AvalonBay
COMMUNITIES

INVESTOR TELECONFERENCE PRESENTATION

FOURTH QUARTER 2024

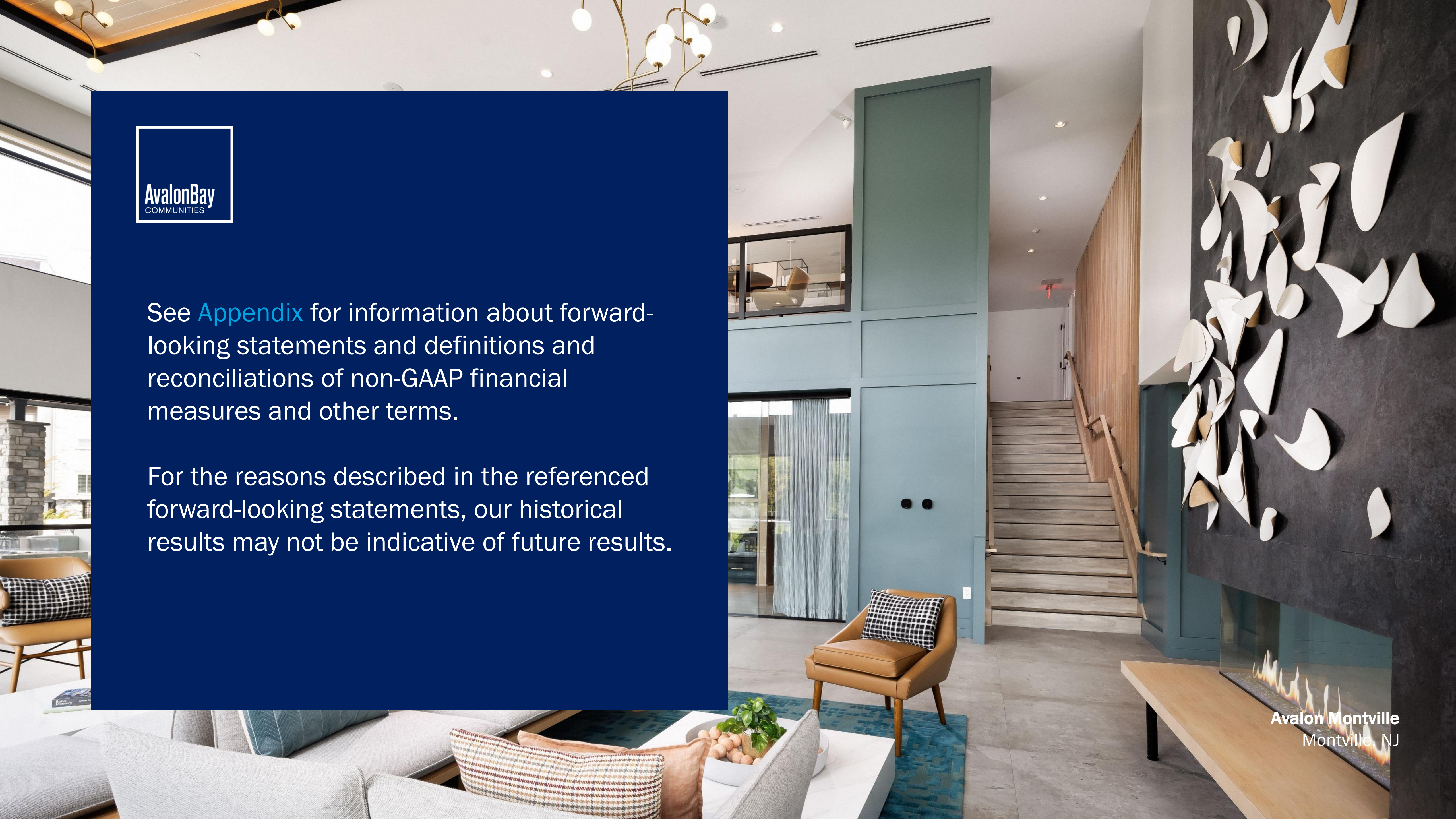
FEBRUARY 6, 2025

Avalon Westminster Promenade
Westminster, CO

AvalonBay COMMUNITIES

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

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



Avalon Montville
Montville, NJ

PARTICIPANTS

BEN SCHALL	Chief Executive Officer & President
KEVIN O'SHEA	Chief Financial Officer
MATT BIRENBAUM	Chief Investment Officer
SEAN BRESLIN	Chief Operating Officer

REVIEW OF 4Q AND FULL YEAR 2024 RESULTS AND ACTIVITY

4Q | FULL YEAR RESULTS AND ACTIVITY	4Q	FULL YEAR
CORE FFO PER SHARE GROWTH YEAR-OVER-YEAR	**2.2%**	**3.6%**
SAME STORE RESIDENTIAL REVENUE GROWTH YEAR-OVER-YEAR	**3.2%**	**3.4%**
DEVELOPMENT STARTS	**$220M**	**$1.1B**
DEVELOPMENT COMPLETIONS	**$635M**	**$1.3B**
CAPITAL SOURCED(1) WTD. AVG. INITIAL COST OF CAPITAL	**$240M** 5.2%	**$2.0B** 5.1%

Source: Internal company reports.
See Appendix for a reconciliation of Net Income attributable to common stockholders to FFO and to Core FFO.
(1) Capital sourced includes net proceeds from all equity and debt issuances, wholly-owned dispositions, and distributions from unconsolidated real estate entities. Weighted average initial cost of capital includes all equity and debt (inclusive of the effect of interest rate hedges) issuances, and wholly-owned dispositions only.

POSITIONED FOR CONTINUED OUTPERFORMANCE IN 2025

Strategic Focus Areas To Deliver Superior Growth

1. **INNOVATE AND TRANSFORM OPERATIONS**
   Driving Incremental NOI

2. **OPTIMIZE PORTFOLIO ALLOCATION AND PERFORMANCE**
   Positioning for superior growth

3. **GROW BY LEVERAGING DEVELOPMENT CAPABILITIES**
   Generating accretive external growth

4. **LEVERAGE GROWTH-ORIENTED BALANCE SHEET**
   Ensuring continuous access to cost effective capital

Avalon Bothell Commons
Bothell, WA

1 INNOVATE AND TRANSFORM OPERATIONS

DELIVERED $39M OF ANNUAL INCREMENTAL NOI THROUGH YEAR-END 2024 AND PROJECTING ANOTHER $9M IN 2025; ADVANCING TOWARD $80M TARGET

AvalonBay COMMUNITIES

KEY OPERATING INITIATIVES

Create an efficient operating platform that delivers excellent service and NOI growth

STRATEGIC PRIORITIES: ACCOMPLISHMENTS & NEXT STEPS

DELIVER SEAMLESS, DIGITAL, SELF-SERVE EXPERIENCES

Align with customer expectations & reduce staff involvement

- Fully digitally enabled self-guided touring
- Application & lease signing
- Renewals
- *Resident App*
- *Parking*

IMPLEMENT NEIGHBORHOOD & CENTRALIZED STAFFING MODELS

Leverage market scale & long-standing Customer Care Center capabilities to drive efficiency

- Expanding neighborhoods to include more communities
- New centralized functions: renewals, leasing / sales support

ACCELERATE AI SOLUTIONS

Automate key tasks for efficiency

- Virtual leasing assistant
- Back-office automation (RPA)
- *Collections*
- *Voice AI*
- *Associate Resource Assistant*

VALUE-ADD RESIDENT SERVICES

Generate income and enable digital service experiences

- Bulk Wifi at 90% of communities
- *Smart Access at 70% of communities*

Items in italics are in-progress

IMPACT

→ **Reduced FTEs by ≈ 15%** from onsite staff and regional overhead from 2021 baseline

→ **Deployed Neighborhood model** to 70% of portfolio at YE24

For Same Store Communities:

→ **Delivered Other Rental Revenue Growth of 14% in 2024,** with 9% forecasted in 2025

→ **Payroll growth rate flat in 2024,** and declined by 4% in 2023

Source: Internal company reports.
See Appendix for an explanation of Incremental NOI.

