQUIREMENTS FOR FUTURE DEVELOPMENT STARTS
  - TWO NEW DEVELOPMENT STARTS IN Q3; MID-6% PROJECTED INITIAL STABILIZED YIELDS
- BUILDING STRUCTURED INVESTMENT PROGRAM WITH HIGHER RETURNS ON NEW BUSINESS

Source: Internal company reports.
(1) Includes two acquisitions completed subsequent to quarter end, and one disposition that is under contract for sale.
(2) Sale per home amount excludes a retail allocation for Avalon Columbia Pike.

Key takeaways

- Third quarter results exceeded expectations; full year 2023 Core FFO per share growth rate increased to 8.6%, up 330 bps from initial outlook(1)
- 2024 outlook favorable for apartment fundamentals in AVB Established Regions
  - → Several tailwinds in place to support healthy Residential rental revenue growth in 2024
- Lease-ups materially exceeding initial expectations; increased Development deliveries and SIP fundings expected to deliver incremental earnings growth
- Balance sheet well-positioned

Source: Internal company reports.
(1) Initial outlook provided on February 8, 2023.

AvalonBay COMMUNITIES

FORWARD-LOOKING STATEMENTS

- This presentation dated October 25, 2023 is provided in connection with AvalonBay's third quarter 2023 earnings conference call on October 26, 2023. This presentation is intended to accompany AvalonBay's earnings release dated October 25, 2023 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/earnings-release/default.aspx

- For definitions, additional information and reconciliations of non-GAAP financial information and certain defined terms included in this presentation, see pages 17 to 29 in this presentation in addition to Attachment 12 to the earnings release.

- This presentation dated October 25, 2023 contains forward-looking statements, which are indicated by the use of words such as "expects," "projects," "forecast," "outlook," "estimate" and other words that do not relate to historical matters. Forward-looking statements, by their very nature, are subject to inherent risks and uncertainties are based on several assumptions, both general and specific, which give rise to the possibility that actual results or events could differ materially from our expectations expressed in or implied by such forward-looking statements. These statements are not guarantees of future performance or events and the Company cautions you against relying on any of these forward-looking statements. For information concerning risks and other factors that could cause such differences, see "Forward-Looking Statements" in AvalonBay's third quarter 2023 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.

AVB 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.

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

Average Monthly 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.

Class A are those communities that have an average rent equal to, or above, the submarket median rent.

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

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 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

		Q3 2023
Net income	$	171,790
Interest expense and loss on extinguishment of debt		59,091
Income tax expense		4,372
Depreciation expense		200,982
EBITDA	$	436,235
Casualty loss	$	3,499
Gain on sale of communities		(22,121)
Unconsolidated entity EBITDAre adjustments (1)		2,770
EBITDAre	$	420,383
Unconsolidated entity losses, net		827
Joint venture promote		(424)
Structured Investment Program loan reserve		539
Hedge accounting activity		65
Executive transition compensation costs		300
Severance related costs		993
Expensed transaction, development and other pursuit costs, net of recoveries		18,070
Other real estate activity		(237)
Legal settlements		14
Core EBITDAre	$	440,530

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

AvalonBay COMMUNITIES

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 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 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. 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 are not considered by us 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 presented on the following page (dollars in thousands):

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

	Q3 2023	Q3 2022	Q3 2023	Q3 2022
Net income attributable to common stockholders	$ 172,031	$ 494,747	$ 686,856	$ 895,482
Depreciation - real estate assets, including joint venture adjustments	199,546	205,489	602,023	604,634
Distributions to noncontrolling interests	-	12	25	36
Gain on sale of unconsolidated entities holding previously depreciated real estate	-	(38,062)	-	(38,062)
Gain on sale of previously depreciated real estate	(22,121)	(318,289)	(209,430)	(467,493)
Casualty loss on real estate	3,499	-	8,550	-
FFO attributable to common stockholders	352,955	343,897	1,088,024	994,597
Adjusting items:				
Unconsolidated entity losses (gains), net (1)	827	307	(4,024)	(1,988)
Joint venture promote (2)	(424)	(4,690)	(1,496)	(4,690)
Structured Investment Program loan reserve (3)	539	45	415	1,653
Loss on extinguishment of consolidated debt	150	1,646	150	1,646
Hedge accounting activity	65	(64)	256	(496)
Advocacy contributions	-	-	200	534
Executive transition compensation costs	300	411	944	1,220
Severance related costs	993	574	2,493	639
Expensed transaction, development and other pursuit costs, net of recoveries (4)	18,070	5,783	21,318	7,781
Other real estate activity	(237)	(319)	(707)	(564)
For-sale condominium imputed carry cost (5)	110	400	534	2,035
Legal settlements (6)	14	(3,677)	64	(3,418)
Income tax expense (7)	4,372	5,651	7,715	7,963
Core FFO attributable to common stockholders	$ 377,734	$ 349,964	$ 1,115,886	$ 1,006,912
Average shares outstanding - diluted	142,198,099	139,981,959	141,448,675	139,964,172
Earnings per share - diluted	$ 1.21	$ 3.53	$ 4.86	$ 6.40
FFO per common share - diluted	$ 2.48	$ 2.46	$ 7.69	$ 7.11
Core FFO per common share - diluted	$ 2.66	$ 2.50	$ 7.89	$ 7.19

