AvalonBay COMMUNITIES

INVESTOR PRESENTATION

NOVEMBER 15, 2024


Avalon Princeton Circle
Princeton, NJ

IMPORTANT INFORMATION

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.

The projections for AvalonBay Communities, Inc. included in this presentation were originally included in its November 4, 2024, earnings release, or its November 5, 2024, earnings conference call, both of which are available under “Investor Relations” at www.avalonbay.com. These projections are provided for historical reference and have not been reviewed or updated for purposes of this presentation, and the inclusion of these projections in this presentation is not a reaffirmation of these projections or a confirmation with respect to the accuracy of the projections as of any date after the date of the earnings release or the date of the earnings conference call, as applicable. The projections were based on the expectations, forecasts, and assumptions on the date of the earnings release or the date of the earnings conference call, as applicable, which may not be realized and/or may have changed since that date and involve risks and uncertainties that might not be anticipated or could not be predicted accurately. These could cause these projections to be inaccurate as of any date after the date of the earnings release or the date of the earnings conference call, as applicable, and may also cause actual results to differ materially from those expressed or implied by the projections, as described in “Forward-Looking Statements” in the Appendix.

AvalonBay does not undertake a duty to update any projections or other forward-looking statements contained in this presentation, including but not limited to its expected 2024 operating results and other financial and economic data forecasts. AvalonBay may, in its discretion, provide information in future public announcements regarding its outlook that may be of interest to the investors, analysts and other members of the financial and investment communities. The format and extent of future outlooks may be different from the format and extent of the information contained in this presentation.

AvalonBay files annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (the “SEC”). Our SEC filings are available to the public free of charge from the SEC website at www.sec.gov and on our website at the address above. You should read this presentation in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2023, and the Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other reports and documents we file with the SEC after the date of this presentation before you make any investment decisions involving AvalonBay and its securities.

The date of this presentation is November 15, 2024.

2024 YEAR-TO-DATE HIGHLIGHTS

AvalonBay COMMUNITIES

- **SOLID 3Q RESULTS AHEAD OF OUR EXPECTATIONS; FULL YEAR OUTLOOK INCREASED**
  - SAME STORE PORTFOLIO PERFORMED WELL THROUGH PEAK LEASING SEASON
  - LIKE-TERM EFFECTIVE RENT CHANGE EXPECTED TO REACCELERATE INTO YEAR-END
- **FAVORABLE OUTLOOK FOR 2025 APARTMENT FUNDAMENTALS IN ESTABLISHED REGIONS**
  - SEVERAL TAILWINDS SUPPORTING HEALTHY SAME STORE REVENUE GROWTH OUTLOOK
  - SAME STORE OPERATING EXPENSE GROWTH EXPECTED TO MODERATE
- **DEVELOPMENT STARTS INCREASED TO > $1B IN 2024; > 90% IN SUBURBAN SUBMARKETS**
  - LOCKED-IN COST OF CAPITAL FOR FUTURE DEVELOPMENT STARTS VIA $850M OF 3Q 2024 FORWARD EQUITY ACTIVITY
- **STRONG PROGRESS ON INVESTOR DAY PRIORITIES; EVOLVING TO DELIVER SUPERIOR GROWTH**

ABOUT AVALONBAY

Avalon Redmond Campus
Redmond, WA

LARGEST PUBLICLY-TRADED MULTIFAMILY REIT; S&P 500 COMPANY WITH STRONG SHAREHOLDER RETURNS

AvalonBay COMMUNITIES

$40B TOTAL ENTERPRISE VALUE	**A3 | A-** MOODY'S | S&P CREDIT RATINGS	**305** COMMUNITIES	**92,908** APARTMENT HOMES
10 U.S. REGIONS	**72%** SUBURBAN PORTFOLIO	**12.0%** TOTAL SHAREHOLDER RETURN SINCE IPO[1]	**4.9%** ANNUALIZED DIVIDEND GROWTH SINCE 2000

Source: Internal company reports.
Data as of September 30, 2024.
Largest publicly-traded multifamily REIT based on Total Enterprise Value.
See Appendix for a definition and reconciliation of Total Enterprise Value, a discussion of the Company's credit ratings, and an explanation of the Total Shareholder Return and Dividend Growth calculations.
(1) IPO (initial public offering) for Avalon Properties completed November 18, 1993.

30-YEARS OF OUTSTANDING GROWTH AS INDUSTRY LEADER

1993 — AVALON PROPERTIES IPO

1998 — AVALON & BAY MERGER

2007 — JOINS S&P 500; CENTRALIZED CUSTOMER CARE CENTER OPENS

2011 — FIRST ESG REPORT

2013 — ARCHSTONE ACQUISITION

2017 — EXPANDS TO DENVER & SOUTHEAST FLORIDA

2021 — EXPANDS TO CHARLOTTE, RALEIGH-DURHAM, DALLAS-FORT WORTH, & AUSTIN

Source: Internal company reports.

STRONG PROGRESS ON 2023 INVESTOR DAY PRIORITIES

EVOLVING TO DELIVER SUPERIOR GROWTH

AvalonBay COMMUNITIES

OPERATING MODEL TRANSFORMATION

- ADVANCING TOWARD $80M ANNUAL INCREMENTAL NOI TARGET
- $10M OF ANNUAL INCREMENTAL NOI PROJECTED IN 2024 FROM OPERATING INITIATIVES

PORTFOLIO OPTIMIZATION

- DRIVING SUBURBAN ALLOCATION TOWARD 80% TARGET
- CONTINUED GROWTH IN EXPANSION REGIONS, PROGRESS TOWARD 25% TARGET ALLOCATION

DEVELOPMENT GROWTH ENGINE

- INITIAL STABILIZED YIELDS ON YTD DEVELOPMENT COMPLETIONS OUTPERFORMING
- INCREASED 2024 DEVELOPMENT STARTS TO > $1B; INCLUDING TWO DEVELOPER FUNDING PROGRAM (DFP) STARTS IN 3Q 2024

GROWTH-ORIENTED BALANCE SHEET

- $850M OF CAPITAL SOURCED FROM 3Q 2024 FORWARD EQUITY ACTIVITY
- $1.76B OF CAPITAL SOURCED YTD AT 5.1% WTD. AVG. INITIAL COST OF CAPITAL

Source: Internal company reports.
See Appendix for a discussion of Current Allocation and Target Allocation.
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.

CONTINUING TO INNOVATE AND DRIVE INCREMENTAL NOI

OPERATING MODEL TRANSFORMATION

AvalonBay COMMUNITIES

ANNUAL INCREMENTAL NOI

FROM OPERATING INITIATIVES

$27M ACHIEVED YE 2023

$37M PROJECTED TO ACHIEVE YE 2024(1)

$80M TARGET

SELF-SERVE DIGITAL EXPERIENCES AND RESIDENT SERVICES

AVALON CONNECT

- BULK INTERNET EXPECTED TO BE DEPLOYED AT ≈ 90% OF COMMUNITIES BY YE 2024

ORGANIZATIONAL MODEL GENERATING EFFICIENCIES

NEIGHBORHOOD OPERATING MODEL

- DEPLOYED AT ≈ 70% OF ESTABLISHED REGION COMMUNITIES

POWERED BY TECHNOLOGY PLATFORM

ARTIFICIAL INTELLIGENCE

- TEXT AND EMAIL AI FULLY DEPLOYED ACROSS THE PORTFOLIO, DRIVING INCREASED TOUR BOOKING
- VOICE AI PILOT TO DEPLOY BROADLY IN 1Q 2025

Source: Internal company reports.
See Appendix for an explanation of Incremental NOI.
(1) Includes the $27M achieved through year-end 2023 and represents $10M of projected Incremental NOI in 2024.