INCREASING ALLOCATION TO THE SUBURBS AND AVB EXPANSION REGIONS

AvalonBay COMMUNITIES

Suburban Allocation

70% → **73%** → **80%**

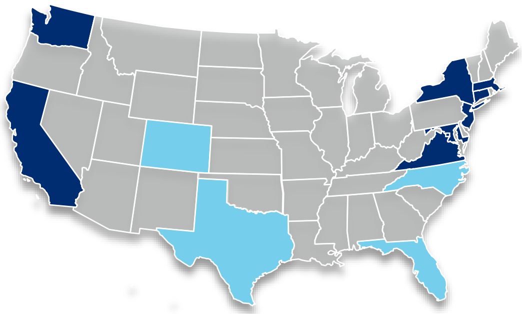
Year-End 2023 | Year-End 2024(1) | Target Allocation

AVB Expansion Region Allocation

8% → **10%** → **25%**

Year-End 2023 | Year-End 2024(1) | Target Allocation

2024 TRANSACTION ACTIVITY



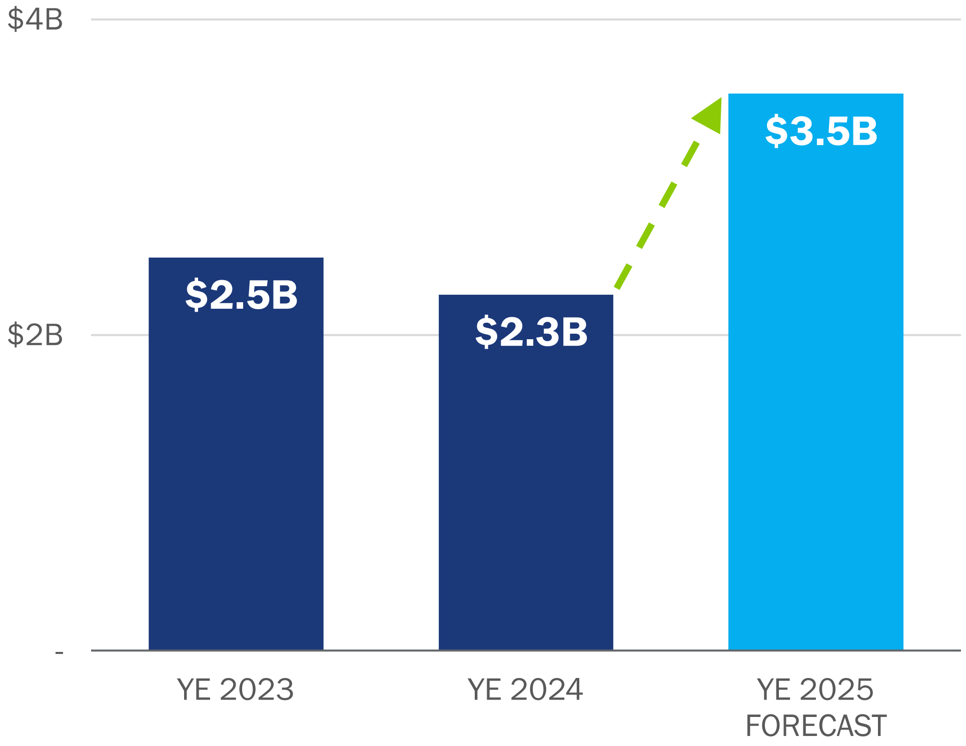
Dispositions 100% AVB ESTABLISHED REGIONS		**Acquisitions** 90% AVB EXPANSION REGIONS
$725M	VOLUME ($)	$460M
5.2%	MARKET CAP RATE	4.8%
$474K(2)	PRICE PER HOME	$320K
30% | 70%	SUBURBAN | URBAN	90% | 10%

Source: Internal company reports.
See Appendix for a discussion of Target Allocation.
(1) Represents the Company's 2024 projected NOI for all communities with Stabilized Operations throughout the entire 12-month period ending December 31, 2024, and Management's expectation for NOI for the first full year of Stabilized Operations for all acquisitions and Development communities in 2024.
(2) Excludes value allocated to commercial space.

③ GROW BY LEVERAGING DEVELOPMENT CAPABILITIES

RAMPING DEVELOPMENT START ACTIVITY TO $1.6B IN 2025; BROADENING DEVELOPMENT CAPABILITIES TO MULTIPLE GROWTH CHANNELS

DEVELOPMENT UNDERWAY PROJECTED TO INCREASE > 50% BY YEAR-END 2025



DEVELOPER FUNDING PROGRAM (DFP)

- **PURPOSE:** Support AVB Expansion Region growth via third-party development partnerships
- **ACTION:** Three projects under construction; $280M projected Total Capital Cost

BUILD-TO-RENT (BTR)

- **PURPOSE:** Extension of our strategy, reinforced by demographic tailwinds favoring Suburban submarkets and larger units
- **ACTION:** Grow BTR development pipeline through new DFP partnerships and inclusion of more townhomes in AVB Developments

STRUCTURED INVESTMENT PROGRAM (SIP)

- **PURPOSE:** Drive incremental earnings growth by providing mezzanine debt or preferred equity to third-party developers
- **ACTION:** Projecting $75M of new commitments in 2025

Source: Internal company reports.
2025 Development starts based on the midpoint of the outlook range as provided on Attachment 12 in the Company's earnings supplemental dated February 5, 2025.

UTILIZING BALANCE SHEET STRENGTH TO SUPPORT EXTERNAL GROWTH; FORWARD EQUITY PROCEEDS TO FUND ≈ 50% OF ANTICIPATED CAPITAL PLAN

AvalonBay COMMUNITIES

KEY METRICS

A3 | A-

CREDIT RATINGS
(MOODY'S | S&P)

4.2x

NET DEBT-TO-CORE EBITDARE

> 100%

MATCH-FUNDED
(DEVELOPMENT UNDERWAY)

REVIEW OF 2024 CAPITAL SOURCING

$2.0B

2024 CAPITAL SOURCED

5.1%

INITIAL COST OF CAPITAL WTD. AVG.

$890M

2024 FORWARD EQUITY ACTIVITY

- Secured attractively priced capital to match-fund 2025 development starts
- 100-150bps of accretive spread to projected Initial Stabilized Yields
- Settlement by YE 2025

$400M

2024 UNSECURED DEBT OFFERING

- 5.05% effective interest rate
- 95bps above U.S. 10yr Treasury Yield

$725M

2024 DISPOSITION ACTIVITY

- 5.2% initial Market Cap Rate
- Exclusively sourced from AVB Established Regions

Source: Internal company reports.
See Appendix for a discussion of the Company's credit ratings, a definition and reconciliation of Net Debt-to-Core EBITDAre and Match-Funded (Development Underway), and a discussion of the Company's 2024 Forward Equity Activity.
Capital sourced includes net proceeds from all equity and debt issuances, wholly-owned dispositions, and distributions from unconsolidated real estate entities. Weighted average initial cost of capital includes all equity and debt (inclusive of the effect of interest rate hedges) issuances, and wholly-owned dispositions only.

FULL YEAR 2025 OUTLOOK SUMMARY

2025 OUTLOOK[1]	FULL YEAR
PROJECTED CORE FFO PER SHARE GROWTH	
MIDPOINT OF OUTLOOK RANGE	3.5%
SAME STORE RESIDENTIAL	
REVENUE GROWTH	3.0%
OPERATING EXPENSE GROWTH	4.1%
NOI GROWTH	2.4%
DEVELOPMENT ACTIVITY	
TOTAL CAPITAL COST FOR DEVELOPMENT STARTS	$ 1.6B
RESIDENTIAL NOI FROM DEVELOPMENT COMMUNITIES	$ 30M
KEY CAPITAL ITEMS	
NEW CAPITAL SOURCED FROM CAPITAL MARKETS ACTIVITY AND ASSET SALES	$ 960M
SETTLEMENT OF FORWARD EQUITY CONTRACTS	$ 890M
CAPITAL USED FOR INVESTMENT ACTIVITIES[2]	$ 1.3B
CAPITAL USED FOR DEBT REDEMPTIONS	$ 835M

Source: Internal company reports.

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

(1) Projected Core FFO growth, Same Store Residential rental revenue, operating expense, NOI growth, Total Capital Costs for Development starts and Residential NOI from Development communities are based on the midpoints of the outlook ranges as provided on Attachment 13 in the Company's earnings supplement dated February 5, 2025.

