



PRESS RELEASE

For Immediate News Release
October 27, 2021

AVALONBAY COMMUNITIES, INC. ANNOUNCES THIRD QUARTER 2021 OPERATING RESULTS AND FOURTH QUARTER 2021 FINANCIAL OUTLOOK

(Arlington, VA) AvalonBay Communities, Inc. (NYSE: AVB) (the “Company”) reported today that Net Income Attributable to Common Stockholders for the three months ended September 30, 2021 was \$78,914,000. This resulted in a decrease in Earnings per Share – diluted (“EPS”) for the three months ended September 30, 2021 of 46.7% to \$0.56 from \$1.05 for the prior year period, primarily attributable to a decrease in gain on sale of real estate, as detailed in the table below.

Funds from Operations attributable to common stockholders - diluted (“FFO”) per share for the three months ended September 30, 2021 decreased 3.4% to \$1.96 from \$2.03 for the prior year period. Core FFO per share (as defined in this release) for the three months ended September 30, 2021 remained unchanged from the prior year period at \$2.06.

The following table compares the Company’s actual results for EPS, FFO per share and Core FFO per share for the three months ended September 30, 2021 to its results for the prior year period:

Q3 2021 Results Compared to Q3 2020			
	Per Share (1)		
	EPS	FFO	Core FFO
Q3 2020 per share reported results	\$ 1.05	\$ 2.03	\$ 2.06
Same Store Residential NOI (2)	—	—	—
Development and Other Stabilized Residential NOI	0.11	0.11	0.11
Commercial NOI	0.02	0.02	0.02
Overhead and other	(0.03)	(0.03)	(0.04)
Capital markets and transaction activity	(0.20)	(0.19)	(0.09)
Unconsolidated investment income	0.04	0.04	—
Income taxes	(0.02)	(0.02)	—
Gain on sale of real estate and depreciation expense	(0.41)	—	—
Q3 2021 per share reported results	\$ 0.56	\$ 1.96	\$ 2.06

(1) For additional detail on reconciling items between EPS, FFO and Core FFO, see Attachment 12, table 3.

(2) Consists of a \$0.04 increase in both revenue and operating expenses.

The following table compares the Company’s actual results for EPS, FFO per share and Core FFO per share for three months ended September 30, 2021 to its July 2021 outlook:

	Q3 2021 Results Compared to July 2021 Outlook		
	Per Share		
	EPS	FFO	Core FFO
Projected per share - July 2021 outlook (1)	\$ 0.53	\$ 1.86	\$ 1.96
Same Store Residential revenue	0.07	0.07	0.07
Development and Other Stabilized Residential NOI	0.01	0.01	0.01
Commercial NOI	0.01	0.01	0.01
Capital markets and transaction activity	0.01	0.01	—
Unconsolidated investment income and other	0.01	0.01	0.01
Income taxes	(0.01)	(0.01)	—
Gain on sale of real estate and depreciation expense	(0.07)	—	—
Q3 2021 per share reported results	\$ 0.56	\$ 1.96	\$ 2.06

(1) The mid-point of the Company’s July 2021 outlook.

For the nine months ended September 30, 2021, EPS increased 38.4% to \$4.79 from \$3.46 for the prior year period, FFO per share decreased 10.1% to \$5.86 from \$6.52 for the prior year period, and Core FFO per share decreased 10.2% to \$5.99 from \$6.67 for the prior year period.

The following table compares the Company’s actual results for EPS, FFO per share and Core FFO per share for the nine months ended September 30, 2021 to its results for the prior year period:

YTD 2021 Results Compared to YTD 2020

	Per Share (1)		
	EPS	FFO	Core FFO
YTD 2020 per share reported results	\$ 3.46	\$ 6.52	\$ 6.67
Same Store Residential NOI (2)	(0.63)	(0.63)	(0.63)
Development and Other Stabilized Residential NOI	0.22	0.22	0.22
Commercial NOI	0.03	0.03	0.03
Overhead and other	(0.05)	(0.05)	(0.08)
Capital markets and transaction activity	(0.26)	(0.25)	(0.20)
Unconsolidated investment income	0.04	0.04	(0.02)
Income taxes	(0.02)	(0.02)	—
Gain on sale of real estate and depreciation expense	2.00	—	—
YTD 2021 per share reported results	<u>\$ 4.79</u>	<u>\$ 5.86</u>	<u>\$ 5.99</u>

(1) For additional detail on reconciling items between EPS, FFO and Core FFO, see Attachment 12, table 3.

(2) Consists of a \$0.49 decrease in revenue and \$0.14 increase in operating expenses.

Same Store Operating Results for the Three Months Ended September 30, 2021 Compared to the Prior Year Period

Same Store total revenue increased \$6,379,000, or 1.2%, to \$519,797,000. Residential revenue increased \$4,849,000, or 1.0%, to \$514,183,000, which includes a favorable reduction of uncollectible lease revenue of \$7,369,000.

Same Store Residential rental revenue increased 1.0%, as detailed in the following table:

Same Store Residential Rental Revenue Change

Q3 2021 Compared to Q3 2020

Residential rental revenue	
Lease rates	(1.8)%
Concessions and other discounts	(1.8)%
Economic occupancy	3.2 %
Other rental revenue	— %
Uncollectible lease revenue (1)	1.4 %
Total Residential rental revenue	<u>1.0 %</u>

(1) Uncollectible lease revenue decreased to 1.37% from 2.77% of total Residential rental revenue in the prior year period.

Same Store Residential operating expenses increased \$5,772,000, or 3.5%, to \$171,287,000 and Same Store Residential NOI decreased \$923,000, or 0.3%, to \$342,896,000.

The following table presents percentage changes in Same Store Residential rental revenue, Residential operating expenses and Residential NOI for the three months ended September 30, 2021 compared to the three months ended September 30, 2020:

Q3 2021 Compared to Q3 2020

	Residential				Rental Revenue cash basis (3)
	Rental Revenue (1)	Opex (2)	NOI	% of NOI	
New England	2.0 %	6.7 %	(0.6)%	14.0 %	4.4 %
Metro NY/NJ	2.5 %	5.7 %	0.6 %	20.9 %	5.5 %
Mid-Atlantic	0.2 %	3.4 %	(1.3)%	16.1 %	2.0 %
Southeast FL	17.4 %	(13.7)%	51.3 %	1.5 %	20.8 %
Denver, CO	11.9 %	2.7 %	17.4 %	1.2 %	11.7 %
Pacific NW	(0.9)%	3.0 %	(2.8)%	5.2 %	2.6 %
No. California	(7.8)%	1.6 %	(11.3)%	18.2 %	(0.8)%
So. California	6.2 %	2.3 %	8.1 %	22.9 %	8.6 %
Total	<u>1.0 %</u>	<u>3.5 %</u>	<u>(0.3)%</u>	<u>100.0 %</u>	<u>4.3 %</u>

(1) See Attachment 4, Quarterly Residential Rental Revenue and Occupancy Changes, for additional detail.

(2) See Attachment 7, Residential Operating Expenses ("Opex"), for discussion of variances.

(3) The change in Residential Rental Revenue with Concessions on a Cash Basis.

Same Store Operating Results for the Nine Months Ended September 30, 2021 Compared to the Prior Year Period

Same Store total revenue decreased \$65,985,000, or 4.2%, to \$1,520,420,000. Residential revenue decreased \$69,389,000, or 4.4%, to \$1,505,357,000, with uncollectible lease revenue contributing \$4,245,000 of this decrease. Same Store Residential rental revenue decreased 4.4%, as detailed in the following table:

Same Store Residential Rental Revenue Change

YTD 2021 Compared to YTD 2020

Residential rental revenue	
Lease rates	(3.2)%
Concessions and other discounts	(2.3)%
Economic occupancy	1.3 %
Other rental revenue	0.1 %
Uncollectible lease revenue (1)	(0.3)%
Total Residential rental revenue	<u>(4.4)%</u>

(1) Uncollectible lease revenue increased to 2.36% from 2.00% of total Residential rental revenue in the prior year period.

Same Store Residential operating expenses increased \$19,808,000, or 4.2%, to \$495,002,000 and Same Store Residential NOI decreased \$89,197,000, or 8.1%, to \$1,010,355,000.

The following table presents percentage changes in Same Store Residential rental revenue, Residential operating expenses and Residential NOI for the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020:

YTD 2021 Compared to YTD 2020					
Residential					
	Rental Revenue (1)	Opex (2)	NOI	% of NOI	Rental Revenue cash basis (3)
New England	(3.1)%	4.4 %	(6.9)%	14.0 %	(2.5)%
Metro NY/NJ	(2.4)%	4.0 %	(5.4)%	21.0 %	(1.4)%
Mid-Atlantic	(3.8)%	5.7 %	(7.9)%	16.5 %	(2.8)%
Southeast FL	5.9 %	(7.3)%	17.2 %	1.4 %	8.4 %
Denver, CO	11.5 %	(1.1)%	18.7 %	1.2 %	11.8 %
Pacific NW	(4.9)%	5.7 %	(9.5)%	5.2 %	(3.1)%
No. California	(12.4)%	4.5 %	(18.0)%	18.7 %	(9.0)%
So. California	(1.6)%	3.8 %	(4.0)%	22.0 %	0.5 %
Total	(4.4)%	4.2 %	(8.1)%	100.0 %	(2.7)%

(1) See Attachment 6, Year to Date Residential Rental Revenue and Occupancy Changes, for additional detail.

(2) See Attachment 7, Residential Operating Expenses ("Opex"), for discussion of variances.

(3) The change in Residential Rental Revenue with Concessions on a Cash Basis.

Same Store Collections Update

The following table provides an update for Same Store Residential revenue collections for Q2 2020 through Q3 2021 as of each respective quarter end, as well as through October 26, 2021 for the periods presented. Collected Residential revenue is the portion of apartment base rent charged to residents and other rentable items, such as parking and storage rent, along with pet and other fees in accordance with residential leases, that has been collected, including \$14,128,000 of aggregate rent relief payments, of which \$11,235,000 was received during the three months ended September 30, 2021 ("Collected Residential Revenue"), and excludes transactional and other fees.

Same Store Collections (1)		
Collected Residential Revenue		
	At quarter end (2)	At October 26, 2021 (3)(4)
Q2 2020	95.4%	98.4%
Q3 2020	95.1%	98.0%
Q4 2020	94.7%	97.8%
Q1 2021	94.7%	97.7%
Q2 2021	95.0%	97.9%
Q3 2021	95.8%	97.1%

(1) Collections are for the Company's 2021 Same Store communities and exclude commercial revenue, which was 0.5% and 1.0% of the Company's 2020 and 2019 Same Store total revenue, respectively.

(2) The Collected Residential Revenue percentage as of the last day in the respective quarter.

(3) The percentage of Collected Residential Revenue as of October 26, 2021.