INCREASING ALLOCATION TO THE SUBURBS AND EXPANSION REGIONS

PORTFOLIO OPTIMIZATION

AvalonBay COMMUNITIES

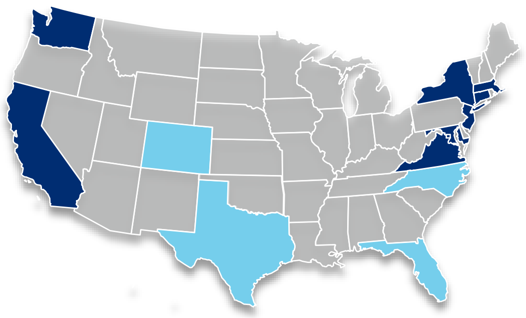
SUBURBAN

70%	73%	80%
YE 2023	CURRENT ALLOCATION	TARGET ALLOCATION

EXPANSION REGIONS

8%	10%	25%
YE 2023	CURRENT ALLOCATION	TARGET ALLOCATION

YEAR-TO-DATE TRANSACTION ACTIVITY(1)



DISPOSITIONS 100% ESTABLISHED REGIONS		ACQUISITIONS 85% EXPANSION REGIONS
$590M	VOLUME ($)	$325M
5.2%	MARKET CAP RATE	4.9%
$500K(2)	PRICE PER HOME	$295K
50% | 50%	SUBURBAN | URBAN	85% | 15%

Source: Internal company reports.
See Appendix for a discussion of Current Allocation and Target Allocation.
(1) YTD transaction activity includes activity completed subsequent to quarter-end (acquisition of Avalon Townhomes at Bee Cave,≈ $49M; disposition of Avalon New Canaan, ≈ $75M).
(2) Excludes value allocated to commercial space.

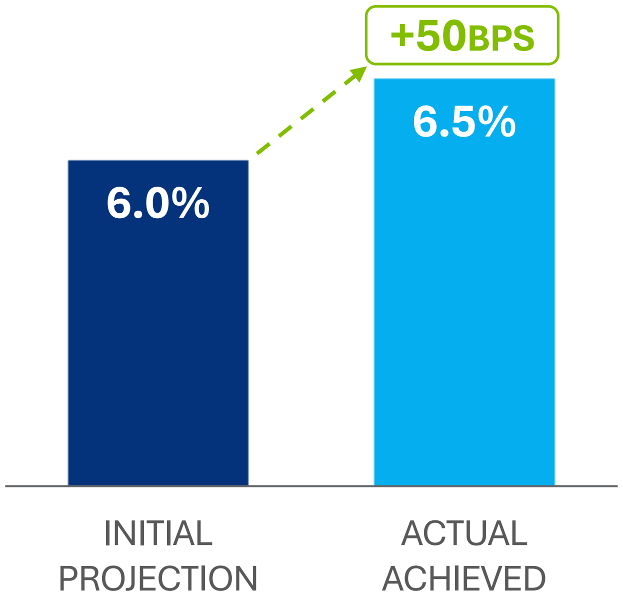
CONSISTENTLY GENERATING ACCRETIVE EXTERNAL GROWTH

DEVELOPMENT GROWTH ENGINE

AvalonBay COMMUNITIES

YTD DEVELOPMENT COMPLETIONS EXCEEDING INITIAL UNDERWRITING

WTD. AVG. PROJECTED INITIAL STABILIZED YIELD 6.5%
$945M PROJECTED TOTAL CAPITAL COST[1]



PROJECTED 2024 DEVELOPMENT STARTS INCREASED TO OVER $1B

$870M
2024 INITIAL OUTLOOK

↑$1.05B
2024 CURRENT PROJECTION

6.3%
PROJECTED INITIAL STABILIZED YIELD

NEW SOURCES OF GROWTH

DEVELOPER FUNDING PROGRAM (DFP)

- EXPANDED CAPABILITY TO ALL EXPANSION REGIONS AND BUILD-TO-RENT (BTR)
- TWO STARTS IN 2024, PROJECTED TOTAL CAPITAL COST $180M

STRUCTURED INVESTMENT PROGRAM (SIP)

- NO NEW ORIGINATIONS YTD
- CURRENT COMMITMENTS OF $192M AT 11.5% WTD. AVG. RETURN
- DECEMBER 2026 WTD. AVG. INITIAL MATURITY
- MIDPOINT TARGET PROGRAM SIZE $400M

Source: Internal company reports.
(1) Year-to-date Development completions include Avalon Redmond Campus, which is a densification of the Company's existing eaves Redmond Campus community, and AVA Arts District, an unconsolidated joint venture. As a densification and joint venture, respectively, these communities are included in the Total Capital Cost of Development completions but excluded from the weighted average projected Initial Stabilized Yield.

ENSURING CONTINUOUS ACCESS TO COST EFFECTIVE CAPITAL

GROWTH-ORIENTED BALANCE SHEET

AvalonBay COMMUNITIES

A3 | A-
CREDIT RATINGS

4.2x
NET DEBT-TO-CORE EBITDARE

> 100%
MATCH-FUNDED
DEVELOPMENT UNDERWAY

$1.76B
YTD CAPITAL SOURCED

5.1%
INITIAL COST OF CAPITAL WTD. AVG.

$850M
3Q 2024 FORWARD EQUITY ACTIVITY

- SECURED ACCRETIVELY PRICED CAPITAL TO MATCH-FUND 2025 DEVELOPMENT STARTS
- 100-150BPS OF ACCRETIVE SPREAD TO PROJECTED INITIAL STABILIZED YIELDS
- SETTLEMENT BY YE 2025

$400M
2Q 2024 UNSECURED DEBT OFFERING

- 5.05% EFFECTIVE INTEREST RATE
- 95BPS ABOVE U.S. 10YR TREASURY YIELD

$515M
YTD DISPOSITION ACTIVITY

- 5.1% INITIAL MARKET CAP RATE
- SOURCED 100% FROM 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 3Q 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.

ADDING VALUE THROUGH ESG PRIORITIES

COMMUNITY IMPACT

- Jurisdictional Reputation
- Community Involvement
- Associate Engagement

INCLUSION & DIVERSITY

- Associate/Resident Alignment
- Innovation & Creativity
- Attracting & Retaining Top Talent

ENVIRONMENTAL SUSTAINABILITY

- Operating Cost Savings
- Manage Physical Climate Risk
- Reduce Resident Utility Costs

3Q 2024 PERFORMANCE REVIEW

Avalon West Dublin
Dublin, CA

REVIEW OF 3Q AND YTD 2024 RESULTS AND ACTIVITY

3Q AND YTD RESULTS AND ACTIVITY	3Q	YTD
CORE FFO PER SHARE YEAR-OVER-YEAR GROWTH	3.0%	4.1%
SAME STORE RESIDENTIAL RENTAL REVENUE YEAR-OVER-YEAR GROWTH	3.1%	3.5%
DEVELOPMENT STARTS	$450M	$835M
DEVELOPMENT COMPLETIONS | WTD. AVG. PROJECTED INITIAL STABILIZED YIELD(1)		$945M | 6.5%
CAPITAL SOURCED | WTD. AVG. INITIAL COST OF CAPITAL(2)		$1.76B | 5.1%

Source: Internal company reports.