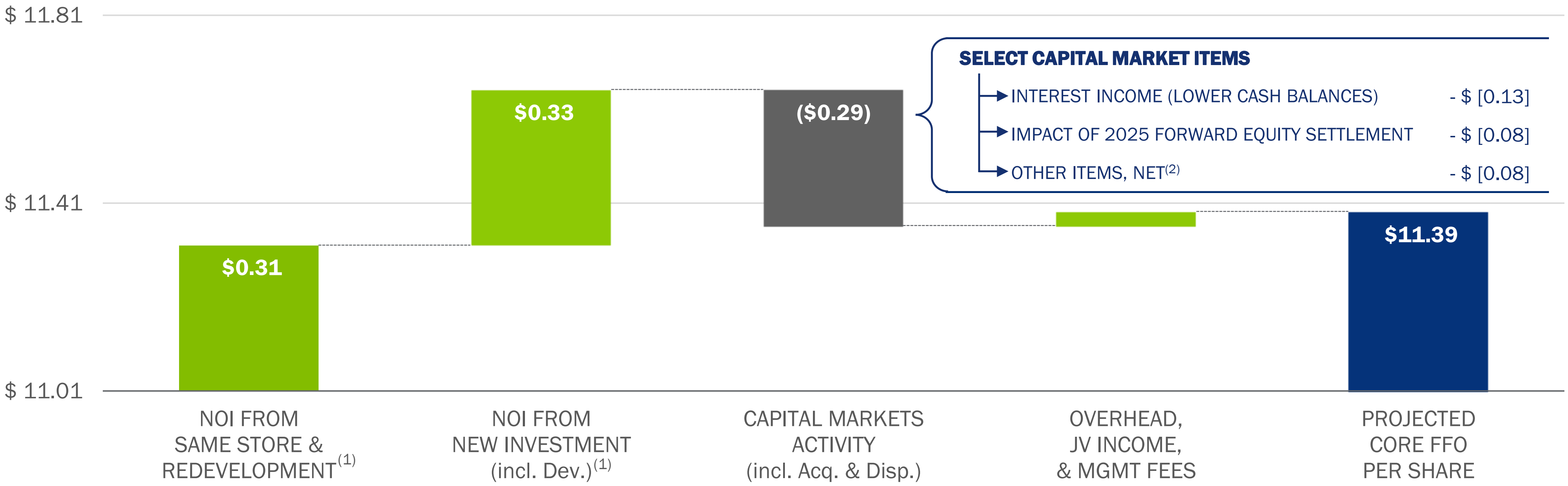
(2) Includes (i) Development and NOI enhancing capitalized expenditures, including land, (ii) funding the Company's SIP commitments and (iii) joint venture funding.

Avalon Annapolis
Annapolis, MD

2025 PROJECTED CORE FFO PER SHARE GROWTH DRIVERS PARTIALLY OFFSET BY CAPITAL MARKETS ACTIVITIES

COMPONENTS OF 2025 FULL YEAR PROJECTED CORE FFO PER SHARE GROWTH

BASED ON THE MIDPOINT OF OUTLOOK RANGE



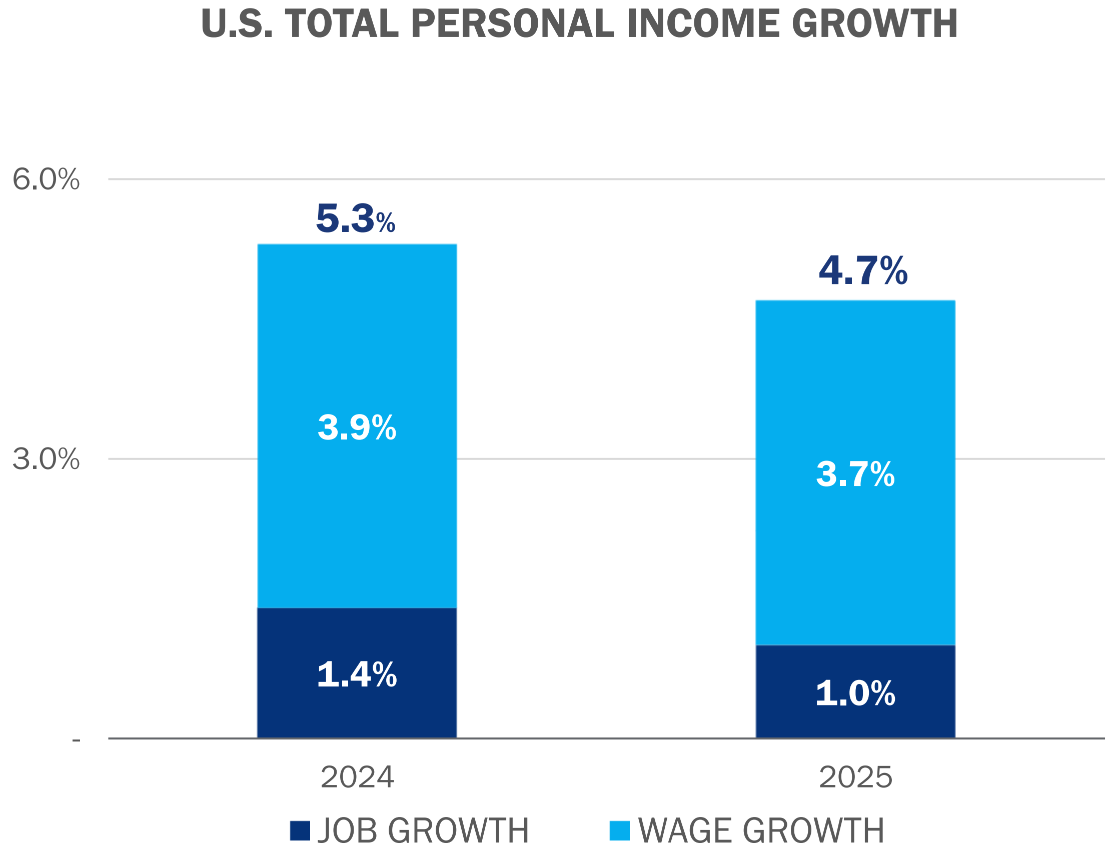
Source: Internal company reports.

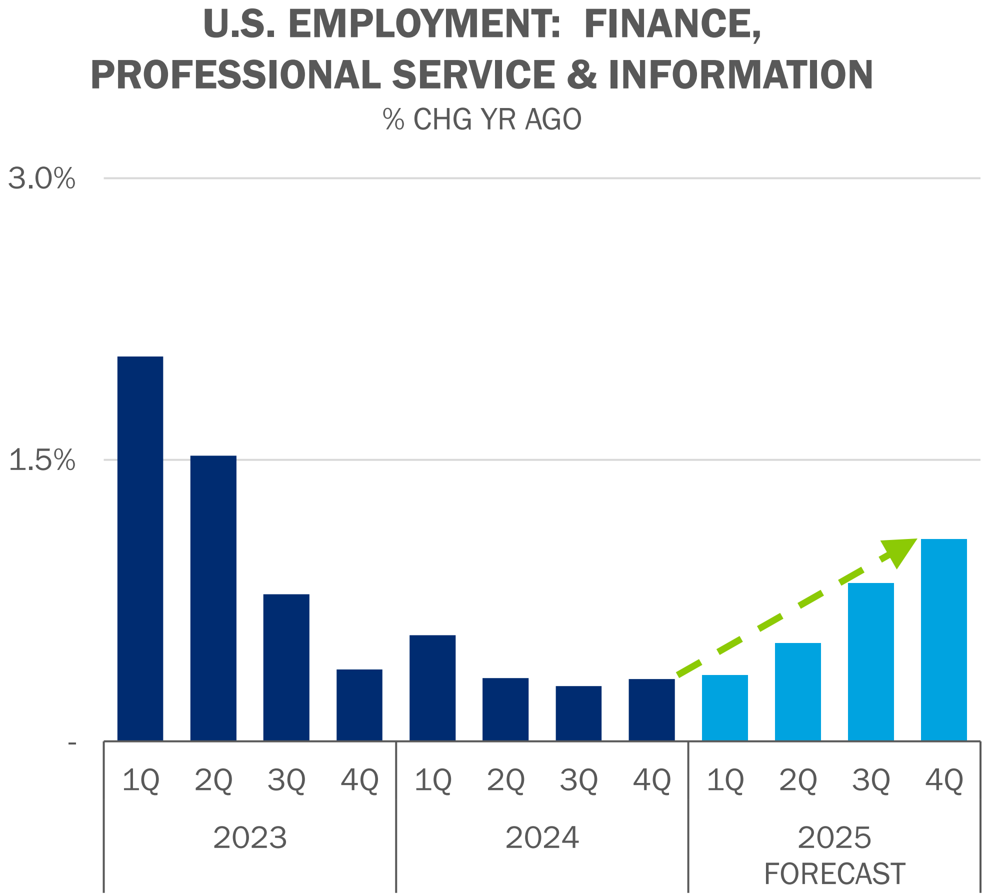
See Appendix for a reconciliation of Projected Net Income attributable to common stockholders to Projected FFO and to Projected Core FFO.