(4) Collected Residential Revenue for October 2021 at October 26, 2021 was 92.9%, which is 95.3% of the AVB Residential Benchmark.

For further discussion of collection rates and limitations on use of this data, see "Same Store Collections," in Attachment 12.

Development Activity

During the three months ended September 30, 2021, the Company completed the development of Avalon Monrovia, located in Monrovia, CA. Avalon Monrovia contains 154 apartment homes and 3,000 square feet of commercial space and was constructed for a Total Capital Cost of \$69,000,000.

During the three months ended September 30, 2021, the Company started the construction of two communities:

- Avalon Westminster Promenade, located in Denver, CO; and
- Avalon West Dublin, located in Dublin, CA.

In the aggregate, these communities will contain 811 apartment homes when completed and will be developed for an estimated Total Capital Cost of \$377,000,000.

During the nine months ended September 30, 2021, the Company completed the development of eight communities containing an aggregate of 2,708 apartment homes and 29,000 square feet of commercial space for an aggregate Total Capital Cost of \$1,055,000,000, and started the construction of seven communities.

At September 30, 2021, the Company had 15 consolidated Development communities under construction that are expected to contain 4,645 apartment homes and 40,000 square feet of commercial space. Estimated Total Capital Cost at completion for these Development communities is \$1,863,000,000.

At September 30, 2021, the Company had two Unconsolidated Development communities under construction that in the aggregate are expected to contain 803 apartment homes and 56,000 square feet of commercial space.

Acquisition Activity

During the three months ended September 30, 2021, the Company acquired the following communities, marking the Company's entry into the Dallas, Texas and Charlotte, North Carolina metropolitan regions:

- The Nexus Lakeside, located in Flower Mound, TX, containing 425 apartment homes and 18,000 square feet of commercial space, for a purchase price of \$117,000,000;
- Hub South End, located in Charlotte, NC, containing 265 apartment homes and 23,000 square feet of commercial space, for a purchase price of \$104,350,000; and
- Three30Five, located in Charlotte, NC, containing 164 apartment homes, for a purchase price of \$52,650,000.

During the nine months ended September 30, 2021, the Company acquired four wholly-owned communities containing 1,238 apartment homes and 41,000 square feet of commercial space for a purchase price of \$393,000,000.

In October 2021, the Company acquired Curv, a wholly-owned operating community, located in Fort Lauderdale, FL, containing 243 apartment homes and 49,000 square feet of commercial space that is 100% leased to Whole Foods Market, for a purchase price of \$150,000,000.

Disposition Activity

During the nine months ended September 30, 2021, the Company sold seven wholly-owned operating communities containing 1,547 apartment homes and 10,000 square feet of commercial space. These assets were sold for \$584,200,000 and a weighted average Initial Market Cap

Rate of 3.9%, resulting in a gain in accordance with GAAP of \$388,347,000 and an Economic Gain of \$206,976,000.

During the three and nine months ended September 30, 2021, the Company sold 17 and 43, respectively, of the 172 residential condominiums at The Park Loggia, located in New York, NY, for gross proceeds of \$54,277,000 and \$107,278,000, respectively. As of September 30, 2021, 113 of the 172 residential condominiums have been sold for aggregate gross proceeds of \$323,650,000 and 87% of the 66,000 square feet of commercial space has been leased.

Liquidity and Capital Markets

At September 30, 2021, the Company did not have any borrowings outstanding under its \$1,750,000,000 unsecured credit facility and had \$435,850,000 in unrestricted cash and cash in escrow.

The Company's annualized Net Debt-to-Core EBITDAre (as defined in this release) for the third quarter of 2021 was 5.4 times and Unencumbered NOI (as defined in this release) was 94%.

During the three months ended September 30, 2021, the Company had the following debt activity:

- The Company repaid \$450,000,000 principal amount of its 2.95% unsecured notes in advance of the September 2022 maturity date, recognizing a loss on debt extinguishment of \$17,890,000, composed of a prepayment penalty of \$12,147,000 and the non-cash write-off of unamortized deferred hedging losses and unamortized deferred financing costs of \$5,743,000.
- The Company issued \$700,000,000 principal amount of unsecured notes in a public offering under its existing shelf registration statement for net proceeds of \$694,617,000. The notes mature in January 2032 and were issued with a 2.05% coupon. The effective interest rate of the notes is 2.15%, including the impact of interest rate hedges and offering costs. The notes were issued under the Company's green bond framework, and the Company has allocated or will allocate the net proceeds, in whole or in part, to one or more new or existing eligible green projects.

During the nine months ended September 30, 2021, in addition to the debt activity discussed above, the Company repaid \$27,795,000 principal amount of 5.37% fixed rate debt secured by Avalon San Bruno II at par in advance of its April 2021 maturity date.

During the three months ended September 30, 2021, the Company sold 21,000 shares of common stock under its current continuous equity program, at an average sales price of \$227.60 per share, for net proceeds of \$4,708,000. In October 2021, through the date of this release, the Company sold an additional 101,343 shares of common stock at an average sales price of \$225.85 per share, for net proceeds of \$22,545,000.

Fourth Quarter and Full Year 2021 Financial Outlook

For its fourth quarter and full year 2021 financial outlook, the Company expects the following:

	Projected EPS, Projected FFO and Projected Core FFO Outlook (1)			
	Q4 2021		Full Year 2021	
	Low	High	Low	High
Projected EPS	\$ 2.25	– \$ 2.35	\$ 7.04	– \$ 7.14
Projected FFO per share	\$ 2.17	– \$ 2.27	\$ 8.03	– \$ 8.13
Projected Core FFO per share	\$ 2.19	– \$ 2.29	\$ 8.18	– \$ 8.28

(1) See Attachment 12, table 9, for reconciliations of Projected FFO per share and Projected Core FFO per share to Projected EPS.

	Fourth Quarter and Full Year Financial Outlook			
	Q4 2021		Full Year 2021	
	vs. Q4 2020		vs. Full Year 2020	
	Low	High	Low	High
Same Store:				
Residential rental revenue change	4.5%	– 5.5%	(2.3)%	– (1.9)%
Residential Opex change	1.25%	– 2.25%	3.4%	– 3.8%
Residential NOI change	5.5%	– 7.5%	(5.1)%	– (4.3)%

The following table compares the Company's actual results for EPS, FFO per share and Core FFO per share for the third quarter of 2021 to its fourth quarter 2021 financial outlook:

Q3 2021 Results Compared to Fourth Quarter 2021 Outlook

	Per Share		
	EPS	FFO	Core FFO
Q3 2021 per share reported results	\$ 0.56	\$ 1.96	\$ 2.06
Same Store Residential revenue	0.08	0.08	0.08
Same Store Residential Opex	0.06	0.06	0.06
Development and Other Stabilized Residential NOI	0.03	0.03	0.03
Capital markets and transaction activity	0.14	0.14	0.01
Overhead and other	(0.05)	(0.05)	—
Gain on sale of real estate and depreciation expense	1.48	—	—
Projected per share - fourth quarter 2021 outlook (1)	\$ 2.30	\$ 2.22	\$ 2.24

(1) The mid-point of the Company's fourth quarter 2021 outlook.

Other Matters

The Company will hold a conference call on October 28, 2021 at 1:00 PM ET to review and answer questions about this release, its third quarter 2021 results, the Attachments (described below) and related matters. To participate on the call, dial 888-394-8218 and use conference id: 3331173.

To hear a replay of the call, which will be available from October 28, 2021 at 6:00 PM ET to November 4, 2021 at 6:00 PM ET, dial 888-203-1112 and use conference id: 3331173. A webcast of the conference call will also be available at <http://www.avalonbay.com/earnings>, and an online playback of the webcast will be available for at least seven days following the call.

The Company produces Earnings Release Attachments (the "Attachments") that provide detailed information regarding operating, development, redevelopment, disposition and acquisition activity. These Attachments are considered a part of this earnings release and are available in full with this earnings release via the Company's website at <http://www.avalonbay.com/earnings>. To receive future press releases via e-mail, please submit a request through http://investors.avalonbay.com/email_notification.

In addition to the Attachments, the Company is providing a teleconference presentation that will be available on the Company's website at <http://www.avalonbay.com/earnings> subsequent to this release and before the market opens on October 28, 2021.

About AvalonBay Communities, Inc.

As of September 30, 2021, the Company owned or held a direct or indirect ownership interest in 293 apartment communities containing 87,416 apartment homes in 13 states and the District of Columbia, of which 17 communities were under development and one community was under redevelopment. The Company is an equity REIT in the business of developing, redeveloping, acquiring and managing apartment communities in leading metropolitan areas in New England, the New York/New Jersey Metro area, the Mid-Atlantic, the Pacific Northwest, and Northern and Southern California, as well as in the Company's expansion markets of Raleigh-Durham and Charlotte, North Carolina, Southeast Florida, Dallas and Austin, Texas, and Denver, Colorado. More information may be found on the Company's website at <http://www.avalonbay.com>. For additional information, please contact Jason Reilley, Vice President of Investor Relations, at 703-317-4681.

Forward-Looking Statements

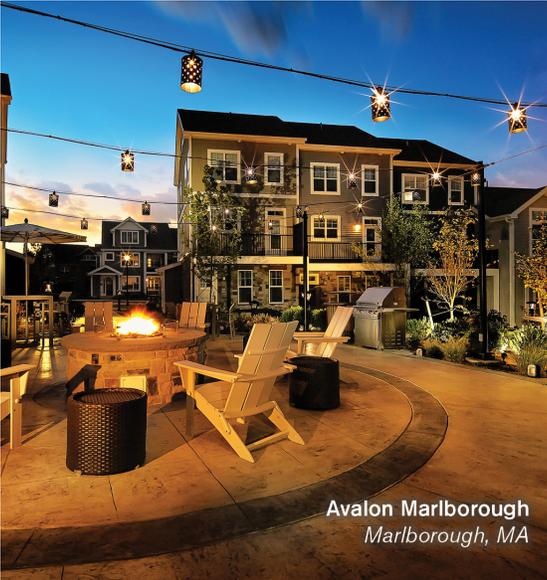
This release, including its Attachments, contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements, which you can identify by the Company's use of words such as "expects," "plans," "estimates," "anticipates," "projects," "intends," "believes," "outlook" and similar expressions that do not relate to historical matters, are based on the Company's expectations, forecasts and assumptions at the time of this release, which may not be realized and involve risks and uncertainties that cannot be predicted accurately or that might not be anticipated. These could cause actual results to differ materially from those expressed or implied by the forward-looking statements. Risks and uncertainties that might cause such differences include those related to the COVID-19 pandemic, including the effect on the multifamily industry and the general economy of measures taken by businesses and the government to prevent the spread of the novel coronavirus and relieve economic distress of consumers, such as governmental limitations on the ability of multifamily owners to evict residents who are delinquent in the payment of their rent and federal efforts at economic stimulus; we may abandon development or redevelopment opportunities for which we have already incurred costs; adverse capital and credit market conditions may affect our access to various sources of capital and/or cost of capital, which may affect our business activities, earnings and common stock price, among other things; changes in local employment conditions, demand for apartment homes, supply of competitive housing products, landlord-tenant

laws, including the adoption of new rent control regulations, and other economic or regulatory conditions may result in lower than expected occupancy and/or rental rates and adversely affect the profitability of our communities; delays in completing development, redevelopment and/or lease-up may result in increased financing and construction costs and may delay and/or reduce the profitability of a community; debt and/or equity financing for development, redevelopment or acquisitions of communities may not be available or may not be available on favorable terms; we may be unable to obtain, or experience delays in obtaining, necessary governmental permits and authorizations; expenses may result in communities that we develop or redevelop failing to achieve expected profitability; our assumptions concerning risks relating to our lack of control of joint ventures and our abilities to successfully dispose of certain assets may not be realized; our assumptions and expectations in our financial outlook may prove to be too optimistic; and the timing and net proceeds of condominium sales may not equal our current expectations. Additional discussions of risks and uncertainties that could cause actual results to differ materially from those expressed or implied by the forward-looking statements appear in the Company's filings with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020 under the heading "Risk Factors" and under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations - Forward-Looking Statements" and in subsequent quarterly reports on Form 10-Q.