See Appendix for a reconciliation of Net Income attributable to common stockholders to FFO and to Core FFO, as well as a discussion of the Company's 3Q 2024 Forward Equity Activity.

(1) Year-to-date Development completions include Avalon Redmond Campus, which is a densification of the Company's existing eaves Redmond Campus community, and AVA Arts District, an unconsolidated joint venture. As a densification and joint venture, respectively, these communities are included in the Total Capital Cost of Development completions but excluded from the weighted average projected Initial Stabilized Yield.

(2) Capital sourced includes net proceeds from all equity and debt issuances, wholly-owned dispositions, and distributions from unconsolidated real estate entities. Weighted average initial cost of capital includes all equity and debt (inclusive of the effect of interest rate hedges) issuances, and wholly-owned dispositions only.

2024 FULL YEAR OUTLOOK INCREASED

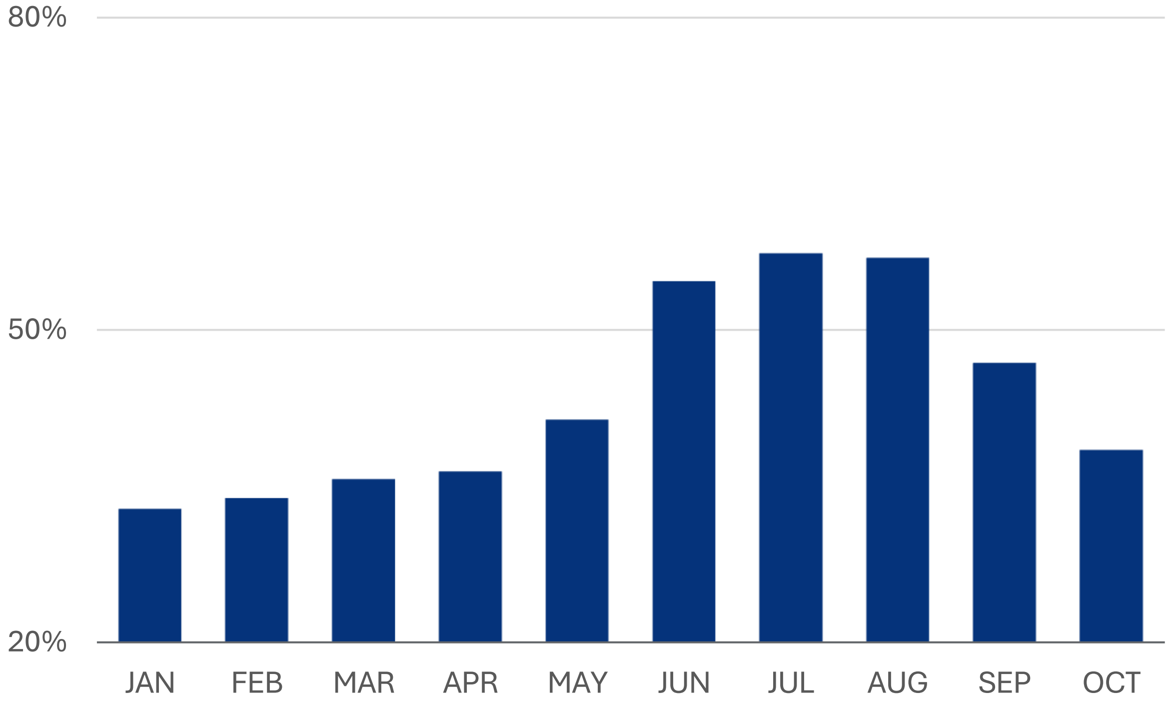
FULL YEAR OUTLOOK SUMMARY	CURRENT OUTLOOK	PRIOR OUTLOOK	INITIAL OUTLOOK
PROJECTED CORE FFO PER SHARE GROWTH	↑ 3.9%	3.7%	1.4%
SAME STORE RESIDENTIAL			
REVENUE GROWTH	3.5%	3.5%	2.6%
OPERATING EXPENSE GROWTH	↓ 4.5%	4.8%	5.6%
NET OPERATING INCOME GROWTH	↑ 3.0%	2.9%	1.25%

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.
Prior outlook provided July 31, 2024.
Initial outlook provided on January 31, 2024.
All amounts based on the midpoints of the outlook ranges provided by the Company.

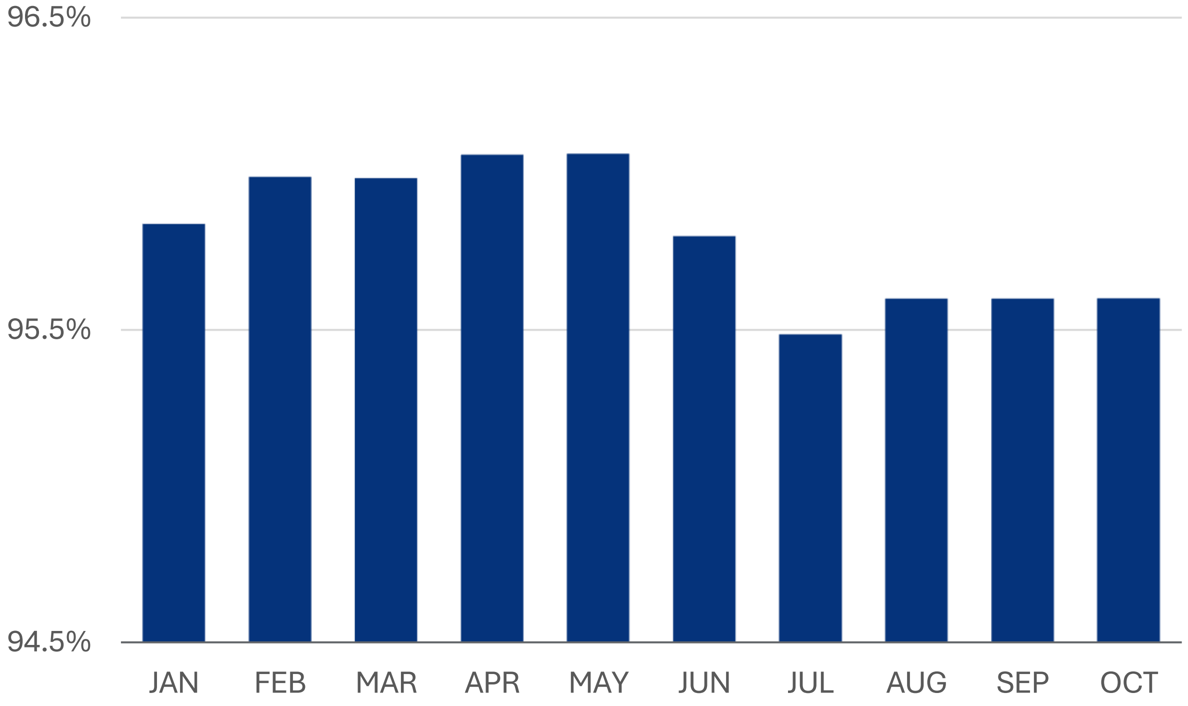
TURNOVER REMAINS BELOW HISTORICAL NORMS, SUPPORTING HEALTHY OCCUPANCY ENTERING THE SLOWER LEASING SEASON