(1) Includes Commercial NOI

(2) Other items, net includes growth from SIP interest income and higher capitalized interest, offset by the projected impact of net disposition activity and refinancing activity.

U.S. JOB AND WAGE GROWTH FORECASTS MODERATING IN 2025, JOB GROWTH IN KEY AVB RESIDENT SECTORS EXPECTED TO IMPROVE



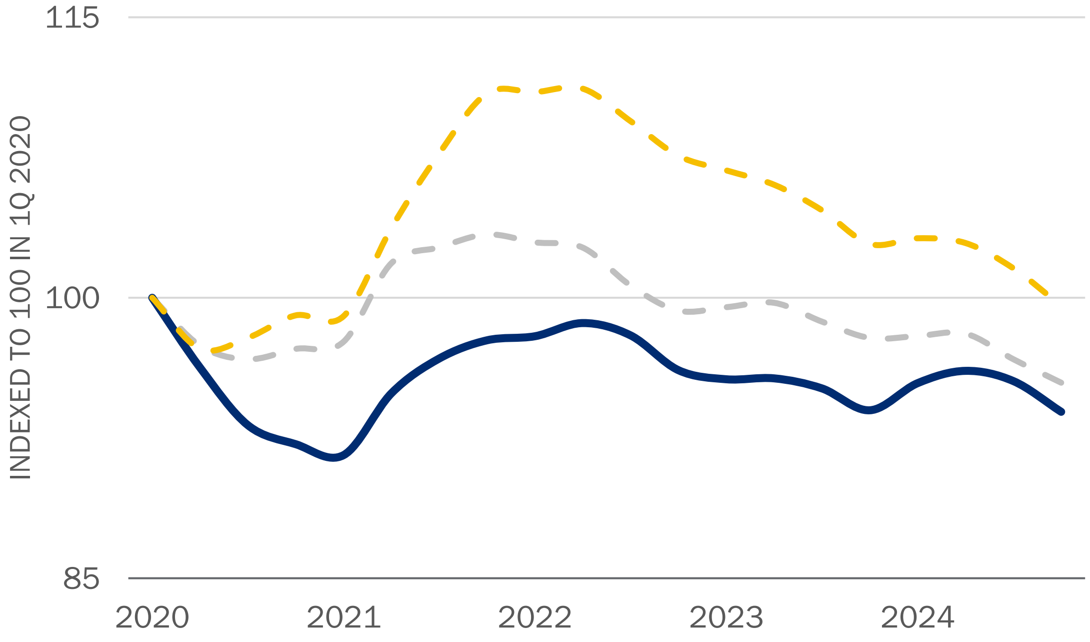


Source: National Association for Business Economics, U.S. Census Bureau, Moody's Analytics, AVB Market Research Group.

RENTAL AFFORDABILITY HAS IMPROVED IN AVB ESTABLISHED REGIONS; RENTING REMAINS SIGNIFICANTLY MORE AFFORDABLE THAN HOMEOWNERSHIP

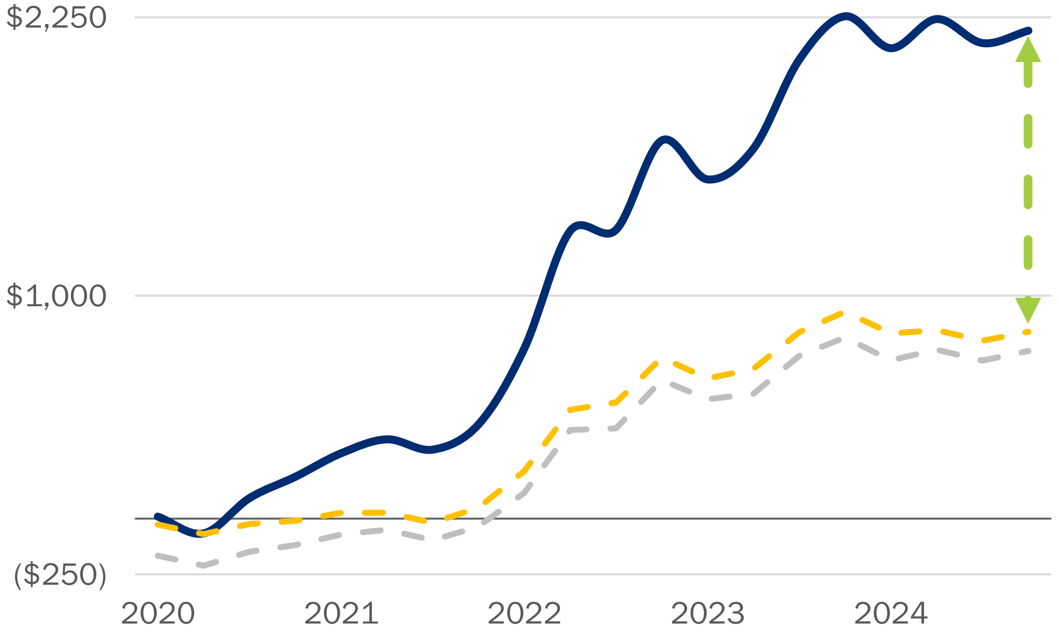
STRONG INCOME GROWTH SUPPORTING RENTAL AFFORDABILITY IN AVB ESTABLISHED REGIONS

INDEXED RENT-TO-INCOME RATIO(1)



RENTING MATERIALLY MORE AFFORDABLE THAN OWNING A HOME IN AVB ESTABLISHED REGIONS

MEDIAN MORTGAGE PAYMENT LESS APARTMENT RENT(2)



U.S. AVB ESTABLISHED REGIONS SUNBELT REGIONS

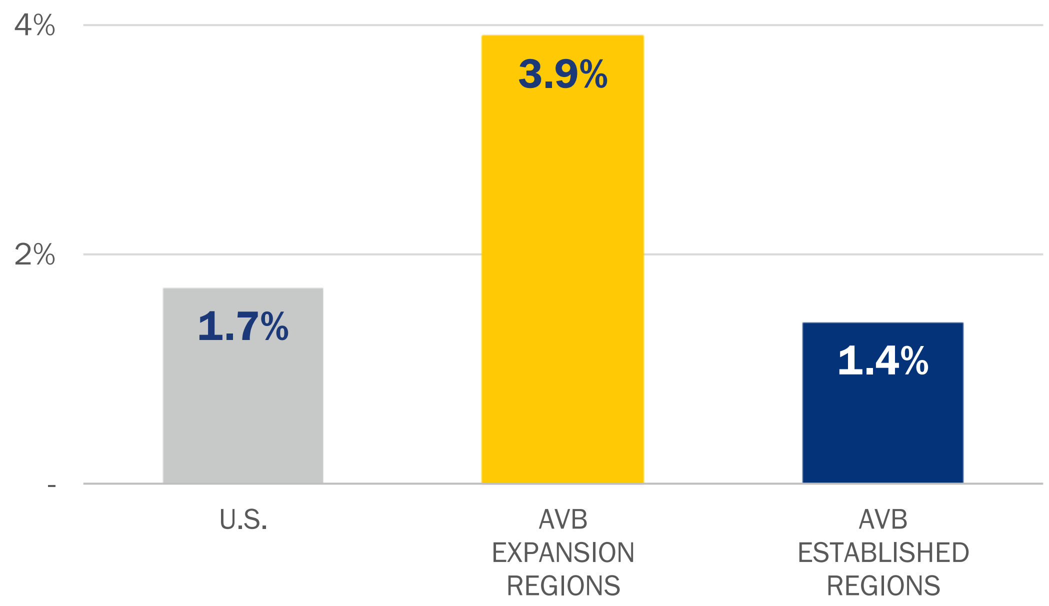
Source: CoStar, U.S. Census Bureau, Moody's Analytics, National Association of Realtors, Freddie Mac, National Association of Homebuilders, AVB Market Research Group.