The Company does not undertake a duty to update forward-looking statements, including its expected 2021 operating results and other financial data forecasts contained in this release. The Company may, in its discretion, provide information in future public announcements regarding its outlook that may be of interest to the investment community. The format and extent of future outlooks may be different from the format and extent of the information contained in this release.

Definitions and Reconciliations

Non-GAAP financial measures and other capitalized terms, as used in this earnings release, are defined, reconciled and further explained on Attachment 12, Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms. Attachment 12 is included in the full earnings release available at the Company's website at <http://www.avalonbay.com/earnings>.



Avalon Marlborough
Marlborough, MA



AVA Wheaton
Silver Spring, MD



eaves Mission Ridge
San Diego, CA

THIRD QUARTER 2021

Supplemental Operating and Financial Data

AvalonBay offers three distinct brands – Avalon, AVA and eaves by Avalon - each targeted to different customer segments with unique needs and preferences. This brand strategy helps us reach new customers and better serve our existing residents.



THIRD QUARTER 2021

Supplemental Operating and Financial Data

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The following is a "Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The projections and estimates contained in the following attachments, including but not limited to Attachments 9, 10 and 12, contain forward-looking statements that involve risks and uncertainties, and actual results may differ materially from those projected in such statements. Risks associated with the Company's development, redevelopment, construction, and lease-up activities which could impact the forward-looking statements are discussed in the paragraph titled "Forward-Looking Statements" in the release that accompanies, and should be read in conjunction with, these attachments. These and other risks are also described in the Company's filings with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020 and the Company's Quarterly Reports on Form 10-Q for subsequent quarters, and could cause actual results to differ materially from such projections and estimates.

Attachment 1

AvalonBay Communities, Inc.
Condensed Consolidated Operating Information
September 30, 2021
(Dollars in thousands except per share data)
(unaudited)

	Q3 2021	Q3 2020	% Change	YTD 2021	YTD 2020	% Change
Revenue:						
Rental and other income	\$ 580,079	\$ 566,387	2.4 %	\$ 1,691,273	\$ 1,742,509	(2.9)%
Management, development and other fees	695	1,017	(31.7)%	2,380	2,950	(19.3)%
Total	580,774	567,404	2.4 %	1,693,653	1,745,459	(3.0)%
Operating expenses:						
Direct property operating expenses, excluding property taxes	122,691	119,064	3.0 %	353,905	333,998	6.0 %
Property taxes	72,332	68,934	4.9 %	212,518	202,973	4.7 %
Total community operating expenses	195,023	187,998	3.7 %	566,423	536,971	5.5 %
Property management and other indirect operating expenses	(26,013)	(24,845)	4.7 %	(76,472)	(72,993)	4.8 %
Expensed transaction, development and other pursuit costs, net of recoveries	(417)	(567)	(26.5)%	(1,900)	(4,289)	(55.7)%
Interest expense, net	(55,987)	(53,249)	5.1 %	(164,704)	(162,562)	1.3 %
(Loss) gain on extinguishment of debt, net	(17,890)	105	N/A	(17,768)	(9,333)	90.4 %
Depreciation expense	(193,791)	(175,348)	10.5 %	(561,560)	(529,508)	6.1 %
General and administrative expense (1)	(17,313)	(13,985)	23.8 %	(53,130)	(46,878)	13.3 %
Casualty and impairment loss	(1,940)	—	100.0 %	(3,117)	—	100.0 %
Income from investments in unconsolidated entities	6,867	5,083	35.1 %	32,959	6,770	386.8 %
Gain on sale of communities	58	31,607	(99.8)%	388,354	91,338	325.2 %
Gain on other real estate transactions, net	1,543	129	1,096.1 %	2,002	328	510.4 %
Net for-sale condominium activity (2)	158	(646)	N/A	(1,402)	4,162	N/A
Income before income taxes	81,026	147,690	(45.1)%	670,492	485,523	38.1 %
Income tax (expense) benefit	(2,179)	27	N/A	(1,434)	1,069	(234.1)%
Net income	78,847	147,717	(46.6)%	669,058	486,592	37.5 %
Net loss (income) attributable to noncontrolling interests	67	(14)	(578.6)%	32	(90)	(135.6)%
Net income attributable to common stockholders	\$ 78,914	\$ 147,703	(46.6)%	\$ 669,090	\$ 486,502	37.5 %
Net income attributable to common stockholders per common share - basic	\$ 0.57	\$ 1.05	(45.7)%	\$ 4.79	\$ 3.46	38.4 %
Net income attributable to common stockholders per common share - diluted	\$ 0.56	\$ 1.05	(46.7)%	\$ 4.79	\$ 3.46	38.4 %
FFO (3)	\$ 273,243	\$ 285,456	(4.3)%	\$ 818,590	\$ 917,534	(10.8)%
Per common share - diluted	\$ 1.96	\$ 2.03	(3.4)%	\$ 5.86	\$ 6.52	(10.1)%
Core FFO (3)	\$ 287,325	\$ 289,814	(0.9)%	\$ 835,921	\$ 938,830	(11.0)%
Per common share - diluted	\$ 2.06	\$ 2.06	— %	\$ 5.99	\$ 6.67	(10.2)%
Dividends declared - common	\$ 222,472	\$ 222,691	(0.1)%	\$ 667,343	\$ 670,939	(0.5)%
Per common share	\$ 1.59	\$ 1.59	— %	\$ 4.77	\$ 4.77	— %
Average shares and participating securities outstanding - basic	139,670,482	140,597,502	(0.7)%	139,639,943	140,701,463	(0.8)%
Average shares outstanding - diluted	139,737,725	140,603,722	(0.6)%	139,645,069	140,702,803	(0.8)%
Total outstanding common shares and operating partnership units	139,646,425	139,836,185	(0.1)%	139,646,425	139,836,185	(0.1)%

- (1) Amounts include severance related costs and legal settlement activity as detailed in Attachment 12 - Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms, table 3.
- (2) Amounts include \$1,187 and \$1,373 of for-sale condominium marketing, operating and administrative costs and \$1,345 and \$727 of gains on for-sale condominiums for the three months ended September 30, 2021 and 2020, respectively. Amounts include \$3,453 and \$4,012 of for-sale condominium marketing, operating and administrative costs and \$2,051 and \$8,174 of gains on for-sale condominiums for the nine months ended September 30, 2021 and 2020, respectively. For additional detail, see Attachment 12 - Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms, table 3.
- (3) For additional detail, see Attachment 12 - Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms, table 3.

Attachment 2

AvalonBay Communities, Inc.
Condensed Consolidated Balance Sheets
September 30, 2021
(Dollars in thousands)
(unaudited)

	September 30, 2021	December 31, 2020
Real estate	\$ 23,350,867	\$ 22,550,156
Less accumulated depreciation	(6,056,727)	(5,700,179)
Net operating real estate	17,294,140	16,849,977
Construction in progress, including land	787,561	989,765
Land held for development	66,769	110,142
For-sale condominium inventory (1)	171,113	267,219
Real estate assets held for sale, net	46,438	16,678
Total real estate, net	18,366,021	18,233,781
Cash and cash equivalents	322,294	216,976
Cash in escrow	113,556	96,556
Resident security deposits	33,440	30,811
Investments in unconsolidated real estate entities	199,541	202,612
Other assets (2)	444,115	418,408
Total assets	<u>\$ 19,478,967</u>	<u>\$ 19,199,144</u>
Unsecured notes, net	\$ 6,951,637	\$ 6,702,005
Unsecured credit facility	—	—
Notes payable, net	827,667	862,332
Resident security deposits	59,189	55,928
Other liabilities	849,108	824,028
Total liabilities	<u>8,687,601</u>	<u>8,444,293</u>
Redeemable noncontrolling interests	3,136	2,677
Equity	<u>10,788,230</u>	<u>10,752,174</u>
Total liabilities and equity	<u>\$ 19,478,967</u>	<u>\$ 19,199,144</u>

(1) Consists of the aggregate carrying value of the unsold for-sale residential condominiums of The Park Loggia.

(2) Includes Residential and Commercial rent receivables, net of reserves, of \$18,190,000 and \$18,159,000 at September 30, 2021 and December 31, 2020, respectively. Residential and Commercial rent receivables, net of reserves, as of December 31, 2019 were \$11,594,000.