2024 SAME STORE RESIDENTIAL

ANNUALIZED TURNOVER



ECONOMIC OCCUPANCY

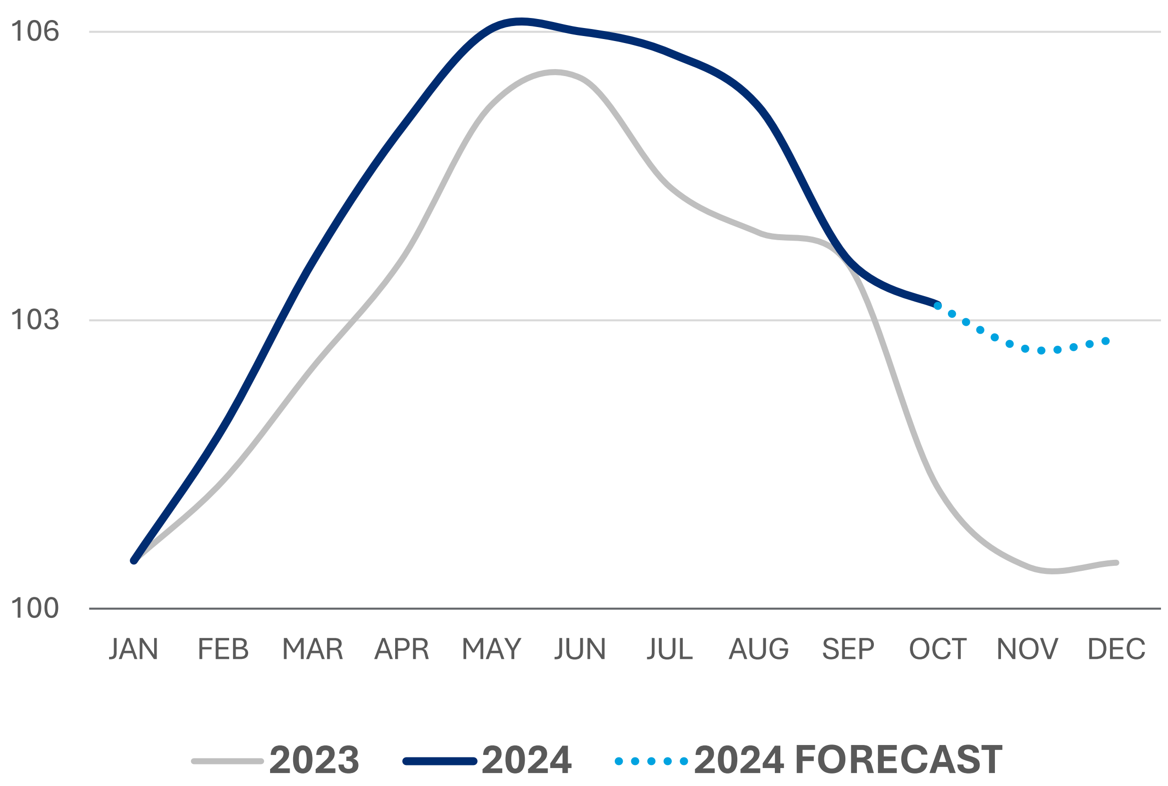


Source: Internal company reports.

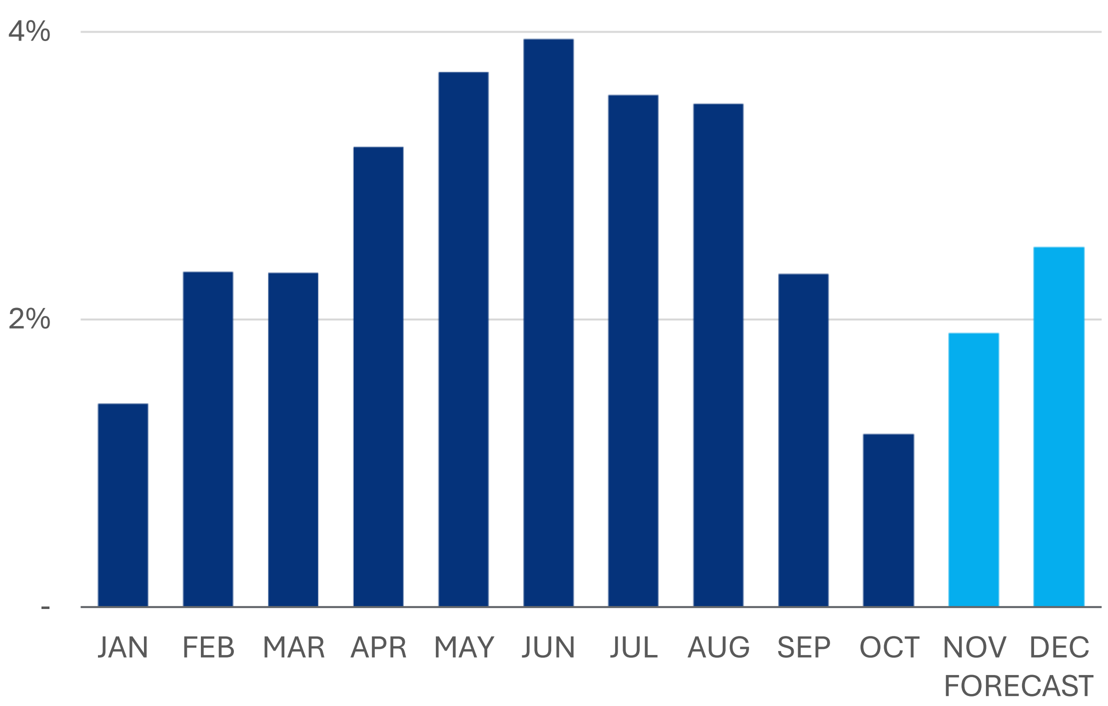
THE OUTLOOK FOR RENT CHANGE THROUGH YEAR-END IS HEALTHIER THAN NORMAL

2024 SAME STORE RESIDENTIAL

INDEXED MONTHLY ASKING RENT



LIKE-TERM EFFECTIVE RENT CHANGE



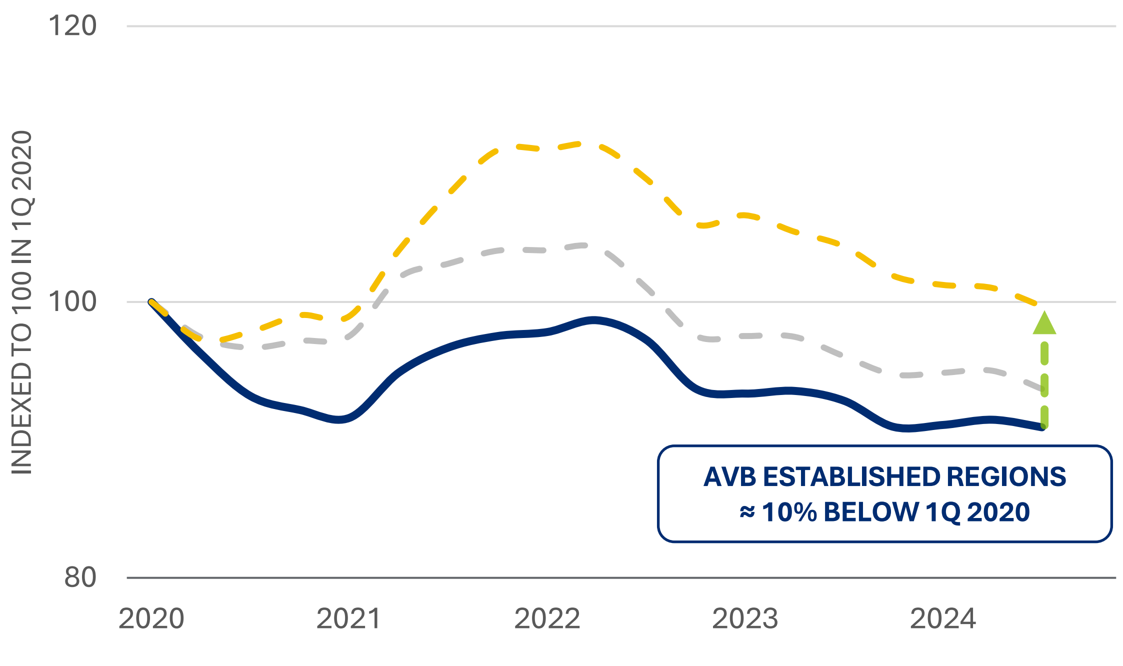
Source: Internal company reports.