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

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

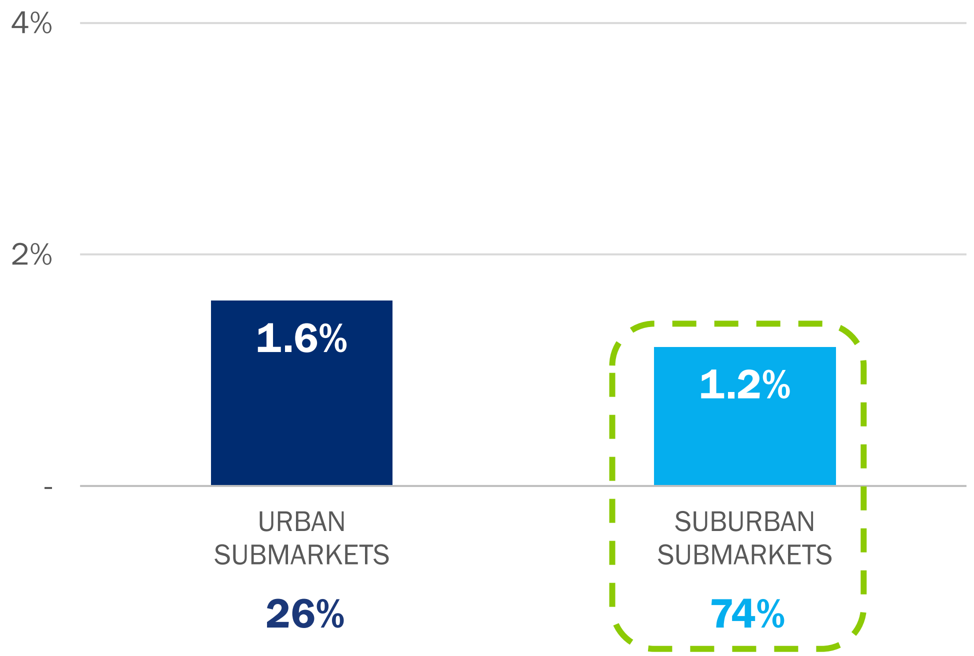
FAVORABLE SUPPLY OUTLOOK FOR AVB ESTABLISHED REGIONS; AVB'S SUBURBAN PORTFOLIO RELATIVELY WELL POSITIONED

PROJECTED 2025 NEW MARKET RATE APARTMENT DELIVERIES AS A % OF EXISTING INVENTORY



PROJECTED 2025 NEW MARKET RATE APARTMENT DELIVERIES AS A % OF EXISTING INVENTORY

AVB ESTABLISHED REGIONS



AVB SAME STORE PORTFOLIO(1)

Source: CoStar, AVB Market Research Group.

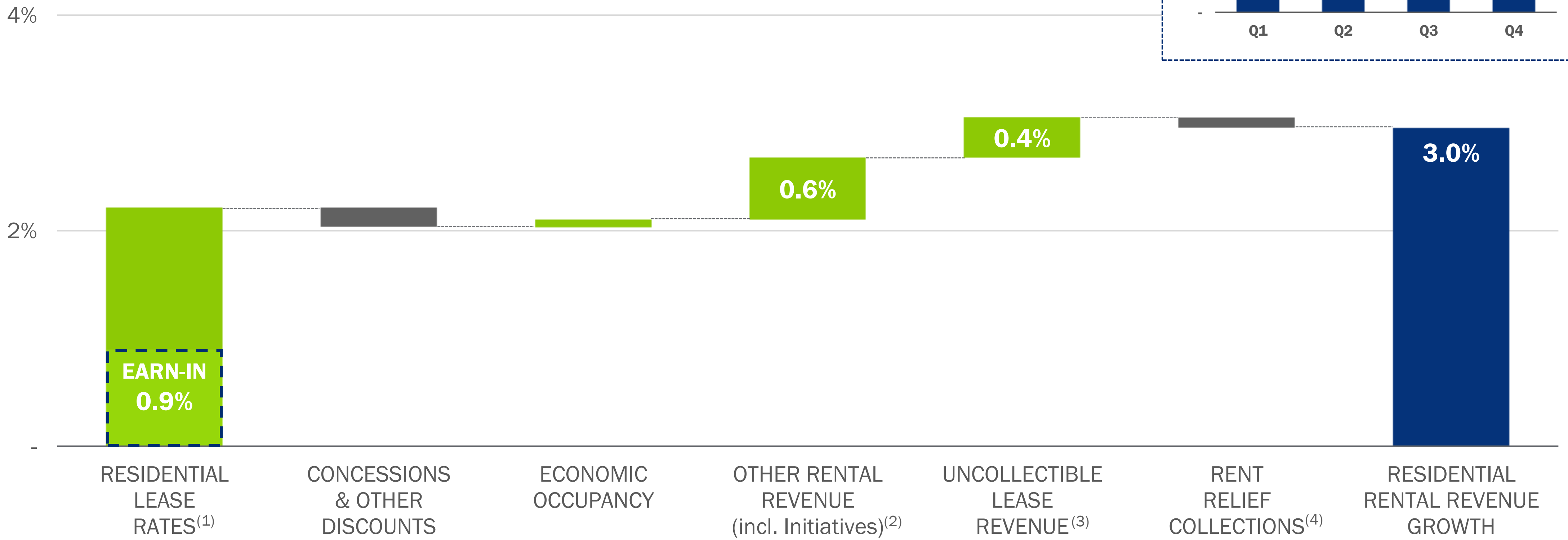
(1) AVB Same Store portfolio weightings based on projected weighted unit count.

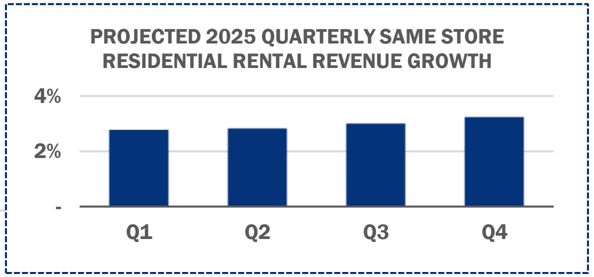
SAME STORE REVENUE GROWTH OUTLOOK DRIVEN BY AN INCREASE IN LEASE RATES, OTHER RENTAL REVENUE, AND LOWER UNCOLLECTIBLE LEASE REVENUE

AvalonBay COMMUNITIES

COMPONENTS OF 2025 FULL YEAR PROJECTED SAME STORE RESIDENTIAL REVENUE GROWTH

BASED ON THE MIDPOINT OF OUTLOOK RANGE





Source: Internal company reports.

(1) Represents expected growth based on existing in-place leases as of the date of this presentation ("Embedded Gross Potential") and projected growth in new leases signed in 2025. The Company's forecast for Like-Term Effective Rent Change during 2025 is ≈ 3%.

(2) Other rental revenue is expected to increase by ≈ 9% in 2025 (as compared to 2024).