Attachment 3

AvalonBay Communities, Inc.
Sequential Operating Information (1)
September 30, 2021

(Dollars in thousands, except per home data)
(unaudited)

	Total Apartment Homes	Quarter Ended September 30, 2021	Quarter Ended June 30, 2021	Quarter Ended March 31, 2021	Quarter Ended December 31, 2020
Residential Rental Revenue (2)					
Same Store	70,298	\$ 513,751	\$ 497,415	\$ 493,077	\$ 500,343
Other Stabilized (3)	4,352	24,876	23,121	20,878	20,244
Development/Redevelopment	8,741	28,455	21,260	15,680	11,257
Commercial Rental Revenue (2)	N/A	8,366	7,133	6,839	974
Total Rental Revenue	83,391	\$ 575,448	\$ 548,929	\$ 536,474	\$ 532,818
Residential Operating Expense					
Same Store		\$ 171,287	\$ 163,178	\$ 160,538	\$ 160,670
Other Stabilized (3)		8,972	8,271	7,916	7,908
Development/Redevelopment		11,763	9,965	9,180	6,970
Commercial Operating Expense		1,543	1,455	1,472	1,317
Total Operating Expense		\$ 193,565	\$ 182,869	\$ 179,106	\$ 176,865
Residential NOI (4)					
Same Store		\$ 342,896	\$ 334,592	\$ 332,867	\$ 339,876
Other Stabilized (3)		16,196	15,141	13,287	12,718
Development/Redevelopment		16,772	11,331	6,525	4,301
Commercial NOI (4)		6,823	5,678	5,367	(343)
Total NOI		\$ 382,687	\$ 366,742	\$ 358,046	\$ 356,552
Average Rental Rates (5)					
Same Store		\$ 2,533	\$ 2,451	\$ 2,445	\$ 2,514
Other Stabilized (3)		\$ 2,248	\$ 2,324	\$ 2,350	\$ 2,349
Economic Occupancy (5)					
Same Store		96.2 %	96.2 %	95.6 %	94.4 %
Other Stabilized (3)		96.1 %	94.8 %	95.1 %	92.3 %
Same Store Turnover (6)					
Current year period / Prior year period		55.8% / 69.7%	51.0% / 54.0%	44.0% / 40.3%	47.4% / 41.3%
Current year period YTD / Prior year period YTD		50.3% / 54.8%			52.9% / 50.9%

SAME STORE LIKE-TERM EFFECTIVE RENT CHANGE (4)

	Q3 2021	October 2021 (7)
New England	8.9 %	11.9 %
Metro NY/NJ	7.6 %	12.6 %
Mid-Atlantic	4.3 %	8.8 %
Southeast FL	19.7 %	24.9 %
Denver, CO	13.6 %	12.4 %
Pacific NW	9.5 %	13.8 %
No. California	4.5 %	6.3 %
So. California	10.8 %	12.3 %
Total	7.8 %	11.0 %

- (1) Includes consolidated communities and excludes communities that have been sold or that are classified as held for sale.
- (2) Rental revenue excludes non-qualified REIT income.
- (3) Results for these communities prior to January 1, 2021 may reflect operations prior to stabilization, including lease-up, such that occupancy is not stabilized.
- (4) See Attachment 12 - Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms.
- (5) For per home rent projections and Economic Occupancy for Development communities currently under construction, see Attachment 9 - Development Communities.
- (6) Turnover is the annualized number of units turned over during the period, divided by the total number of Same Store apartment homes for the respective period.
- (7) Rent change percentage for activity in October 2021 through October 26, 2021.

Attachment 4

AvalonBay Communities, Inc.
Quarterly Residential Rental Revenue and Occupancy Changes - Same Store (1)
September 30, 2021
(unaudited)

	Apartment Homes	Average Rental Rates (2)			Economic Occupancy			Residential Rental Revenue (\$000s)			% Change on a Cash Basis (3)
		Q3 21	Q3 20	% Change	Q3 21	Q3 20	% Change	Q3 21	Q3 20	% Change	
New England	9,536	\$ 2,774	\$ 2,829	(1.9)%	96.8 %	92.9 %	3.9 %	\$ 76,796	\$ 75,315	2.0 %	4.4 %
Metro NY/NJ											
New York City, NY	3,788	3,203	3,638	(12.0)%	96.9 %	89.2 %	7.7 %	35,251	36,853	(4.3)%	2.1 %
New York - Suburban	3,987	3,289	3,041	8.2 %	96.1 %	95.1 %	1.0 %	37,791	34,619	9.2 %	9.4 %
New Jersey	4,233	2,824	2,772	1.9 %	96.6 %	95.2 %	1.4 %	34,641	33,548	3.3 %	4.9 %
Metro NY/NJ	12,008	3,098	3,130	(1.0)%	96.5 %	93.0 %	3.5 %	107,683	105,020	2.5 %	5.5 %
Mid-Atlantic											
Washington Metro	12,083	2,206	2,289	(3.6)%	95.1 %	91.5 %	3.6 %	76,051	76,087	0.0 %	1.8 %
Baltimore, MD	1,562	1,831	1,803	1.6 %	97.3 %	96.0 %	1.3 %	8,347	8,109	2.9 %	3.6 %
Mid-Atlantic	13,645	2,163	2,235	(3.2)%	95.3 %	91.9 %	3.4 %	84,398	84,196	0.2 %	2.0 %
Southeast FL	1,214	2,302	2,047	12.5 %	97.0 %	92.1 %	4.9 %	8,137	6,931	17.4 %	20.8 %
Denver, CO	1,086	1,926	1,746	10.3 %	96.7 %	95.1 %	1.6 %	6,069	5,422	11.9 %	11.7 %
Pacific Northwest	4,217	2,205	2,267	(2.7)%	95.5 %	93.7 %	1.8 %	26,638	26,875	(0.9)%	2.6 %
Northern California											
San Jose, CA	4,717	2,594	2,984	(13.1)%	95.9 %	91.8 %	4.1 %	35,192	38,663	(9.0)%	(1.8)%
Oakland-East Bay, CA	3,847	2,442	2,521	(3.1)%	95.6 %	94.7 %	0.9 %	26,952	27,566	(2.2)%	0.2 %
San Francisco, CA	3,267	2,935	3,578	(18.0)%	94.6 %	87.9 %	6.7 %	27,204	30,665	(11.3)%	(0.6)%
Northern California	11,831	2,639	2,991	(11.8)%	95.4 %	91.4 %	4.0 %	89,348	96,894	(7.8)%	(0.8)%
Southern California											
Los Angeles, CA	11,624	2,358	2,285	3.2 %	96.6 %	95.1 %	1.5 %	79,401	75,821	4.7 %	7.9 %
Orange County, CA	3,370	2,342	2,181	7.4 %	97.7 %	95.6 %	2.1 %	23,136	21,137	9.5 %	10.3 %
San Diego, CA	1,767	2,360	2,178	8.4 %	97.1 %	95.8 %	1.3 %	12,145	11,073	9.7 %	10.1 %
Southern California	16,761	2,355	2,250	4.7 %	96.8 %	95.3 %	1.5 %	114,682	108,031	6.2 %	8.6 %
Total Same Store	70,298	\$ 2,533	\$ 2,591	(2.2)%	96.2 %	93.0 %	3.2 %	\$ 513,751	\$ 508,684	1.0 %	4.3 %

(1) Same Store is composed of communities with Stabilized Operations as of January 1, 2020 such that a comparison of Q3 2020 to Q3 2021 is meaningful.

(2) Reflects the effect of Residential concessions amortized over the average lease term.

(3) Represents the change in Residential Rental Revenue with Concessions on a Cash Basis. See Attachment 12, table 10, for additional detail and a reconciliation.

Attachment 5

AvalonBay Communities, Inc.
Sequential Quarterly Residential Rental Revenue and Occupancy Changes - Same Store (1)
September 30, 2021
(unaudited)

	Apartment Homes	Average Rental Rates (2)			Economic Occupancy			Residential Rental Revenue (\$000s)			% Change on a Cash Basis (3)
		Q3 21	Q2 21	% Change	Q3 21	Q2 21	% Change	Q3 21	Q2 21	% Change	
New England	9,536	\$ 2,774	\$ 2,697	2.9 %	96.8 %	95.9 %	0.9 %	\$ 76,796	\$ 74,018	3.8 %	5.4 %
Metro NY/NJ											
New York City, NY	3,788	3,203	3,155	1.5 %	96.9 %	96.7 %	0.2 %	35,251	34,670	1.7 %	4.2 %
New York - Suburban	3,987	3,289	3,153	4.3 %	96.1 %	96.2 %	(0.1)%	37,791	36,280	4.2 %	3.9 %
New Jersey	4,233	2,824	2,737	3.2 %	96.6 %	96.0 %	0.6 %	34,641	33,387	3.8 %	4.7 %
Metro NY/NJ	12,008	3,098	3,007	3.0 %	96.5 %	96.3 %	0.2 %	107,683	104,337	3.2 %	4.2 %
Mid-Atlantic											
Washington Metro	12,083	2,206	2,179	1.2 %	95.1 %	94.7 %	0.4 %	76,051	74,832	1.6 %	1.9 %
Baltimore, MD	1,562	1,831	1,795	2.0 %	97.3 %	97.7 %	(0.4)%	8,347	8,214	1.6 %	1.5 %
Mid-Atlantic	13,645	2,163	2,135	1.3 %	95.3 %	95.0 %	0.3 %	84,398	83,046	1.6 %	1.9 %
Southeast FL	1,214	2,302	2,191	5.1 %	97.0 %	96.3 %	0.7 %	8,137	7,691	5.8 %	5.1 %
Denver, CO	1,086	1,926	1,848	4.2 %	96.7 %	97.2 %	(0.5)%	6,069	5,852	3.7 %	2.9 %
Pacific Northwest	4,217	2,205	2,153	2.4 %	95.5 %	96.1 %	(0.6)%	26,638	26,164	1.8 %	2.1 %
Northern California											
San Jose, CA	4,717	2,594	2,575	0.7 %	95.9 %	97.0 %	(1.1)%	35,192	35,328	(0.4)%	2.5 %
Oakland-East Bay, CA	3,847	2,442	2,364	3.3 %	95.6 %	96.5 %	(0.9)%	26,952	26,333	2.4 %	2.1 %
San Francisco, CA	3,267	2,935	2,863	2.5 %	94.6 %	96.5 %	(1.9)%	27,204	27,051	0.6 %	2.8 %
Northern California	11,831	2,639	2,586	2.0 %	95.4 %	96.7 %	(1.3)%	89,348	88,712	0.7 %	2.5 %
Southern California											
Los Angeles, CA	11,624	2,358	2,207	6.8 %	96.6 %	96.7 %	(0.1)%	79,401	74,390	6.7 %	6.5 %
Orange County, CA	3,370	2,342	2,198	6.6 %	97.7 %	97.3 %	0.4 %	23,136	21,621	7.0 %	6.4 %
San Diego, CA	1,767	2,360	2,243	5.2 %	97.1 %	97.5 %	(0.4)%	12,145	11,584	4.8 %	4.2 %
Southern California	16,761	2,355	2,208	6.7 %	96.8 %	96.9 %	(0.1)%	114,682	107,595	6.6 %	6.2 %
Total Same Store	70,298	\$ 2,533	\$ 2,451	3.3 %	96.2 %	96.2 %	0.0 %	\$ 513,751	\$ 497,415	3.3 %	4.0 %

(1) Same Store is composed of communities with Stabilized Operations as of January 1, 2020.

(2) Reflects the effect of Residential concessions amortized over the average lease term.

(3) Represents the change in Residential Rental Revenue with Concessions on a Cash Basis. See Attachment 12, table 10, for additional detail and a reconciliation.