RENTAL AFFORDABILITY HAS IMPROVED IN AVB ESTABLISHED REGIONS, HOMEOWNERSHIP REMAINS RELATIVELY UNAFFORDABLE

AvalonBay COMMUNITIES

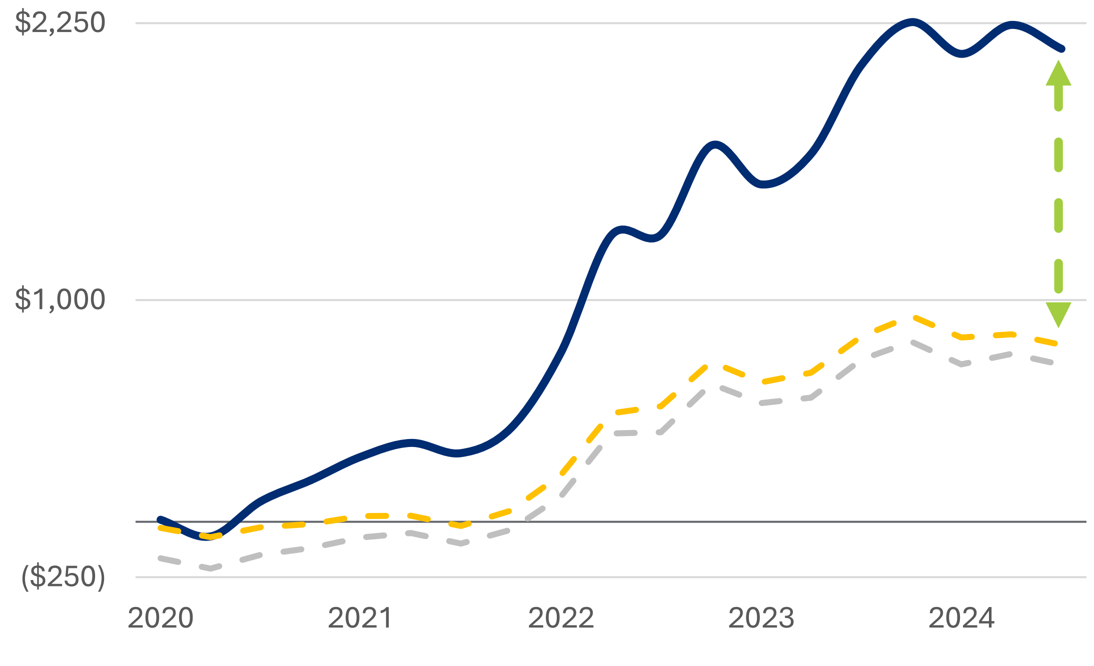
STRONG INCOME GROWTH SUPPORTING RENTAL AFFORDABILITY IN AVB ESTABLISHED REGIONS

INDEXED RENT-TO-INCOME RATIO(1)



RENTING SUBSTANTIALLY 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.

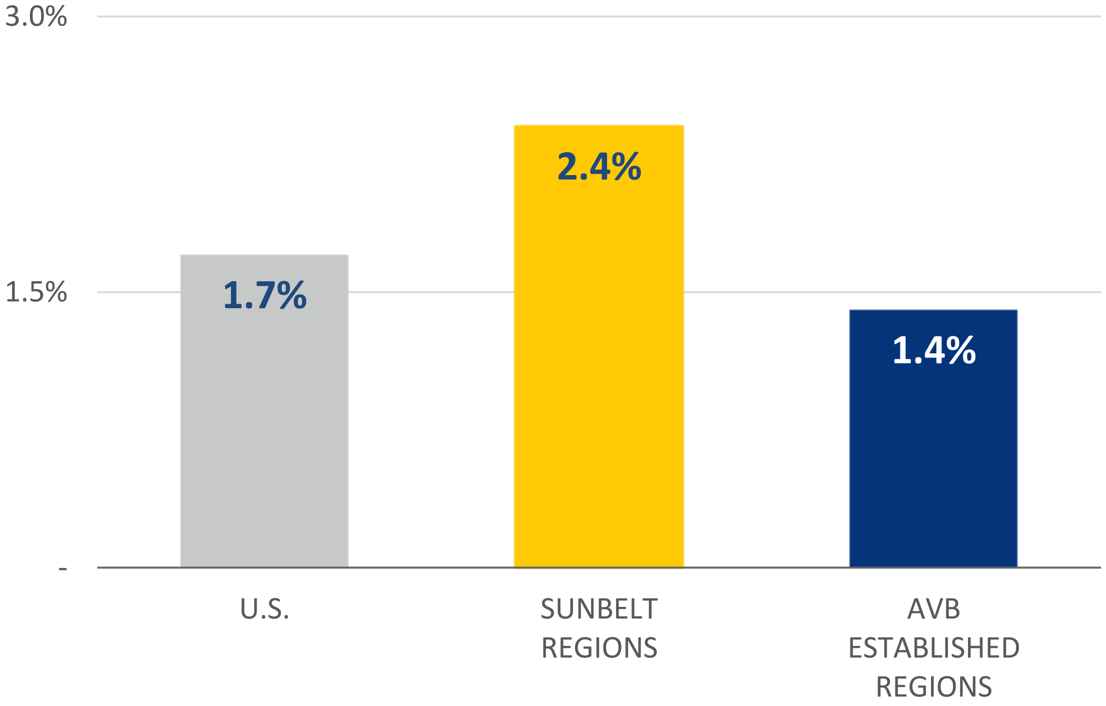
(2) Based on a median monthly mortgage payment (30-year fixed rate, 20% down payment, average property tax) minus monthly apartment rent (80+ unit buildings).