** FOOTNOTES PRESENTED ON THE FOLLOWING PAGE **

Definitions and reconciliations of non-GAAP financial measures and other terms

(1) Amounts consist primarily of net unrealized gains on technology investments.
(2) Amounts for 2023 and 2022 are for the Company's recognition of its promoted interest in the U.S. Fund.
(3) Amounts are the expected credit losses associated with the Company's lending commitments under its SIP. The timing and amount of any actual losses that will be incurred, if any, is to be determined.
(4) Amounts for 2023 include the write-offs of $17,111 for three development opportunities in Northern and Southern California and the Mid-Atlantic that the Company determined are no longer probable. 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) 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.
(6) In 2022, the Company received $6,000 of legal settlement proceeds, of which $3,684 is adjusted for Core FFO.
(7) Amounts are primarily for the recognition of taxes associated with The Park Loggia.

Gross Potential is determined by valuing occupied units at contract rates and vacant units at Market Rents.

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, 2023 is as follows (dollars in thousands):

Core EBITDAre	$ 440,530
Interest expense (1)	$ 59,091
Interest Coverage	7.5x

(1) Excludes the impact of hedge accounting activity.

AvalonBay COMMUNITIES

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

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.

Match-funding – Development underway is calculated by the Company as Development Total Capital Cost, remaining to invest, less the sum of (i) cash and cash equivalents, and (ii) Q3 2023 cash from operations available for investment, annualized divided by the Development Total Capital Cost, under construction and completed (see Attachment 9 in the Company's earnings release dated October 25, 2023 for additional information). A calculation of Match-funding – Development underway is as follows (dollars in millions):

	Q3 2023
Total Capital Cost, remaining to invest	$ 1,054
Cash and cash equivalents	(509)
Q3 2023 cash from operations available for investment, annualized	(447)
Total Capital Cost, remaining to source	$ 99
Total Capital Cost, under construction and completed	$ 2,742
Match-funding - Development underway	96%

AvalonBay COMMUNITIES

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

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 restricted cash, divided by annualized third quarter 2023 Core EBITDAre. A calculation of Net Debt-to-Core EBITDAre is as follows (dollars in thousands):

Total debt principal (1)	$	8,002,301
Cash and cash equivalents and cash in escrow		(742,579)
Net debt	$	7,259,722
Core EBITDAre	$	440,530
Core EBITDAre, annualized		1,762,120
Net Debt-to-Core EBITDAre		4.1x

(1) Balance at September 30, 2023 excludes $42,207 of debt discount and deferred financing costs as reflected in unsecured notes, net, and $13,089 of debt discount and deferred financing costs as reflected in notes payable, net, 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 on extinguishment of debt, net, general and administrative expense, income from unconsolidated investments, depreciation expense, income tax expense (benefit), 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 of operating performance of a community or communities because it helps both investors and management to understand the core operations of a community or communities prior to the allocation of any corporate-level property management overhead or financing-related costs. NOI reflects the operating performance of a community, and allows for an easier comparison of the operating performance of individual assets or groups of assets. In addition, because prospective buyers of real estate have different financing and overhead structures, with varying marginal impact to overhead as a result of acquiring real estate, NOI is considered by many in the real estate industry to be a useful measure for determining the value of a real estate asset or groups of assets.