Attachment 6

AvalonBay Communities, Inc.
Year to Date Rental Revenue and Occupancy Changes - Same Store (1)
September 30, 2021
(unaudited)

Apartment Homes	Average Rental Rates (2)			Economic Occupancy			Rental Revenue (\$000's)			% Change on a Cash Basis (3)	
	Year to Date 2021	Year to Date 2020	% Change	Year to Date 2021	Year to Date 2020	% Change	Year to Date 2021	Year to Date 2020	% Change		
New England	9,536	\$ 2,722	\$ 2,861	(4.9)%	96.0 %	94.2 %	1.8 %	\$ 224,173	\$ 231,308	(3.1)%	(2.5)%
Metro NY/NJ											
New York City, NY	3,788	3,191	3,683	(13.4)%	96.6 %	92.9 %	3.7 %	105,097	116,349	(9.7)%	(8.2)%
New York - Suburban	3,987	3,172	3,072	3.3 %	95.9 %	95.3 %	0.6 %	109,173	105,051	3.9 %	4.6 %
New Jersey	4,233	2,756	2,782	(0.9)%	96.2 %	95.9 %	0.3 %	101,015	101,611	(0.6)%	0.1 %
Metro NY/NJ	12,008	3,031	3,158	(4.0)%	96.2 %	94.6 %	1.6 %	315,285	323,011	(2.4)%	(1.4)%
Mid-Atlantic											
Washington Metro	12,083	2,182	2,301	(5.2)%	94.9 %	94.1 %	0.8 %	225,135	235,386	(4.4)%	(3.3)%
Baltimore, MD	1,562	1,795	1,792	0.2 %	97.3 %	96.0 %	1.3 %	24,558	24,189	1.5 %	2.5 %
Mid-Atlantic	13,645	2,138	2,242	(4.6)%	95.1 %	94.3 %	0.8 %	249,693	259,575	(3.8)%	(2.8)%
Southeast FL	1,214	2,191	2,151	1.9 %	96.3 %	92.3 %	4.0 %	23,055	21,771	5.9 %	8.4 %
Denver, CO	1,086	1,863	1,724	8.1 %	96.5 %	93.1 %	3.4 %	17,573	15,757	11.5 %	11.8 %
Pacific Northwest	4,217	2,167	2,278	(4.9)%	95.5 %	95.5 %	0.0 %	78,513	82,525	(4.9)%	(3.1)%
Northern California											
San Jose, CA	4,717	2,604	3,013	(13.6)%	96.3 %	94.5 %	1.8 %	106,423	120,668	(11.8)%	(8.9)%
Oakland-East Bay, CA	3,847	2,396	2,557	(6.3)%	96.1 %	95.9 %	0.2 %	79,733	84,908	(6.1)%	(4.1)%
San Francisco, CA	3,267	2,906	3,672	(20.9)%	95.5 %	93.2 %	2.3 %	81,553	100,175	(18.6)%	(13.4)%
Northern California	11,831	2,620	3,042	(13.9)%	96.0 %	94.5 %	1.5 %	267,709	305,751	(12.4)%	(9.0)%
Southern California											
Los Angeles, CA	11,624	2,259	2,358	(4.2)%	96.4 %	95.4 %	1.0 %	227,784	235,297	(3.2)%	(0.9)%
Orange County, CA	3,370	2,228	2,213	0.7 %	97.1 %	95.9 %	1.2 %	65,614	64,414	1.9 %	3.4 %
San Diego, CA	1,767	2,258	2,210	2.2 %	97.0 %	96.0 %	1.0 %	34,844	33,751	3.2 %	4.9 %
Southern California	16,761	2,252	2,314	(2.7)%	96.6 %	95.5 %	1.1 %	328,242	333,462	(1.6)%	0.5 %
Total Same Store	70,298	\$ 2,476	\$ 2,627	(5.7)%	96.0 %	94.7 %	1.3 %	\$ 1,504,243	\$ 1,573,160	(4.4)%	(2.7)%

(1) Same Store is composed of communities with Stabilized Operations as of January 1, 2020 such that a comparison of year to date 2020 to year to date 2021 is meaningful.

(2) Reflects the effect of Residential concessions amortized over the average lease term.

(3) Represents the change in Residential Rental Revenue with Concessions on a Cash Basis. See Attachment 12, table 10, for additional detail and a reconciliation.

Attachment 7

AvalonBay Communities, Inc.
Residential Operating Expenses ("Opex") - Same Store (1)
September 30, 2021
(Dollars in thousands)
(unaudited)

	Q3 2021	Q3 2020	% Change	Q3 2021 % of Total Opex	Year to Date 2021	Year to Date 2020	% Change	Year to Date 2021 % of Total Opex
Property taxes (2)	\$ 62,515	\$ 59,918	4.3 %	36.5 %	\$ 182,739	\$ 177,259	3.1 %	36.9 %
Payroll (3)	36,500	35,208	3.7 %	21.3 %	108,584	106,420	2.0 %	21.9 %
Repairs & maintenance (4)	31,884	30,213	5.5 %	18.6 %	88,033	79,115	11.3 %	17.8 %
Utilities (5)	16,490	16,628	(0.8)%	9.6 %	46,086	44,687	3.1 %	9.3 %
Office operations	13,013	13,064	(0.4)%	7.6 %	38,103	38,588	(1.3)%	7.7 %
Insurance (6)	7,202	6,470	11.3 %	4.2 %	20,889	19,051	9.6 %	4.2 %
Marketing	3,683	4,014	(8.2)%	2.2 %	10,568	10,074	4.9 %	2.2 %
Total Same Store Residential Operating Expenses	\$ 171,287	\$ 165,515	3.5 %	100.0 %	\$ 495,002	\$ 475,194	4.2 %	100.0 %

- (1) Same Store operating expenses exclude indirect costs for corporate-level property management and other support-related expenses.
- (2) Property taxes increased for the three and nine months ended September 30, 2021 over the prior year periods primarily due to increased assessments across the portfolio, led by the Mid-Atlantic, New England and the Pacific Northwest, as well as the expiration of certain property tax incentive programs in New York City.
- (3) Payroll costs increased for the three months ended September 30, 2021 over the prior year period primarily due to increased maintenance salaries and overtime and increased incentive compensation. The increase for the nine months ended September 30, 2021 over the prior year period is primarily due to increased maintenance overtime and increased benefits costs, partially offset by a decrease in incentive compensation and a reduction in the number of on-site leasing and management associates.
- (4) Repairs and maintenance increased for the three and nine months ended September 30, 2021 over the prior year periods primarily due to projects canceled or delayed in the prior year periods due to COVID-19 and increased uninsured losses in the current year periods, partially offset by a decrease in COVID-19 related costs for personal protective equipment and cleaning.
- (5) Utilities represents aggregate utility costs, net of resident reimbursements. The increase for the nine months ended September 30, 2021 over the prior year period is primarily due to increased trash removal costs and increased gas and electricity rates, partially offset by costs for water and sewer, net of resident reimbursements.
- (6) Insurance is composed of premiums, expected claims activity and associated reductions from receipt of claims recoveries. The increases for the three and nine months ended September 30, 2021 over the prior year periods are primarily due to increased property insurance costs and the timing of claims. Insurance costs can be variable due to the amounts and timing of estimated and actual claim activity and the related recoveries received.

Attachment 8

AvalonBay Communities, Inc.
Expensed Community Maintenance Costs and Capitalized Community Expenditures
September 30, 2021

(Dollars in thousands except per home data)
(unaudited)

Current Communities	YTD 2021 Maintenance Expensed Per Home				Categorization of YTD 2021 Additional Capitalized Value (2)						
	Apartment Homes (1)	Carpet Replacement	Other Maintenance (3)	Total	Acquisitions, Construction, Redevelopment & Dispositions (4)	NOI Enhancing (5)(6)	Asset Preservation	YTD 2021 Additional Capitalized Value	NOI Enhancing Per Home (6)	Asset Preservation Per Home	
Same Store	70,298	\$ 96	\$ 1,952	\$ 2,048	\$ 14,478 (7)	\$ 24,511	\$ 74,254	\$ 113,243	\$ 349	\$ 1,056	
Other Stabilized	4,352	41	1,412	1,453	386,350 (8)	52	2,536	388,938	\$ 12	\$ 583	
Development/Redevelopment (9)	8,741	8	615	623	443,344	—	—	443,344	—	—	
Dispositions (10)	—	—	—	—	(453,593)	—	—	(453,593)	—	—	
Total	83,391	\$ 84	\$ 1,784	\$ 1,868	\$ 390,579	\$ 24,563	\$ 76,790	\$ 491,932	N/A	N/A	

- (1) Includes consolidated communities and excludes communities that have been sold or that are classified as held for sale.
- (2) Policy is to capitalize expenditures for the acquisition or development of new assets or expenditures that extend the life of existing assets that will benefit the Company for periods greater than a year.
- (3) Other maintenance includes maintenance, landscaping and redecorating costs, as well as maintenance related payroll expense.
- (4) Includes the write-off of impaired assets and additional capitalized spend related to recognized casualty losses, if applicable.
- (5) Includes \$2,310 in rebates received during the nine months ended September 30, 2021, primarily related to NOI Enhancing Capex incurred during prior years.
- (6) This Attachment excludes capitalized expenditures for the commercial component of communities, which the Company classifies as NOI Enhancing. Same Store and Other Stabilized exclude \$2,611 and \$1,696, respectively, related to commercial space.
- (7) Consists primarily of redevelopment spend at communities maintaining stabilized occupancy during the redevelopment.
- (8) Represents acquired communities, including those from joint venture partners, coupled with commitment close-outs and construction true-ups on recently constructed communities.
- (9) Includes communities that were under construction/reconstruction during the period, including communities where construction/reconstruction has been completed.
- (10) Includes The Park Loggia condominium sales.