FAVORABLE 2025 SUPPLY OUTLOOK IN AVB ESTABLISHED REGIONS, PARTICULARLY IN THE SUBURBS

AvalonBay COMMUNITIES

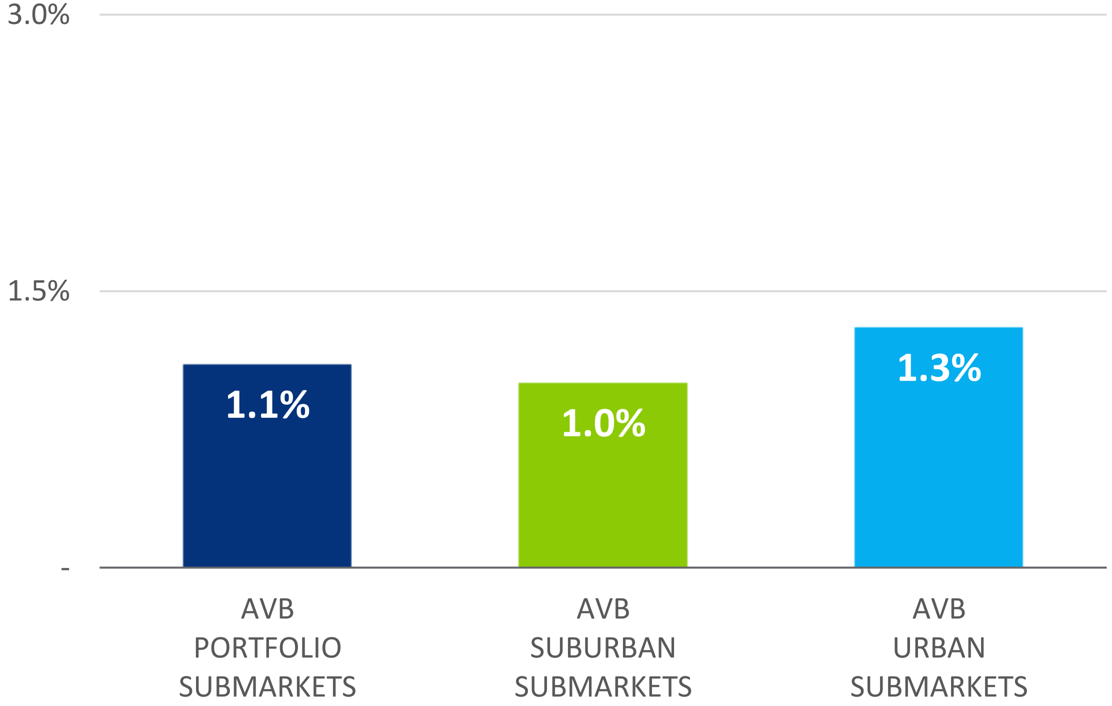
FAVORABLE RELATIVE SUPPLY OUTLOOK FOR AVB ESTABLISHED REGIONS IN 2025...

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



...WITH THE PORTFOLIO MORE INSULATED FROM DIRECTLY-COMPETITIVE SUPPLY[(1)]

PROJECTED 2025 NEW MARKET RATE APARTMENT DELIVERIES AS A % OF EXISTING INVENTORY - AVB ESTABLISHED REGIONS



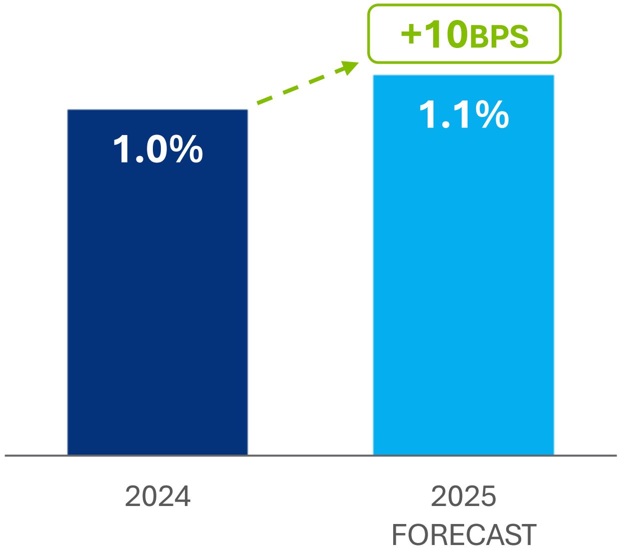
Source: CoStar, AVB Market Research Group

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

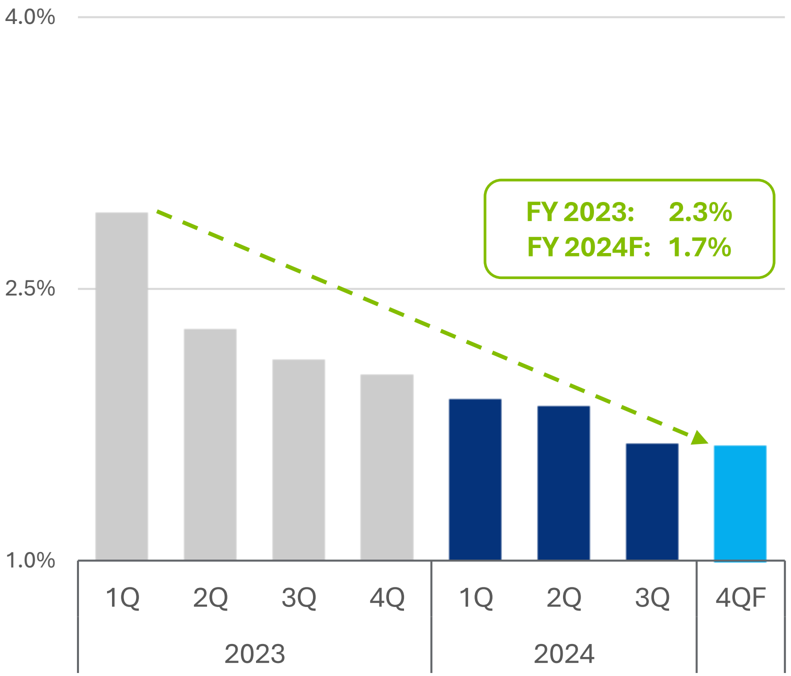
SEVERAL TAILWINDS IN PLACE TO SUPPORT 2025 SAME STORE REVENUE GROWTH

2024 SAME STORE RESIDENTIAL

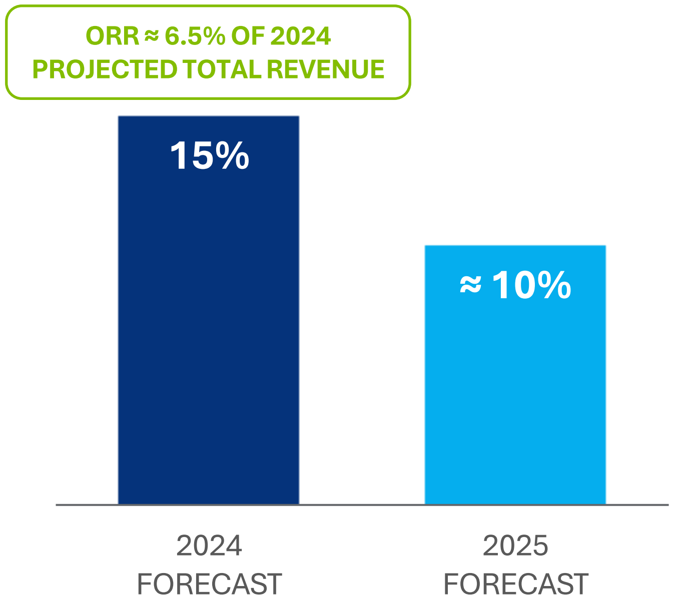
PROJECTED EMBEDDED GROSS POTENTIAL GROWTH
(“EARN-IN”)



UNDERLYING UNCOLLECTIBLE LEASE REVENUE (“BAD DEBT”) IMPROVING[1]
AS A % OF TOTAL REVENUE



OUTSIZED GROWTH IN OTHER RENTAL REVENUE (“ORR”) PROJECTED TO CONTINUE
YEAR-OVER-YEAR OTHER RENTAL REVENUE GROWTH



Source: Internal company reports.