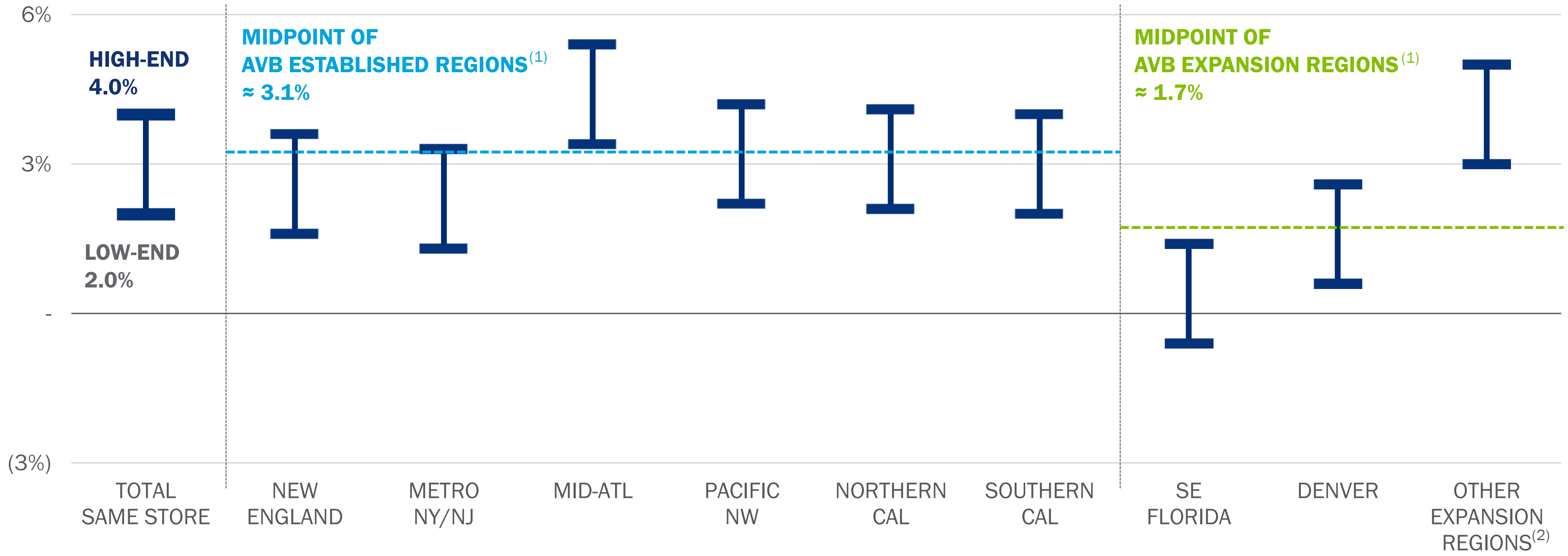
(3) Uncollectible Residential lease revenue as a % of gross Residential revenue before government rent relief is expected to be ≈ 1.4% in 2025, decreasing from ≈ 1.8% in 2024.

(4) The Company expects to recognize ≈ $ 1.8 million of revenue from government rent relief collections in 2025, as compared to ≈ $ 4.3 million of recognized government rent relief collections in 2024.

SAME STORE REVENUE GROWTH PROJECTED TO BE RELATIVELY SIMILAR ON EAST AND WEST COASTS IN 2025

PROJECTED 2025 FULL YEAR SAME STORE RESIDENTIAL REVENUE GROWTH

BY REGION

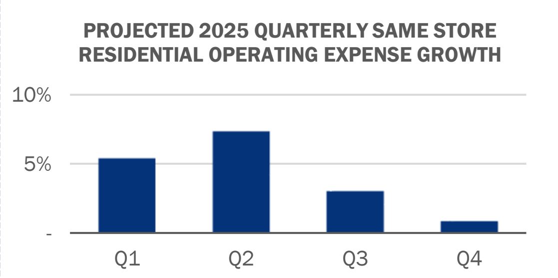


Source: Internal company reports.

(1) AVB Established Regions projected to represent ≈ 93% of Same Store Residential revenue in 2025; AVB Expansion Regions projected to represent approximately ≈ 7% of Same Store Residential revenue in 2025.

(2) Represents 2,512 homes in Charlotte, North Carolina and Dallas, Texas.

SAME STORE OPERATING EXPENSE GROWTH PROJECTED TO DECELERATE AS OPERATING INITIATIVES AND TAX ABATEMENT PRESSURES EASE



SELECT COMPONENTS OF PROJECTED 2025 FULL YEAR SAME STORE RESIDENTIAL OPERATING EXPENSE GROWTH

PROJECTED FULL YEAR *ORGANIC* SAME STORE RESIDENTIAL OPERATING EXPENSE GROWTH		**3.0%**
PROJECTED INITIATIVE EXPENSES		
AVALON CONNECT, FURNISHED HOUSING	0.8%	
LABOR EFFICIENCES	+ (0.3%)	
PROJECTED TOTAL INITIATIVE EXPENSES	**= 0.5%**	**+ 0.5%**
PROJECTED PHASE-OUT OF PROPERTY TAX ABATEMENT PROGRAMS		**+ 0.6%**
PROJECTED FULL YEAR SAME STORE RESIDENTIAL OPERATING EXPENSE GROWTH (MIDPOINT)		**4.1%**

Source: *Internal company reports.*

PROJECTING ACCRETIVE INVESTMENTS IN 2025 ACROSS MULTIPLE PLATFORMS

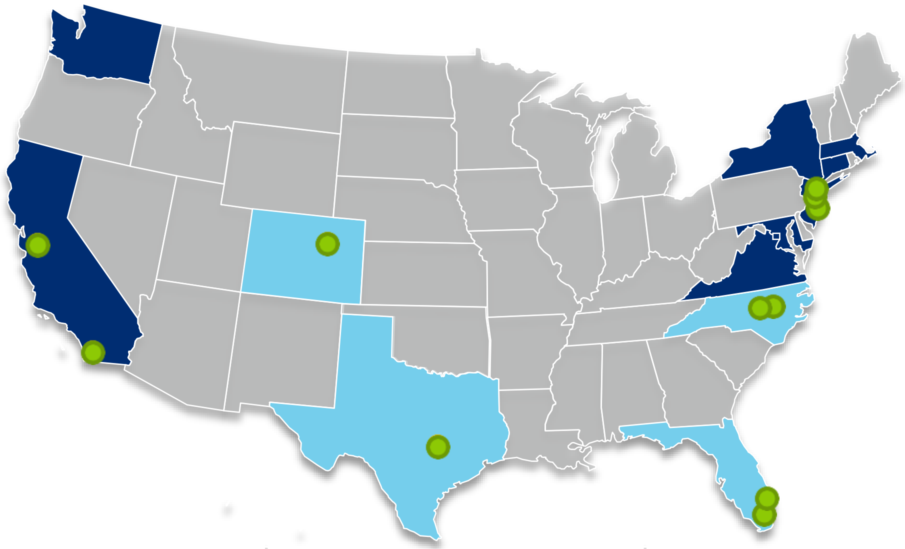
AvalonBay COMMUNITIES

DEVELOPMENT STARTS	**$ 1.6 BILLION OF NEW STARTS** • Low-to-mid 6% wtd. avg. projected Initial Stabilized Yield • All projected starts in Suburban submarkets; 45% in AVB Expansion Regions
TRANSACTION MARKET ACTIVITY	**EXPECTING TO BE NET NEUTRAL ON ASSET TRADING** • Dispositions concentrated in AVB Established Regions • Acquisitions concentrated in AVB Expansion Regions
SIP ACTIVITY	**$ 75 MILLION OF NEW COMMITMENTS** • Targeting ≈ 12% rate of return on new commitments • $ 192 million of total commitments at year-end 2024
PORTFOLIO REINVESTMENT	**$ 110 MILLION OF ACCRETIVE INVESTMENTS** • Targeting initial returns of 10%+ • Accessory dwelling units (ADUs), apartment and solar upgrades

Source: Internal company reports
2025 Development starts based on the midpoint of the outlook range as provided on Attachment 12 in the Company's earnings supplement dated February 5, 2025.

START ACTIVITY CONCENTRATED IN AVB EXPANSION REGIONS AND WEST COAST; EXCLUSIVELY IN SUBURBAN SUBMARKETS

PROJECTED 2025 DEVELOPMENT STARTS



$1.6B
PROJECTED START VOLUME

45%
AVB EXPANSION REGIONS

100%
SUBURBAN

SELECT 2025 DEVELOPMENT STARTS

Avalon San Ramon
San Ramon, CA
460 homes
Mid-rise

Avalon Parker
Parker, CO
310 homes
Garden / Direct entry

Source: Internal company reports
2025 Development starts based on the midpoint of the outlook range as provided on Attachment 12 in the Company's earnings supplement dated February 5, 2025.