Other Capitalized Costs		
	Interest	Overhead
Q3 2021	\$ 7,862	\$ 10,983
Q2 2021	\$ 8,362	\$ 12,317
Q1 2021	\$ 8,799	\$ 11,516
Q4 2020	\$ 10,419	\$ 10,326

Attachment 9

AvalonBay Communities, Inc.
Development Communities as of September 30, 2021
(unaudited)

Community Information		Number of Apt Homes	Total Capital Cost (millions)	Schedule				Avg Rent Per Home	% As of October 13, 2021			% Economic Occ. Q3 '21	
Development Name	Location			Start	Initial Occupancy	Complete	Full Qtr Stabilized Ops		Complete	Leased	Occupied		
Communities Under Construction:													
1.	Avalon Harrison (1)	Harrison, NY	143	\$ 88	Q4 2018	Q3 2021	Q3 2022	Q1 2023	\$ 3,915	25 %	39 %	24 %	7 %
2.	Avalon Brea Place	Brea, CA	653	290	Q2 2019	Q1 2021	Q3 2022	Q1 2023	2,915	35 %	39 %	35 %	27 %
3.	Avalon Foundry Row	Owings Mills, MD	437	100	Q2 2019	Q1 2021	Q1 2022	Q2 2022	2,010	74 %	71 %	62 %	47 %
4.	Avalon Woburn	Woburn, MA	350	121	Q4 2019	Q3 2021	Q2 2022	Q4 2022	2,815	40 %	37 %	24 %	8 %
5.	AVA RiNo	Denver, CO	246	87	Q4 2019	Q4 2021	Q1 2022	Q3 2022	2,230	— %	14 %	— %	— %
6.	Avalon Harbor Isle	Island Park, NY	172	90	Q4 2020	Q1 2022	Q3 2022	Q1 2023	4,400	— %	— %	— %	— %
7.	Avalon Easton II	Easton, MA	44	15	Q4 2020	Q3 2021	Q4 2021	Q1 2022	2,685	45 %	59 %	16 %	5 %
8.	Avalon Somerville Station	Somerville, NJ	375	117	Q4 2020	Q2 2022	Q3 2023	Q1 2024	2,465	— %	— %	— %	— %
9.	Avalon North Andover	North Andover, MA	170	56	Q2 2021	Q4 2022	Q1 2023	Q3 2023	2,430	— %	— %	— %	— %
10.	Avalon Brighton	Boston, MA	180	89	Q2 2021	Q1 2023	Q2 2023	Q4 2023	3,315	— %	— %	— %	— %
11.	Avalon Merrick Park	Miami, FL	254	101	Q2 2021	Q1 2023	Q2 2023	Q4 2023	2,835	— %	— %	— %	— %
12.	Avalon Amityville I	Amityville, NY	338	129	Q2 2021	Q1 2023	Q1 2024	Q3 2024	3,110	— %	— %	— %	— %
13.	Avalon Bothell Commons I	Bothell, WA	472	203	Q2 2021	Q2 2023	Q1 2024	Q3 2024	2,650	— %	— %	— %	— %
14.	Avalon Westminster Promenade	Westminster, CO	312	107	Q3 2021	Q3 2023	Q4 2023	Q2 2024	2,130	— %	— %	— %	— %
15.	Avalon West Dublin	Dublin, CA	499	270	Q3 2021	Q3 2023	Q4 2024	Q1 2025	3,245	— %	— %	— %	— %
Total / Weighted Average Under Construction			4,645	\$ 1,863					\$ 2,795				
Communities Completed this Quarter:													
1.	Avalon Monrovia	Monrovia, CA	154	\$ 69	Q4 2019	Q2 2021	Q3 2021	Q4 2021	\$ 3,260	100 %	94 %	90 %	64 %
Communities Completed Subtotal/Weighted Average			154	\$ 69					\$ 3,260				
Total/Weighted Average Under Construction and Completed this quarter			4,799	\$1,932					\$ 2,810				
Total Weighted Average Projected NOI as a % of Total Capital Cost									5.8 %				

Asset Cost Basis (millions) (2):

Total Capital Cost, under construction and completed	\$ 2,552
Total Capital Cost, disbursed to date	(1,535)
Total Capital Cost, remaining to invest	<u>\$ 1,017</u>

(1) Avalon Harrison contains 27,000 square feet of commercial space.

(2) Includes the communities presented and three additional communities with 1,388 apartment homes representing \$620 million in Total Capital Costs which have completed construction but not yet achieved Stabilized Operations for the full quarter. Q3 2021 total NOI for these communities was \$6.4 million.

Attachment 10

AvalonBay Communities, Inc.
Unconsolidated Real Estate Investments
September 30, 2021
(Dollars in thousands)
(unaudited)

Operating Communities

Venture	Communities	AVB Ownership	Apartment Homes	NOI (1)(2)		Debt		Disposition Gains and Other Activity (1)(4)	
				Q3 2021	YTD 2021	Principal Amount (1)	Interest Rate (3)	Q3 2021	YTD 2021
NYTA MF Investors LLC	5	20.0 %	1,301	\$ 8,084	\$ 23,413	\$ 395,769	3.88 %	\$ —	\$ —
Archstone Multifamily Partners AC LP	3	28.6 %	671	2,879	8,528	117,995	3.65 %	—	—
MVP I, LLC	1	25.0 %	313	1,760	5,009	103,000	3.24 %	—	—
Brandywine Apartments of Maryland, LLC	1	28.7 %	305	464	1,896	20,538	3.40 %	—	—
Total Unconsolidated Real Estate Investments	10		2,590	\$ 13,187	\$ 38,846	\$ 637,302	3.72 %	\$ —	\$ —

Development Communities

Venture	Location	AVB Ownership	Apartment Homes	Projected		Initial Occupancy	Complete	Avg Rent Per Home	% Complete	% Leased As of October 13, 2021	% Occupied
				Total Capital Cost (millions) (1)	Start						
Avalon Alderwood MF, LLC	Lynnwood, WA	50.0 %	328	\$ 110	Q4 2019	Q4 2021	Q3 2022	\$ 2,295	— %	4 %	— %
Arts District Joint Venture (6)	Los Angeles, CA	25.0 %	475	276	Q3 2020	Q1 2023	Q4 2023	3,360	— %	— %	— %
			803	\$ 386				\$ 2,925			

- (1) NOI, debt principal, disposition gains and other activity and projected Total Capital Cost are presented at 100% ownership.
- (2) NOI excludes \$4,812 in YTD 2021 from the final two Multifamily Partners AC JV LP (the "AC JV") communities which were sold during the nine months ended September 30, 2021. NOI excludes property management fees as the Company serves as the property management company for all ventures except Brandywine Apartments of Maryland, LLC.
- (3) Represents the weighted average interest rate as of September 30, 2021.
- (4) Disposition gains and other activity is composed primarily of gains on disposition of unconsolidated real estate investments, of which the Company's portion is included in joint venture income as presented on Attachment 1 - Condensed Consolidated Operating Information. The Company's portion of disposition gains and other activity for the nine months ended September 30, 2021 was \$23,305 related to the dispositions by the AC JV.
- (5) Of this projected Total Capital Cost, the Company's remaining obligation to fund additional equity is \$5,800.
- (6) This development is expected to include 56,000 square feet of commercial space. The venture has secured a variable rate construction loan with a maximum borrowing of \$167,147 to fund the remaining development costs representing approximately 60% of Total Capital Cost, of which \$1,032 has been drawn at September 30, 2021.

AvalonBay Communities, Inc.
Debt Structure and Select Debt Metrics
September 30, 2021
(Dollars in thousands)
(unaudited)

DEBT COMPOSITION AND MATURITIES

Debt Composition	Amount	Average Interest Rate (1)	Principal Amortization Payments and Maturities (2)			
			Year	Secured notes amortization and maturities	Unsecured notes maturities	Total
Secured notes			2021	\$ 1,460	\$ —	\$ 1,460
Fixed rate	\$ 379,636	3.8 %	2022	9,918	100,000	109,918
Variable rate	464,650	1.6 %	2023	10,739	600,000	610,739
Subtotal, secured notes	844,286	2.6 %	2024	11,677	450,000	461,677
			2025	12,408	825,000	837,408
Unsecured notes			2026	13,445	775,000	788,445
Fixed rate	6,750,000	3.3 %	2027	251,980	400,000	651,980
Variable rate	250,000	1.1 %	2028	20,707	450,000	470,707
Subtotal, unsecured notes	7,000,000	3.2 %	2029	77,992	450,000	527,992
			2030	12,384	700,000	712,384
Variable rate facility (3)	—	— %	Thereafter	421,576	2,250,000	2,671,576
Total Debt	\$ 7,844,286	3.1 %		\$ 844,286	\$ 7,000,000	\$ 7,844,286

SELECT DEBT METRICS

Net Debt-to-Core EBITDA (4)	5.4x	Interest Coverage (4)	6.2x	Unencumbered NOI (4)	94%	Weighted avg years to maturity of total debt (2)	9.2
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DEBT COVENANT COMPLIANCE

Unsecured Line of Credit Covenants	September 30, 2021	Requirement
Total Outstanding Indebtedness to Capitalization Value (5)	31.5 %	≤ 65%
Combined EBITDA to Combined Debt Service	5.27x	≥ 1.50x
Unsecured Indebtedness to Unencumbered Asset Value	28.9 %	≤ 65%
Secured Indebtedness to Capitalization Value (5)	3.9 %	≤ 40%
Unsecured Senior Notes Covenants (6)	September 30, 2021	Requirement
Total Outstanding Indebtedness to Total Assets (7)	31.9 %	≤ 65%
Secured Indebtedness to Total Assets (7)	3.3 %	≤ 40%
Unencumbered Assets to Unsecured Indebtedness	328.6 %	≥ 150%
Consolidated Income Available for Debt Service to the Annual Service Charge	5.88x	≥ 1.50x

- (1) Rates are as of September 30, 2021 and, for secured and unsecured notes, include costs of financing such as credit enhancement fees, trustees' fees, the impact of interest rate hedges and mark-to-market adjustments.
- (2) Excludes the Company's unsecured credit facility and any associated issuance discount, mark-to-market discounts and deferred financing costs if applicable.
- (3) Represents amounts outstanding at September 30, 2021 under the Company's \$1.75 billion unsecured credit facility.
- (4) See Attachment 12 - Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms.
- (5) Capitalization Value represents the Company's Combined EBITDA for operating communities that the Company has owned for at least 12 months as of September 30, 2021, capitalized at a rate of 6% per annum, plus the book value of Development communities and real estate communities acquired. For discussion of other defined terms, see "Debt Covenant Compliance" in Attachment 12 - Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms.
- (6) The information about the Company's unsecured senior notes covenants shows compliance with selected covenants under the Company's 1998 Indenture, under which debt securities are outstanding with maturity dates through 2047, subject to prepayment or redemption at the Company's election. See "Debt Covenant Compliance" in Attachment 12 - Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms. Different covenants apply to debt securities outstanding under the Company's 2018 Indenture.
- (7) Total Assets represents the sum of the Company's undepreciated real estate assets and other assets, excluding accounts receivable. See "Debt Covenant Compliance" in Attachment 12 - Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms.

Attachment 12

AvalonBay Communities, Inc. Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms September 30, 2021 (unaudited)

This release, including its attachments, contains certain non-GAAP financial measures and other terms. The definitions and calculations of these non-GAAP financial measures and other terms may differ from the definitions and methodologies used by other REITs and, accordingly, may not be comparable. The non-GAAP financial measures referred to below should not be considered an alternative to net income as an indication of our performance. In addition, these non-GAAP financial measures do not represent cash generated from operating activities in accordance with GAAP and therefore should not be considered as an alternative measure of liquidity or as indicative of cash available to fund cash needs.

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

AVB Residential Benchmark represents the average monthly revenue collections as a percentage of amounts billed for the referenced day of the month for the period from April 2019 to March 2020.

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

Average Rental Rates are calculated by the Company as Residential rental revenue in accordance with GAAP, divided by the weighted average number of occupied apartment homes.