(1) Underlying uncollectible lease revenue represents the percentage of rent and other revenue items not paid by residents and excludes the impact of rent relief recognized by the Company.

OPERATING EXPENSE GROWTH PROJECTED TO MODERATE IN 2025

AvalonBay COMMUNITIES

COMPONENTS OF SAME STORE RESIDENTIAL OPERATING EXPENSE GROWTH

	% OF PROJECTED FY 2024 OPEX	PROJECTED FY 2024 GROWTH	2025 EXPECTATIONS (RELATIVE TO 2024 PROJECTIONS)
PROPERTY TAXES	35%	4%	↓
PAYROLL	19%	0%	↑
REPAIRS & MAINTENANCE	18%	4%	↔
UTILITIES[(1)]	13%	15%	↓↓
OFFICE OPERATIONS	8%	(1%)	↔
INSURANCE	5%	10%	↓
MARKETING	2%	1%	↑
TOTAL SAME STORE	**100%**	**≈ 4.5%**	↓

Source: Internal company reports.

(1) The projected increase in utilities over the prior year period is primarily due to the implementation of the Company's bulk internet offering, which is more than offset by the bulk internet revenue. The bulk internet offering represents approximately 75% of the projected 15% increase in utilities captured in the FY 2024 projection above.

APPENDIX

AVA Balboa Park
San Diego, CA

FORWARD-LOOKING STATEMENTS

AvalonBay COMMUNITIES

This presentation 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. The Company intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. You can identify forward-looking statements by the Company’s use of the words “believe,” “expect,” “anticipate,” “intend,” “estimate,” “assume,” “project,” “plan,” “may,” “shall,” “will,” “pursue,” “outlook” and other similar expressions that predict or indicate future events and trends and that do not report historical matters. These statements include, among other things, statements regarding the Company’s intent, belief, forecasts, assumptions or expectations with respect to: potential development, redevelopment, acquisition or disposition of communities; the timing and cost of completion of apartment communities under construction, reconstruction, development or redevelopment; the timing of lease-up, occupancy and stabilization of communities; the pursuit of land for future development; the anticipated operating performance of communities; cost, yield, revenue, NOI and earnings estimates; the impact of landlord-tenant laws and rent regulations; the Company’s expansion into new regions; declaration or payment of dividends; joint venture activities; the Company’s policies regarding investments, indebtedness, acquisitions, dispositions, financings and other matters; the Company’s qualification as a REIT under the Code; the real estate markets in regions where the Company operates; the availability of debt and equity financing; interest rates, inflation and other general economic conditions and their potential impacts; trends affecting the Company’s financial condition or results of operations; regulatory changes that may affect the Company; and the impact of legal proceedings.

The Company cannot assure the future results or outcome of the matters described in these statements; rather, these statements merely reflect the Company’s current expectations of the approximate outcomes of the matters discussed. The Company does not undertake a duty to update these forward-looking statements, and therefore they may not represent the Company’s estimates and assumptions after the date of this presentation. You should not rely on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, some of which are beyond the Company’s control. These risks, uncertainties and other factors may cause the Company’s actual results, performance or achievements to differ materially from the anticipated future results, performance or achievements expressed or implied by these forward-looking statements. You should carefully review the discussion under Part I, Item 1A. “Risk Factors” of the Company’s Form 10-K for the fiscal year ended December 31, 2023 and Part II, Item 1A. “Risk Factors” in subsequent quarterly reports on Form 10-Q for further discussion of risks associated with forward-looking statements.

Some of the factors that could cause the Company’s actual results, performance or achievements to differ materially from those expressed or implied by these forward-looking statements include, but are not limited to, the following: the Company may fail to secure development opportunities due to an inability to reach agreements with third parties to obtain land at attractive prices or to obtain desired zoning and other local approvals; the Company may abandon or defer development opportunities for a number of reasons, including changes in local market conditions which make development less desirable, increases in costs of development, increases in the cost of capital or lack of capital availability, resulting in losses; construction costs of a community may exceed original estimates; the Company may not complete construction and lease-up of communities under development or redevelopment on schedule, resulting in increased interest costs and construction costs and a decrease in expected rental revenues; occupancy rates and market rents may be adversely affected by competition and local economic and market conditions which are beyond the Company’s control; the Company’s cash flows from operations and access to cost-effective capital may be insufficient for the development of the Company’s pipeline, which could limit the Company’s pursuit of opportunities; an outbreak of disease or other public health event may affect the multifamily industry and general economy; the Company’s cash flows may be insufficient to meet required payments of principal and interest, and the Company may be unable to refinance existing indebtedness or the terms of such refinancing may not be as favorable as the terms of existing indebtedness; the Company may be unsuccessful in its management of joint ventures and the REIT vehicles that are used with certain joint ventures; new or existing laws and regulations implementing rent control or rent stabilization, or otherwise limiting the Company’s ability to increase rents, charge fees or evict tenants, may impact its revenue or increase costs; the Company’s expectations, estimates and assumptions as of the date of this filing regarding legal proceedings are subject to change; the Company’s assumptions and expectations in its financial outlook may prove to be too optimistic; the possibility that the Company may choose to pay dividends in its stock instead of cash, which may result in stockholders having to pay taxes with respect to such dividends in excess of the cash received, if any; and investments made under the SIP may not be repaid as expected or the development may not be completed on schedule, which could require the Company to engage in litigation, foreclosure actions, and/or first party project completion to recover its investment, which may not be recovered in full or at all in such event.

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

AvalonBay COMMUNITIES

3Q 2024 Forward Equity Activity, as discussed in this presentation, describes forward contracts the Company entered into during the three months ended September 30, 2024. Under its current continuous equity program, the Company entered into forward contracts to sell 203,297 shares of common stock with settlement no later than December 31, 2025 at a gross weighted average price of $219.92 per share for approximate proceeds of $44,066,000, net of fees. Subsequently, on September 5, 2024, in connection with an underwritten offering of shares, the Company entered into forward contracts to sell 3,680,000 shares of common stock with settlement no later than December 31, 2025 at a discount to the closing price of $226.52 per share for approximate proceeds of $808,606,000 net of offering fees and discounts. The proceeds that the Company expects to receive on the date or dates of settlement are subject to certain customary adjustments during the term of the forward contract for the Company's dividends and a daily interest adjustment.

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

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.

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

AvalonBay COMMUNITIES

Current Allocation represents the Company's projected 2024 Net Operating Income for all communities with Stabilized Operations throughout the entire 12-month period ending December 31, 2024, and Management's expectation for Net Operating Income for the first full year of Stabilized Operations for all acquisitions and Development communities in 2024.

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.

Dividend Growth, presented as annualized dividend growth in this presentation, represents the change in the Company's annual common dividend per share as a compound annual growth rate.

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):

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

AvalonBay COMMUNITIES

	Q3 2024
Net income	$ 372,519
Interest expense and loss on extinguishment of debt	65,640
Income tax expense	782
Depreciation expense	212,122
EBITDA	$ 651,063
Gain on sale of communities	(172,973)
Unconsolidated entity EBITDAre adjustments (1)	4,129
EBITDAre	$ 482,219
Unconsolidated entity gains, net	(25,261)
Structured Investment Program loan reserve	(813)
Advocacy contributions	3,732
Hedge accounting activity	25
Executive transition compensation costs	200
Severance related costs	738
Expensed transaction, development and other pursuit costs, net of recoveries	252
Other real estate activity	(314)
Legal settlements and costs	781
Core EBITDAre	$ 461,559

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

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

Economic Occupancy is defined as total possible Residential revenue less vacancy loss as a percentage of total possible Residential revenue. Total possible Residential revenue (also known as "gross potential") is determined by valuing occupied units at contract rates and vacant units at Market Rents. Vacancy loss is determined by valuing vacant units at current Market Rents. By measuring vacant apartments at their Market Rents, Economic Occupancy takes into account the fact that apartment homes of different sizes and locations within a community have different economic impacts on a community's gross revenue.