Residential NOI represents results attributable to the Company's apartment rental operations, including parking and other ancillary Residential revenue. A reconciliation of Residential NOI to net income, as well as a breakdown of Residential NOI by operating segment, is presented on the following page (dollars in thousands):

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

	YTD 2023
Net income	$ 686,372
Property management and other indirect operating expenses, net of corporate income	90,177
Expensed transaction, development and other pursuit costs, net of recoveries	23,212
Interest expense, net	156,521
Loss on extinguishment of debt, net	150
General and administrative expense	58,542
Income from unconsolidated investments	(11,745)
Depreciation expense	606,271
Income tax expense (benefit)	7,715
Casualty loss	8,550
(Gain) loss on sale of communities	(209,430)
Other real estate activity	(707)
NOI from real estate assets sold or held for sale	(14,212)
NOI	1,401,416
Commercial NOI	(25,192)
Residential NOI	$ 1,376,224

AvalonBay COMMUNITIES

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

Projected FFO and Projected Core FFO, as provided within this presentation in the Company's outlook, are calculated on a basis consistent with historical FFO and Core FFO, and are therefore considered to be appropriate supplemental measures to projected net income from projected operating performance. A reconciliation of the ranges provided for Projected FFO per share (diluted) for the full year 2023 to the ranges provided for projected EPS (diluted) and corresponding reconciliation of the ranges for Projected FFO per share to the ranges for Projected Core FFO per share are as follows:

	Low Range	High Range
Projected EPS (diluted) - Full Year 2023	$ 6.61	$ 6.71
Depreciation (real estate related)	5.69	5.69
Gain on sale of communities	(2.02)	(2.02)
Casualty loss	0.06	0.06
Projected FFO per share (diluted) - Full Year 2023	10.34	10.44
Joint venture promote and unconsolidated entity gains, net	(0.03)	(0.03)
Structured Investment Program loan reserve	0.01	0.01
Executive transition compensation costs	0.01	0.01
Severance related costs	0.02	0.02
Expensed transaction, development and other pursuit costs, net of recoveries	0.16	0.16
Income tax expense	0.05	0.05
Other real estate activity	(0.01)	(0.01)
Advocacy contributions	0.03	0.03
Projected Core FFO per share (diluted) - Full Year 2023	$ 10.58	$ 10.68

AvalonBay COMMUNITIES

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 Company's share of 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.

Q3 2023 cash from operations available for investment, annualized is the Company's third quarter 2023 Core FFO, less (i) third quarter 2023 dividends declared – common and (ii) third quarter 2023 Asset Preservation Capex, annualized. Q3 2023 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 Q3 2023 cash from operations available for investment, annualized to Core FFO is presented on the following page (dollars in thousands):

Definitions and reconciliations of non-GAAP financial measures and other terms

	Q3 2023
Core FFO attributable to common stockholders	$ 377,734
Dividends declared - common	(234,777)
Established and Other Stabilized Asset Preservation Capex	(31,255)
Q3 2023 cash from operations available for investment	$ 111,702
Q3 2023 cash from operations available for investment, annualized	$ 446,808

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

Same Store is composed of consolidated communities where a comparison of operating results from the prior year to the current year is meaningful as these communities were owned and had Stabilized Operations, as defined below, as of the beginning of the respective prior year period. Therefore, for 2023 operating results, Same Store is composed of consolidated communities that have Stabilized Operations as of January 1, 2022, 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.

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

Sunbelt Regions include Alabama, Arizona, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, New Mexico, Nevada, South Carolina, Tennessee, and Texas.

Definitions and reconciliations of non-GAAP financial measures and other terms

Total Capital Cost includes all capitalized costs projected to be or actually incurred to develop the respective Development 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. With respect to communities where development 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.

Unencumbered NOI as calculated by the Company represents NOI generated by real estate assets unencumbered by outstanding secured notes payable as of September 30, 2023 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, 2023 is as follows (dollars in thousands):

	YTD 2023 NOI
Total Residential NOI	$ 1,376,224
Commercial NOI	25,192
NOI from real estate assets sold or held for sale	14,212
Total NOI generated by real estate assets	1,415,628
Less NOI on encumbered assets	(66,572)
NOI on unencumbered assets	$ 1,349,056
Unencumbered NOI	95%

Urban submarkets are defined as having 3,500 households or more per square mile.

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