KEY TAKEAWAYS

- **Delivered strong financial and operating results in 2024**
  - → Core FFO per share increased 3.6%
  - → Same Store Residential revenue and Same Store Residential NOI increased 3.4% and 2.7%, respectively.
- **Substantial progress on strategic focus areas in 2024, positioned for continued outperformance in 2025**
- **Outlook for apartment fundamentals in 2025 remains favorable in AVB Established Regions**
- **Executing on investment opportunities across multiple platforms; $1.6B of projected Development starts in 2025**
- **Balance sheet position provides capacity to pursue accretive external growth**
  - → 2024 Forward Equity Activity funding ≈ 50% of 2025 capital plan

Source: Internal company reports.
See Appendix for a definition of Projected Core FFO and Same Store.

AvalonBay
COMMUNITIES

FORWARD-LOOKING STATEMENTS

This presentation dated February 6, 2025 is provided in connection with AvalonBay's fourth quarter 2024 earnings conference call on February 6, 2025. This presentation is intended to accompany AvalonBay's earnings release dated February 5, 2025 and should be read in conjunction with the earnings release. AvalonBay does not intend to update any of these documents, which speak only as of their respective dates.

The earnings release is available on AvalonBay's website at https://investors.avalonbay.com/

For definitions, additional information and reconciliations of non-GAAP financial information and certain defined terms included in this presentation, see pages 23 to 33 in this presentation in addition to Attachment 14 to the earnings release.

This presentation dated February 6, 2025 contains forward-looking statements, which are indicated by the use of words such as "expects," "projects," "forecast," "outlook," "estimate" and other words that do not relate to historical matters. Forward-looking statements, by their very nature, are subject to inherent risks and uncertainties are based on several assumptions, both general and specific, which give rise to the possibility that actual results or events could differ materially from our expectations expressed in or implied by such forward-looking statements. These statements are not guarantees of future performance or events and the Company cautions you against relying on any of these forward-looking statements. For information concerning risks and other factors that could cause such differences, see "Forward-Looking Statements" in AvalonBay's fourth quarter 2024 earnings release that accompanies this presentation. The Company does not undertake a duty to update the projections and expectations stated in this presentation, which speak only as of the date of this presentation unless otherwise referenced.

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

AvalonBay COMMUNITIES

2024 Forward Equity Activity, as discussed in this presentation, describes forward contracts the Company entered into during the year ended December 31, 2024, the Company entered into forward contracts to sell 4,047,113 shares of common stock with settlement expected to occur no later than December 31, 2025 at a gross weighted average price of $226.22 per share for approximate proceeds of $889,293,000, net of fees. The proceeds that the Company expects to receive on the date or dates of settlement are subject to certain customary adjustments during the term of the forward contracts for the Company's dividends and a daily interest rate adjustment. As of December 31, 2024, the Company had not settled any of the outstanding forward contracts.

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

AVB Established Regions include markets located in New England, the New York/New Jersey Metro area, the Mid-Atlantic, the Pacific Northwest, and Northern and Southern California.

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

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

Credit ratings, as provided in this presentation, may not reflect the potential impact of risks relating to the structure or trading of the Company's securities and are provided solely for informational purposes. Credit ratings are not recommendations to buy, sell or hold any security, and may be revised or withdrawn at any time by the issuing organization in its sole discretion. The Company does not undertake any obligation to maintain the ratings or to advise of any change in ratings. Each agency's rating should be evaluated independently of any other agency's rating. An explanation of the significance of the ratings may be obtained from each of the rating agencies.

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.

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

AvalonBay COMMUNITIES

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

	Q4 2024
Net income	$ 282,092
Interest expense and loss on extinguishment of debt	64,519
Income tax benefit	(253)
Depreciation expense	215,539
EBITDA	$ 561,897
Gain on sale of communities	(121,841)
Unconsolidated entity EBITDAre adjustments (1)	4,102
EBITDAre	$ 444,158
Unconsolidated entity losses, net	1,686
Structured Investment Program loan reserve	(286)
Advocacy contributions	13,242
Hedge accounting activity	(19)
Severance related costs	(192)
Expensed transaction, development and other pursuit costs, net of recoveries	9,792
Other real estate activity	(117)
Legal settlements and costs	713
Core EBITDAre	$ 468,977

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

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 generally considered by management to be appropriate supplemental measures of our operating and financial performance. FFO is calculated by the Company in accordance with the definition adopted by Nareit. FFO is calculated by the Company as Net income or loss attributable to common stockholders computed in accordance with GAAP, adjusted for gains or losses on sales of previously depreciated operating communities, cumulative effect of a change in accounting principle, impairment write-downs of depreciable real estate assets, write-downs of investments in affiliates due to a decrease in the value of depreciable real estate assets held by those affiliates and depreciation of real estate assets, including similar adjustments for unconsolidated partnerships and joint ventures, including those from a change in control. FFO can help one compare the operating and financial performance of a real estate company between periods or as compared to different companies because adjustments such as (i) gains or losses on sales of previously depreciated property or (ii) real estate depreciation may impact comparability between companies as the amount and timing of these or similar items can vary among owners of identical assets in similar condition based on historical cost accounting and useful life estimates. Core FFO is the Company's FFO as adjusted for non-core items outlined in the table below. By further adjusting for items that we do not consider be part of our core business operations, Core FFO can help with the comparison of core operating performance of the Company between periods. A reconciliation of Net income attributable to common stockholders to FFO and to Core FFO is as follows (dollars in thousands):

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

AvalonBay COMMUNITIES

	Q4 2024	Q4 2023	Full Year 2024	Full Year 2023
Net income attributable to common stockholders	$ 282,092	$ 241,969	$ 1,081,994	$ 928,825
Depreciation - real estate assets, including joint venture adjustments	214,547	209,694	843,224	811,717
Distributions to noncontrolling interests	-	-	-	25
Gain on sale of previously depreciated real estate	(121,841)	(77,994)	(363,300)	(287,424)
Casualty loss on real estate	-	568	2,935	9,118
FFO attributable to common stockholders	374,798	374,237	1,564,853	1,462,261
Adjusting items:				
Unconsolidated entity (gains) losses, net (1)	1,686	(137)	(33,137)	(4,161)
Joint venture promote (2)	-	(23)	-	(1,519)
Structured Investment Program loan reserve (3)	(286)	771	(1,057)	1,186
Loss on extinguishment of consolidated debt	-	-	-	150
Hedge accounting activity	(19)	310	61	566
Advocacy contributions	13,242	1,425	19,156	1,625
Executive transition compensation costs	-	300	304	1,244
Severance related costs	(192)	132	1,787	2,625
Expensed transaction, development and other pursuit costs, net of recoveries (4)	9,792	9,265	13,649	30,583
Other real estate activity	(117)	533	(753)	(174)
For-sale condominium imputed carry cost (5)	22	68	84	602
Legal settlements and costs (6)	713	393	3,002	457
Income tax benefit (7)	(253)	2,438	445	10,153
Core FFO attributable to common stockholders	$ 399,386	$ 389,712	$ 1,568,394	$ 1,505,598
Weighted average common shares outstanding - diluted	142,705,114	142,229,122	142,458,604	141,643,788
Earnings per common share - diluted	$ 1.98	$ 1.70	$ 7.60	$ 6.56
FFO per common share - diluted	$ 2.63	$ 2.63	$ 10.98	$ 10.32
Core FFO per common share - diluted	$ 2.80	$ 2.74	$ 11.01	$ 10.63

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

1) Amounts consist primarily of net unrealized gains on technology investments.
2) Amount for 2023 is for the Company's recognition of its promoted interest in Archstone Multifamily Partners AC LP.
3) Changes are the expected credit losses associated with the Company's lending commitments primarily under its SIP. The timing and amount of any actual losses that will be incurred, if any, is to be determined.
4) Amounts for 2024 include a write-off of $8,947 for one development opportunity that the Company determined is no longer probable. Amounts for 2023 include write-offs of $27,455 for seven development opportunities that the Company determined are no longer probable.
5) Represents the imputed carry cost of the for-sale residential condominiums at The Park Loggia. The Company computes this adjustment by multiplying the Total Capital Cost of completed and unsold for-sale residential condominiums by the Company's weighted average unsecured debt effective interest rate.
6) Amounts for 2024 include legal costs associated with various antitrust litigation matters.
7) Amounts for 2023 are primarily for the recognition of taxes associated with The Park Loggia dispositions.