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

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

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

	Q3 2024	Q3 2023	YTD 2024	YTD 2023
Net income attributable to common stockholders	$ 372,519	$ 172,031	$ 799,902	$ 686,856
Depreciation - real estate assets, including joint venture adjustments	210,992	199,546	628,677	602,023
Distributions to noncontrolling interests	-	-	-	25
Gain on sale of previously depreciated real estate	(172,973)	(22,121)	(241,459)	(209,430)
Casualty loss on real estate	-	3,499	2,935	8,550
FFO attributable to common stockholders	410,538	352,955	1,190,055	1,088,024
Adjusting items:				
Unconsolidated entity (gains) losses, net (1)	(25,261)	827	(34,823)	(4,024)
Joint venture promote (2)	-	(424)	-	(1,496)
Structured Investment Program loan reserve (3)	(813)	539	(771)	415
Loss on extinguishment of consolidated debt	-	150	-	150
Hedge accounting activity	25	65	80	256
Advocacy contributions	3,732	-	5,914	200
Executive transition compensation costs	200	300	304	944
Severance related costs	738	993	1,979	2,493
Expensed transaction, development and other pursuit costs, net of recoveries (4)	252	18,070	3,857	21,318
Other real estate activity	(314)	(237)	(636)	(707)
For-sale condominium imputed carry cost (5)	21	110	62	534
Legal settlements and costs	781	14	2,289	64
Income tax expense (6)	782	4,372	698	7,715
Core FFO attributable to common stockholders	$ 390,681	$ 377,734	$ 1,169,008	$ 1,115,886
Weighted average common shares outstanding - diluted	142,516,684	142,198,099	142,376,434	141,448,675
Earnings per common share - diluted	$ 2.61	$ 1.21	$ 5.62	$ 4.86
FFO per common share - diluted	$ 2.88	$ 2.48	$ 8.36	$ 7.69
Core FFO per common share - diluted	$ 2.74	$ 2.66	$ 8.21	$ 7.89

** FOOTNOTES PRESENTED ON THE FOLLOWING PAGE **

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

(1) Amounts consist primarily of net unrealized gains on technology investments.

(2) 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 2023 include write-offs of $17,111 for three development opportunities in Northern and Southern California and the Mid-Atlantic that the Company determined are no longer probable.

(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 2023 are primarily for the recognition of taxes associated with The Park Loggia dispositions.

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

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.

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

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

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

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

Match-Funded (Development Underway) is calculated by the Company as the sum of (i) Total Capital Cost, disbursed to date for all wholly-owned Development communities that had not achieved Stabilized Operations for the entire three month period ended September 30, 2024, (ii) cash and cash equivalents, (iii) Q3 2024 Forward Equity Activity, and (iv) Q3 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 September 30, 2024. A calculation of Match-funded (Development Underway) is as follows (dollars in millions):

	Q3 2024
Total Capital Cost, disbursed to date	$ 1,901
Cash and cash equivalents	552
Q3 2024 Forward Equity Activity	853
Q3 2024 cash from operations available for investment, annualized	470
Total	$ 3,776
Total Capital Cost, under construction and completed	$ 3,243
Match-funded (Development underway)	116%

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

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

Total debt principal (1)	$	8,434,910
Cash and cash equivalents and restricted cash		(753,414)
Net debt	$	7,681,496
Core EBITDAre	$	461,559
Core EBITDAre, annualized	$	1,846,236
Net Debt-to-Core EBITDAre		4.2x

(1) Balance at September 30, 2024 excludes $43,090 of debt discount and deferred financing costs as reflected in unsecured notes, net, and $16,558 of debt discount and deferred financing costs as reflected in notes payable, net, on the Condensed Consolidated Balance Sheets.

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

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

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

AvalonBay COMMUNITIES

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 full year 2024 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 2024	$ 1.61	$ 1.71
Depreciation (real estate related)	1.53	1.53
Gain on sale of communities	(0.47)	(0.47)
Projected FFO per share (diluted) - Q4 2024	2.67	2.77
Expensed transaction, development and other pursuit costs, net of recoveries	0.01	0.01
Advocacy contributions	0.10	0.10
Projected Core FFO per share (diluted) - Q4 2024	$ 2.78	$ 2.88
Projected EPS (diluted) - Full Year 2024	$ 7.23	$ 7.33
Depreciation (real estate related)	5.94	5.94
Gain on sale of communities	(2.16)	(2.16)
Casualty loss on real estate	0.02	0.02
Projected FFO per share (diluted) - Full Year 2024	11.03	11.13
Unconsolidated entity gains, net	(0.24)	(0.24)
Structured Investment Program loan reserve	(0.01)	(0.01)
Severance related costs	0.02	0.02
Expensed transaction, development and other pursuit costs, net of recoveries	0.04	0.04
Legal settlements and costs	0.02	0.02
Advocacy contributions	0.13	0.13
Projected Core FFO per share (diluted) - Full Year 2024	$ 10.99	$ 11.09

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.

Management believes that Projected NOI of the Development communities, on an aggregated weighted average basis, assists investors in understanding management's estimate of the likely impact on operations of the Development communities when the assets are complete and achieve stabilized occupancy (before allocation of any corporate-level property management overhead, general and administrative costs or interest expense). However, in this presentation the Company has not given a projection of NOI on a company-wide basis. Given the different dates and fiscal years for which NOI is projected for these communities, the projected allocation of corporate-level property management overhead, general and administrative costs and interest expense to communities under development is complex, impractical to develop, and may not be meaningful. Projected NOI of these communities is not a projection of the Company's overall financial performance or cash flow. There can be no assurance that the communities under development will achieve the Projected NOI as described in this presentation.

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

Q3 2024 cash from operations available for investment, annualized is the Company's third quarter 2024 Core FFO, less (i) third quarter 2024 dividends declared – common and (ii) third quarter 2024 Asset Preservation Capex, annualized. Q3 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 Q3 2024 cash from operations available for investment, annualized to Core FFO is as follows (dollars in thousands):

		Q3 2024
Core FFO attributable to common stockholders	$	390,681
Dividends declared - common		(242,222)
Established and Other Stabilized Asset Preservation Capex		(30,920)
Q3 2024 cash from operations available for investment	$	117,539
Q3 2024 cash from operations available for investment, annualized	$	470,156

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

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

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

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.

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

Total Capital Cost includes all capitalized costs projected to be or actually incurred to develop the respective Development 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.

Total Enterprise Value represents the aggregate of the market value of a company's common stock and the outstanding principal balance of a company's debt. A calculation of the Company's Total Enterprise Value is as follows (dollars in thousands):

	As of September 30, 2024
Common stock	$ 32,038,796
Total debt	8,434,910
Total Enterprise Value	$ 40,473,706

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

AvalonBay COMMUNITIES

Turnover represents the annualized number of units turned over during the period, divided by the total number of apartment homes for the respective reporting period.

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

AvalonBay
COMMUNITIES