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

Debt Covenant Compliance ratios for the Unsecured Line of Credit Covenants show the Company's compliance with selected covenants provided in the Company's Fifth Amended and Restated Revolving Loan Agreement dated as of February 28, 2019 and the Company's Amended and Restated Term Loan Agreement dated February 28, 2019, which have been filed as exhibits to the Company's SEC reports. The ratios for the Unsecured Senior Notes Covenants show only the Company's compliance with selected covenants provided in the Company's Indenture dated as of January 16, 1998, as supplemented by the First Supplemental Indenture dated as of January 20, 1998, Second Supplemental Indenture dated as of July 7, 1998, Amended and Restated Third Supplemental Indenture dated as of July 20, 2000, Fourth Supplemental Indenture dated as of September 18, 2006 and Fifth Supplemental Indenture dated as of November 21, 2014 (collectively, the "1998 Indenture"), which have been filed as exhibits to the Company's SEC reports. Different covenants apply to debt securities outstanding under the Company's Indenture dated as of February 23, 2018, as supplemented by the First Supplemental Indenture dated as of March 26, 2018 and the Second Supplemental Indenture dated as of May 29, 2018 (collectively, the "2018 Indenture"), which have been filed as exhibits to the Company's SEC reports. Compliance with selected covenants under the 2018 Indenture is excluded from the presentation of Debt Covenant Compliance in this release.

The Debt Covenant Compliance ratios are provided only to show the Company's compliance with certain covenants contained in the 1998 Indenture governing a majority of the Company's unsecured debt securities and in the Company's Credit Facility and Term Loans, as of the date reported. These ratios should not be used for any other purpose, including without limitation to evaluate the Company's financial condition or results of operations, nor do they indicate the Company's covenant compliance as of any other date or for any other period. The capitalized terms in the disclosure are defined in the Indenture or the Credit Facility and the Term Loans, and may differ materially from similar terms (a) used elsewhere in this release and the Attachments and (b) used by other companies that present information about their covenant compliance. For risks related to failure to comply with these covenants, see "Risk Factors – Risks related to indebtedness" and other risks discussed in the Company's 2020 Annual Report on Form 10-K and the Company's other reports filed with the SEC.

Attachment 12

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.

Economic Occupancy (“Ec Occ”) 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.

Economic Gain is calculated by the Company as the gain on sale in accordance with GAAP, less accumulated depreciation through the date of sale and any other adjustments that may be required under GAAP accounting. Management generally considers Economic Gain to be an appropriate supplemental measure to gain on sale in accordance with GAAP because it helps investors to understand the relationship between the cash proceeds from a sale and the cash invested in the sold community. The Economic Gain for disposed communities is based on their respective final settlement statements. A reconciliation of the aggregate Economic Gain to the aggregate gain on sale in accordance with GAAP for the wholly-owned operating communities disposed of during the nine months ended September 30, 2021 is as follows (dollars in thousands):

TABLE 1	
	YTD 2021
GAAP Gain	\$ 388,347
Accumulated Depreciation and Other	(181,371)
Economic Gain	<u>\$ 206,976</u>

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 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):

Attachment 12

TABLE 2

	Q3 2021
Net income	\$ 78,847
Interest expense and loss on extinguishment of debt	73,811
Income tax expense	2,179
Depreciation expense	193,791
EBITDA	<u>\$ 348,628</u>
Gain on sale of communities	(58)
Unconsolidated entity EBITDAre adjustments (1)	2,969
EBITDAre	<u>\$ 351,539</u>
Unconsolidated entity gains, net	(6,924)
Casualty and impairment loss	1,940
Executive transition compensation costs	411
Severance related costs	284
Development pursuit write-offs and expensed transaction costs, net of recoveries	273
Gain on for-sale condominiums	(1,345)
For-sale condominium marketing, operating and administrative costs	1,187
Gain on other real estate transactions, net	(1,543)
Legal settlements	22
Core EBITDAre	<u>\$ 345,844</u>

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

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):

Attachment 12

	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Net income attributable to common stockholders	\$ 78,914	\$ 147,703	\$ 669,090	\$ 486,502
Depreciation - real estate assets, including joint venture adjustments	192,435	174,505	558,006	527,491
Distributions to noncontrolling interests	12	12	36	36
Gain on sale of unconsolidated entities holding previously depreciated real estate	—	(5,157)	(23,305)	(5,157)
Gain on sale of previously depreciated real estate	(58)	(31,607)	(388,354)	(91,338)
Casualty and impairment loss on real estate	1,940	—	3,117	—
FFO attributable to common stockholders	273,243	285,456	818,590	917,534
Adjusting items:				
Unconsolidated entity (gains) losses, net (1)	(6,924)	86	(9,056)	86
Business interruption insurance proceeds	—	(282)	—	(385)
Lost NOI from casualty losses covered by business interruption insurance	—	—	—	48
Loss (gain) on extinguishment of consolidated debt	17,890	(105)	17,768	9,333
Gain on interest rate contract	—	—	(2,654)	—
Advocacy contributions	—	1,308	—	3,074
Executive transition compensation costs	411	—	2,599	—
Severance related costs	284	75	386	2,115
Development pursuit write-offs and expensed transaction costs, net of recoveries	273	147	575	3,536
Gain on for-sale condominiums (2)	(1,345)	(727)	(2,051)	(8,174)
For-sale condominium marketing, operating and administrative costs (2)	1,187	1,373	3,453	4,012
For-sale condominium imputed carry cost (3)	1,648	2,580	5,779	9,013
Gain on other real estate transactions, net	(1,543)	(129)	(2,002)	(328)
Legal settlements	22	59	1,100	35
Income tax expense (benefit)	2,179	(27)	1,434	(1,069)
Core FFO attributable to common stockholders	\$ 287,325	\$ 289,814	\$ 835,921	\$ 938,830
Average shares outstanding - diluted	139,737,725	140,603,722	139,645,069	140,702,803
Earnings per share - diluted	\$ 0.56	\$ 1.05	\$ 4.79	\$ 3.46
FFO per common share - diluted	\$ 1.96	\$ 2.03	\$ 5.86	\$ 6.52
Core FFO per common share - diluted	\$ 2.06	\$ 2.06	\$ 5.99	\$ 6.67

(1) Amounts for the three and nine months ended September 30, 2021 include net unrealized gains on technology investments of \$6,924 and \$10,094, respectively. 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 AC JV communities.

(2) Aggregate impact of (i) Gain on for-sale condominiums and (ii) For-sale condominium marketing, operating and administrative costs, is a net gain of \$158 for Q3 2021 and net expense of \$1,402 for YTD 2021 and a net expense of \$646 for Q3 2020 and net gain of \$4,162 for YTD 2020, respectively, as shown on Attachment 1 - Condensed Consolidated Operating Information.

(3) 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.

Attachment 12

Initial Year 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 Initial Year 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 Initial Year 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 Initial Year Market Cap Rate is weighted based on the gross sales price of each community.

Interest Coverage is calculated by the Company as Core EBITDAre, divided by the sum of interest expense, net, and preferred dividends, if applicable. 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, 2021 is as follows (dollars in thousands):

TABLE 4	
Core EBITDAre	\$ 345,844
Interest expense	\$ 55,921
Interest Coverage	6.2 times

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 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. Trends in Market Rents for a region as reported by others could vary. Market Rents for a period are based on the average Market Rents during that period and do not reflect any impact for cash concessions.

Attachment 12

Net Debt-to-Core EBITDAre is calculated by the Company as total debt (secured and unsecured notes and the Company's variable rate unsecured credit facility) that is consolidated for financial reporting purposes, less consolidated cash and cash in escrow, divided by annualized third quarter 2021 Core EBITDAre, as adjusted. A calculation of Net Debt-to-Core EBITDAre is as follows (dollars in thousands):

Total debt principal (1)	\$	7,844,286
Cash and cash in escrow		(435,850)
Net debt	\$	<u>7,408,436</u>
Core EBITDAre (2)	\$	345,844
Core EBITDAre, annualized	\$	1,383,376
Net Debt-to-Core EBITDAre		<u>5.4 times</u>

(1) Balance at September 30, 2021 excludes \$9,915 of debt discount and \$38,448 of deferred financing costs as reflected in unsecured notes, net, and \$13,806 of debt discount and \$2,813 of deferred financing costs as reflected in notes payable on the Condensed Consolidated Balance Sheets.

(2) For additional detail, see Attachment 12 - Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms, table 2.

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, joint venture (income) loss, depreciation expense, corporate income tax expense (benefit), casualty and impairment loss (gain), net, gain on sale of communities, (gain) loss on other real estate transactions, net for-sale condominium activity and net operating income from real estate assets sold or held for sale. The Company considers NOI to be an important and appropriate supplemental performance measure to Net Income of operating performance of a community or communities because it helps both investors and management to understand the core operations of a community or communities prior to the allocation of any corporate-level property management overhead or financing-related costs. NOI reflects the operating performance of a community, and allows for an easier comparison of the operating performance of individual assets or groups of assets. In addition, because prospective buyers of real estate have different financing and overhead structures, with varying marginal impact to overhead as a result of acquiring real estate, NOI is considered by many in the real estate industry to be a useful measure for determining the value of a real estate asset or groups of assets.