Incremental NOI represents additional NOI that was not achieved in the prior period before the implementation of the initiatives and that is attributable, in future periods, to the implementation of the initiatives.

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

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

Like-Term Effective Rent Change for an individual apartment home represents the percentage change in effective rent between two leases of the same lease term category for the same apartment. The Company defines effective rent as the contractual rent for an apartment less amortized concessions and discounts. Like-Term Effective Rent Change with respect to multiple apartment homes represents an average. New Move-In Like-Term Effective Rent Change is the change in effective rent between the contractual rent for a resident who moves out of an apartment, and the contractual rent for a resident who moves into the same apartment with the same lease term category. Renewal Like-Term Effective Rent Change is the change in effective rent between two consecutive leases of the same lease term category for the same resident occupying the same apartment.

Market Cap Rate is defined by the Company as Projected NOI of a single community for the first 12 months of operations (assuming no repositioning), less an estimate of typical capital expenditure allowance per apartment home, divided by the gross sales price for the community. Projected NOI, as referred to above, represents management's estimate of projected rental revenue minus projected operating expenses before interest, income taxes (if any), depreciation and amortization. For this purpose, management's projection of operating expenses for the community includes a management fee of 2.5% and an estimate of typical market costs for insurance, payroll and other operating expenses for which the Company may have proprietary advantages not available to a typical buyer. The Market Cap Rate, which may be determined in a different manner by others, is a measure frequently used in the real estate industry when determining the appropriate purchase price for a property or estimating the value for a property. Buyers may assign different Market Cap Rates to different communities when determining the appropriate value because they (i) may project different rates of change in operating expenses and capital expenditure estimates and (ii) may project different rates of change in future rental revenue due to different estimates for changes in rent and occupancy levels. The weighted average Market Cap Rate is weighted based on the gross sales price of each community.

Match-Funded (Development Underway) is calculated by the Company as the sum of (i) Total Capital Cost, disbursed to date for all wholly-owned Development communities that had not achieved Stabilized Operations for the entire three month period ended December 31, 2024, (ii) cash and cash equivalents, (iii) 2024 Forward Equity Activity, and (iv) Q4 2024 cash from operations available for investment, annualized divided by the Total Capital Cost, under construction for all wholly-owned Development communities that had not achieved Stabilized Operations for the entire three month period ended December 31, 2024. A calculation of Match-funded (Development Underway) is as follows (dollars in millions):

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

		Q4 2024
Total Capital Cost, disbursed to date	$	1,702
Cash and cash equivalents		109
2024 Forward Equity Activity		889
Q4 2024 cash from operations available for investment, annualized		473
Total	$	3,172
Total Capital Cost, under construction and completed	$	3,016
Match-funded (Development underway)		105%

Net Debt-to-Core EBITDAre is calculated by the Company as total debt (secured and unsecured notes, and the Company's Credit Facility and commercial paper program) that is consolidated for financial reporting purposes, less consolidated cash and restricted cash, divided by annualized fourth quarter 2024 Core EBITDAre. A calculation of Net Debt-to-Core EBITDAre is as follows (dollars in thousands):

Total debt principal (1)	$	8,134,429
Cash and cash equivalents and restricted cash		(229,684)
Net debt	$	7,904,745
Core EBITDAre	$	468,977
Core EBITDAre, annualized	$	1,875,908
Net Debt-to-Core EBITDAre		4.2x

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

1) Balance at December 31, 2024 excludes $41,216 of debt discount and deferred financing costs as reflected in unsecured notes, net, and $15,964 of debt discount and deferred financing costs as reflected in notes payable, net, on the Condensed Consolidated Balance Sheets.

NOI is defined by the Company as total property revenue less direct property operating expenses (including property taxes), and excluding corporate-level income (including management, development and other fees), property management and other indirect operating expenses, net of corporate income, expensed transaction, development and other pursuit costs, net of recoveries, interest expense, net, loss on extinguishment of debt, net, general and administrative expense, income from unconsolidated investments, depreciation expense, income tax expense (benefit), casualty loss, (gain) loss on sale of communities, other real estate activity and net operating income from real estate assets sold or held for sale. The Company considers NOI to be an important and appropriate supplemental performance measure to net income because it helps both investors and management to understand the core operations of a community or communities prior to the allocation of any corporate-level property management overhead or financing-related costs. NOI reflects the operating performance of a community and allows for an easier comparison of the operating performance of individual assets or groups of assets. In addition, because prospective buyers of real estate have different financing and overhead structures, with varying marginal impact to overhead as a result of acquiring real estate, NOI is considered by many in the real estate industry to be a useful measure for determining the value of a real estate asset or group of assets.

Projected FFO and Projected Core FFO, as provided within this presentation in the Company's outlook, are calculated on a basis consistent with historical FFO and Core FFO, and are therefore considered to be appropriate supplemental measures to projected net income from projected operating performance. A reconciliation of the ranges provided for Projected FFO per share (diluted) for the full year 2025 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:

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	Low Range	High Range
Projected EPS (diluted) - Full Year 2025	$ 8.24	$ 8.74
Depreciation (real estate related)	6.12	6.12
Gain on sale of communities	(3.29)	(3.29)
Projected FFO per share (diluted) - Full Year 2025	11.07	11.57
Unconsolidated entity gains, net	0.01	0.01
Expensed transaction, development and other pursuit costs, net of recoveries	0.04	0.04
Legal settlements and costs	0.02	0.02
Projected Core FFO per share (diluted) - Full Year 2025	$ 11.14	$ 11.64

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

AvalonBay COMMUNITIES

Projected NOI, as used within this presentation for certain Development communities and in calculating the Market Cap Rate for dispositions, represents management's estimate, as of the date of this presentation (or as of the date of the buyer's valuation in the case of dispositions), of projected stabilized rental revenue minus projected stabilized operating expenses. For Development communities, Projected NOI is calculated based on the first twelve months of Stabilized Operations following the completion of construction. In calculating the Market Cap Rate, Projected NOI for dispositions is calculated for the first twelve months following the date of the buyer's valuation. Projected stabilized rental revenue represents management's estimate of projected gross potential minus projected stabilized economic vacancy and adjusted for projected stabilized concessions plus projected stabilized other rental revenue. Projected stabilized operating expenses do not include interest, income taxes (if any), depreciation or amortization, or any allocation of corporate-level property management overhead or general and administrative costs. In addition, projected stabilized operating expenses for Development communities do not include property management fee expense. Projected gross potential for Development communities and dispositions is generally based on leased rents for occupied homes and management's best estimate of rental levels for homes which are currently unleased, as well as those homes which will become available for lease during the twelve-month forward period used to develop Projected NOI. The weighted average Projected NOI as a percentage of Total Capital Cost is weighted based on the Company's share of the Total Capital Cost of each community, based on its percentage ownership.

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

Q4 2024 cash from operations available for investment, annualized is the Company's fourth quarter 2024 Core FFO, less (i) fourth quarter 2024 dividends declared – common and (ii) fourth quarter 2024 Asset Preservation Capex, annualized. Q4 2024 cash from operations available for investment, annualized does not represent the Company's Net cash provided by operating activities as presented in the Company's consolidated financial statements. A reconciliation of Q4 2024 cash from operations available for investment, annualized to Core FFO is as follows (dollars in thousands):

	Q4 2024
Core FFO attributable to common stockholders	$ 399,386
Dividends declared - common	(242,252)
Established and Other Stabilized Asset Preservation Capex	(38,990)
Q4 2024 cash from operations available for investment	$ 118,144
Q4 2024 cash from operations available for investment, annualized	$ 472,576

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

AvalonBay COMMUNITIES

Same Store is composed of consolidated communities where a comparison of operating results from the prior year to the current year is meaningful as these communities were owned and had Stabilized Operations, as of the beginning of the respective prior year period. Therefore, for 2024 operating results, Same Store is composed of consolidated communities that have Stabilized Operations as of January 1, 2023, are not conducting or are not probable to conduct substantial redevelopment activities and are not held for sale or probable for disposition within the current year.

Stabilized Operations is defined as operations of a community that occur after the earlier of (i) attainment of 90% physical occupancy or (ii) the one-year anniversary of completion of development or redevelopment.

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

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

Target Allocation represents the Company's future target allocation based on the Company's Current Allocation.

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

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

AvalonBay
COMMUNITIES