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

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	Q3 2021	Q3 2020	Q2 2021	Q1 2021	Q4 2020	YTD 2021	YTD 2020
Net income	\$ 78,847	\$ 147,717	\$ 447,977	\$ 142,234	\$ 341,114	\$ 669,058	\$ 486,592
Indirect operating expenses, net of corporate income	25,322	23,837	24,318	24,470	27,400	74,110	70,043
Expensed transaction, development and other pursuit costs, net of recoveries	417	567	1,653	(170)	8,110	1,900	4,289
Interest expense, net	55,987	53,249	56,104	52,613	51,589	164,704	162,562
Loss (gain) on extinguishment of debt, net	17,890	(105)	—	(122)	—	17,768	9,333
General and administrative expense	17,313	13,985	18,465	17,352	13,465	53,130	46,878
(Income) loss from investments in unconsolidated entities	(6,867)	(5,083)	(26,559)	467	348	(32,959)	(6,770)
Depreciation expense	193,791	175,348	184,472	183,297	177,823	561,560	529,508
Income tax expense (benefit)	2,179	(27)	10	(755)	(2,178)	1,434	(1,069)
Casualty and impairment loss	1,940	—	1,177	—	—	3,117	—
Gain on sale of communities	(58)	(31,607)	(334,569)	(53,727)	(249,106)	(388,354)	(91,338)
Gain on other real estate transactions, net	(1,543)	(129)	(32)	(427)	(112)	(2,002)	(328)
Net for-sale condominium activity	(158)	646	647	913	1,611	1,402	(4,162)
NOI from real estate assets sold or held for sale	(2,373)	(14,686)	(6,921)	(8,099)	(13,512)	(17,393)	(47,798)
NOI	<u>382,687</u>	<u>363,712</u>	<u>366,742</u>	<u>358,046</u>	<u>356,552</u>	<u>1,107,475</u>	<u>1,157,740</u>
Commercial NOI	(6,823)	(4,362)	(5,678)	(5,367)	343	(17,868)	(13,131)
Residential NOI	<u>\$ 375,864</u>	<u>\$ 359,350</u>	<u>\$ 361,064</u>	<u>\$ 352,679</u>	<u>\$ 356,895</u>	<u>\$ 1,089,607</u>	<u>\$ 1,144,609</u>
Residential NOI							
Same Store:							
New England	\$ 47,916	\$ 48,220	\$ 47,678	\$ 46,278	\$ 47,813	\$ 141,872	\$ 152,343
Metro NY/NJ	71,687	71,257	70,148	70,166	71,939	212,001	224,022
Mid-Atlantic	55,410	56,156	55,227	55,831	56,245	166,468	180,827
Southeast FL	5,015	3,315	4,545	4,178	3,966	13,738	11,718
Denver, CO	4,011	3,418	3,935	4,019	3,712	11,965	10,084
Pacific NW	17,929	18,448	17,714	17,183	17,505	52,826	58,388
No. California	62,566	70,530	62,854	63,558	65,901	188,978	230,455
So. California	78,362	72,475	72,491	71,654	72,795	222,507	231,715
Total Same Store	342,896	343,819	334,592	332,867	339,876	1,010,355	1,099,552
Other Stabilized	16,196	13,228	15,141	13,287	12,718	44,624	38,487
Development/Redevelopment	16,772	2,303	11,331	6,525	4,301	34,628	6,570
Residential NOI	<u>\$ 375,864</u>	<u>\$ 359,350</u>	<u>\$ 361,064</u>	<u>\$ 352,679</u>	<u>\$ 356,895</u>	<u>\$ 1,089,607</u>	<u>\$ 1,144,609</u>

NOI as reported by the Company does not include the operating results from assets sold or classified as held for sale. A reconciliation of NOI from communities sold or classified as held for sale is as follows (dollars in thousands):

	Q3 2021	Q3 2020	Q2 2021	Q1 2021	Q4 2020	YTD 2021	YTD 2020
Revenue from real estate assets sold or held for sale	\$ 3,831	\$ 24,308	\$ 11,334	\$ 13,111	\$ 21,522	\$ 28,276	\$ 75,864
Operating expenses from real estate assets sold or held for sale	(1,458)	(9,622)	(4,413)	(5,012)	(8,010)	(10,883)	(28,066)
NOI from real estate assets sold or held for sale	<u>\$ 2,373</u>	<u>\$ 14,686</u>	<u>\$ 6,921</u>	<u>\$ 8,099</u>	<u>\$ 13,512</u>	<u>\$ 17,393</u>	<u>\$ 47,798</u>

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Commercial NOI is composed of the following components (in thousands):

	Q3 2021	Q3 2020	Q2 2021	Q1 2021	Q4 2020	YTD 2021	YTD 2020
Commercial Revenue	\$ 8,366	\$ 5,633	\$ 7,133	\$ 6,839	\$ 974	\$ 22,338	\$ 17,120
Commercial Operating Expenses	(1,543)	(1,271)	(1,455)	(1,472)	(1,317)	(4,470)	(3,989)
Commercial NOI	<u>\$ 6,823</u>	<u>\$ 4,362</u>	<u>\$ 5,678</u>	<u>\$ 5,367</u>	<u>\$ (343)</u>	<u>\$ 17,868</u>	<u>\$ 13,131</u>

NOI Enhancing Capex represents capital expenditures that the Company expects will directly result in increased revenue or expense savings, and excludes any capital expenditures for redevelopment.

Other Stabilized is composed of completed consolidated communities that the Company owns, which have Stabilized Operations as of January 1, 2021, or which were acquired subsequent to January 1, 2020. Other Stabilized excludes communities that are conducting or are probable to conduct substantial redevelopment activities.

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 fourth quarter and full year 2021 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) - Q4 2021	\$ 2.25	\$ 2.35
Depreciation (real estate related)	1.36	1.36
Gain on sale of communities	(1.44)	(1.44)
Projected FFO per share (diluted) - Q4 2021	<u>2.17</u>	<u>2.27</u>
Adjustments related to residential for-sale condominiums at The Park Loggia	0.01	0.01
Other	0.01	0.01
Projected Core FFO per share (diluted) - Q4 2021	<u>\$ 2.19</u>	<u>\$ 2.29</u>
Projected EPS (diluted) - Full Year 2021	\$ 7.04	\$ 7.14
Depreciation (real estate related)	5.35	5.35
Gain on sale of communities	(4.36)	(4.36)
Projected FFO per share (diluted) - Full Year 2021	<u>8.03</u>	<u>8.13</u>
Adjustments related to residential for-sale condominiums at The Park Loggia	0.06	0.06
Loss on extinguishment of consolidated debt and gain on interest rate contract	0.11	0.11
Unconsolidated entity gains, net	(0.07)	(0.07)
Legal and other settlements	0.01	0.01
Executive transition compensation costs	0.02	0.02
Income taxes	0.02	0.02
Projected Core FFO per share (diluted) - Full Year 2021	<u>\$ 8.18</u>	<u>\$ 8.28</u>

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Projected NOI, as used within this release for certain Development communities and in calculating the Initial Year Market Cap Rate for dispositions, represents management's estimate, as of the date of this release (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 Initial Year 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 release 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 release.

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. Redevelopment includes one community containing 344 apartment homes that is currently under active redevelopment as of September 30, 2021.

Residential Rental Revenue with Concessions on a Cash Basis is considered by the Company to be a supplemental measure to Residential rental revenue in conformity with GAAP to help investors evaluate the impact of both current and historical concessions on GAAP-based Residential rental revenue and to more readily enable comparisons to revenue as reported by other companies. In addition, Residential Rental Revenue with Concessions on a Cash Basis allows an investor to understand the historical trend in cash concessions.

A reconciliation of Same Store Residential rental revenue in conformity with GAAP to Residential Rental Revenue with Concessions on a Cash Basis is as follows (dollars in thousands):

	Q3 2021	Q3 2020	Q2 2021	YTD 2021	YTD 2020
Residential rental revenue (GAAP basis)	\$ 513,751	\$ 508,684	\$ 497,415	\$ 1,504,243	\$ 1,573,160
Residential concessions amortized	15,298	6,016	16,610	46,479	9,562
Residential concessions granted	(8,472)	(15,779)	(13,538)	(37,786)	(28,392)
Residential Rental Revenue with Concessions on a Cash Basis	<u>\$ 520,577</u>	<u>\$ 498,921</u>	<u>\$ 500,487</u>	<u>\$ 1,512,936</u>	<u>\$ 1,554,330</u>
			Q3 2021 vs. Q3 2020	Q3 2021 vs. Q2 2021	YTD 2021 vs. YTD 2020
% change -- GAAP revenue			1.0 %	3.3 %	(4.4)%
% change -- cash revenue			4.3 %	4.0 %	(2.7)%

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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 2021 operating results, Same Store is composed of consolidated communities that have Stabilized Operations as of January 1, 2020, 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.

Same Store Collections are the collection rates based on individual resident and commercial tenant activity as reflected in the Company's property management systems, and are presented to provide information about collections trends during the COVID-19 pandemic. Prior to the COVID-19 pandemic, the collections information provided was not routinely produced for internal use by senior management or publicly disclosed by the Company, and is a result of analysis that is not subject to internal controls over financial reporting. This information is not prepared in accordance with GAAP, does not reflect GAAP revenue or cash flow metrics, may be subject to adjustment in preparing GAAP revenue and cash flow metrics at the end of the three and nine months ended September 30, 2021. Additionally, this information should not be interpreted as predicting the Company's financial performance, results of operations or liquidity for any period.

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

Total Capital Cost includes all capitalized costs projected to be or actually incurred to develop the respective Development or Redevelopment community, including land acquisition costs, construction costs, real estate taxes, capitalized interest and loan fees, permits, professional fees, allocated development overhead and other regulatory fees, offset by proceeds from the sale of any associated land or improvements, all as determined in accordance with GAAP. Total Capital Cost also includes costs incurred related to first generation commercial tenants, such as tenant improvements and leasing commissions. For Redevelopment communities, Total Capital Cost excludes costs incurred prior to the start of redevelopment when indicated. With respect to communities where development or redevelopment was completed in a prior or the current period, Total Capital Cost reflects the actual cost incurred, plus any contingency estimate made by management. Total Capital Cost for communities identified as having joint venture ownership, either during construction or upon construction completion, represents the total projected joint venture contribution amount. For joint ventures not in construction, Total Capital Cost is equal to gross real estate cost.

Unconsolidated Development is composed of communities that are either currently under construction, or were under construction and were completed during the current year, in which we have an indirect ownership interest through our investment interest in an unconsolidated joint venture. These communities may be partially or fully complete and operating.

Unencumbered NOI as calculated by the Company represents NOI generated by real estate assets unencumbered by outstanding secured notes payable as of September 30, 2021 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, 2021 is as follows (dollars in thousands):

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TABLE 11	
	Year to Date 2021 NOI
Residential NOI:	
Same Store	\$ 1,010,355
Other Stabilized	44,624
Development/Redevelopment	34,628
Total Residential NOI	1,089,607
Commercial NOI	17,868
NOI from real estate assets sold or held for sale	17,393
Total NOI generated by real estate assets	1,124,868
Less NOI on encumbered assets	(62,944)
NOI on unencumbered assets	\$ 1,061,924
Unencumbered NOI	94 %

Unleveraged IRR on sold communities refers to the internal rate of return calculated by the Company considering the timing and amounts of (i) total revenue during the period owned by the Company and (ii) the gross sales price net of selling costs, offset by (iii) the undepreciated capital cost of the communities at the time of sale and (iv) total direct operating expenses during the period owned by the Company. Each of the items (i), (ii), (iii) and (iv) is calculated in accordance with GAAP.

The calculation of Unleveraged IRR does not include an adjustment for the Company's general and administrative expense, interest expense, or corporate-level property management and other indirect operating expenses. Therefore, Unleveraged IRR is not a substitute for Net Income as a measure of our performance. Management believes that the Unleveraged IRR achieved during the period a community is owned by the Company is useful because it is one indication of the gross value created by the Company's acquisition, development or redevelopment, management and sale of a community, before the impact of indirect expenses and Company overhead. The Unleveraged IRR achieved on the communities as cited in this release should not be viewed as an indication of the gross value created with respect to other communities owned by the Company, and the Company does not represent that it will achieve similar Unleveraged IRRs upon the disposition of other communities. The weighted average Unleveraged IRR for sold communities is weighted based on all cash flows over the investment period for each respective community, including net sales proceeds.