AvalonBay
COMMUNITIES

INVESTOR TELECONFERENCE PRESENTATION

Fourth Quarter 2023
February 1, 2024

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

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

PARTICIPANTS

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

AvalonBay COMMUNITIES

REVIEW OF FOURTH QUARTER AND FULL YEAR 2023 RESULTS AND ACTIVITY

Q4 | FULL YEAR 2023 RESULTS AND ACTIVITY	Q4	FULL YEAR
CORE FFO PER SHARE YEAR-OVER-YEAR GROWTH	5.8%	8.6%
SAME STORE RESIDENTIAL RENTAL REVENUE YEAR-OVER-YEAR GROWTH	4.5%	6.3%
DEVELOPMENT COMPLETIONS | WTD. AVG. INITIAL PROJECTED STABILIZED YIELD	$ 90M | 8.6%	$ 575M | 7.1%
DEVELOPMENT STARTS	$ 320M	$ 800M
STRUCTURED INVESTMENT PROGRAM ("SIP") COMMITMENTS	$ 50M	$ 100M
CAPITAL RAISED | WTD. AVG. INITIAL COST OF CAPITAL(1)	$ 505M | 5.2%	$ 1.4B | 4.6%

Source: Internal company reports.
See Appendix for a reconciliation of Net Income attributable to common stockholders to FFO and to Core FFO.
(1) Capital raised includes net proceeds from all equity 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.

Innovation efforts delivered ≈ $ 19 million of Incremental NOI over the course of the year, exceeding initial expectation by ≈ $ 7 million

COMPONENTS OF 2023 INCREMENTAL NOI

AVALON CONNECT[1]

RELIABLE, HIGH-SPEED INTERNET SERVICES, AND SMART HOME ACCESS AND SMART HOME DEVICES THAT ARE PRODUCING MEANINGFUL ECONOMIC RETURNS

$ 10M

ACTUAL

$ 6M

INITIAL PROJECTION

FURNISHED HOUSING

ON-DEMAND FURNISHED APARTMENT HOMES THAT ATTRACT CUSTOMERS LOOKING FOR CONVENIENCE, WHICH ARE DELIVERING INCREMENTAL NOI

$ 2M

ACTUAL

$ 1M

INITIAL PROJECTION

LABOR EFFICIENCIES

DIGITAL, SELF-SERVICE EXPERIENCES THAT ARE OPTIMIZING OPERATING EFFICIENCIES, AND REDUCING EXPENSES

$ 7M

ACTUAL

$ 5M

INITIAL PROJECTION

Source: Internal company reports.
See Appendix for a definition of Incremental NOI.
Initial projections provided on February 8, 2023.
(1) Incremental NOI from Avalon Connect offering excludes ≈ $4 million in lost Same Store Residential rental revenue in 2023 associated with the termination of legacy telecom contracts.

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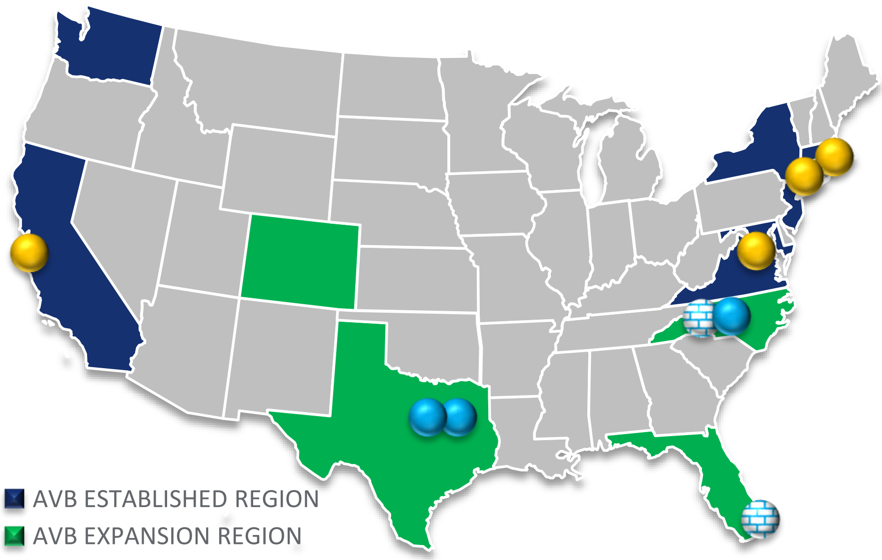
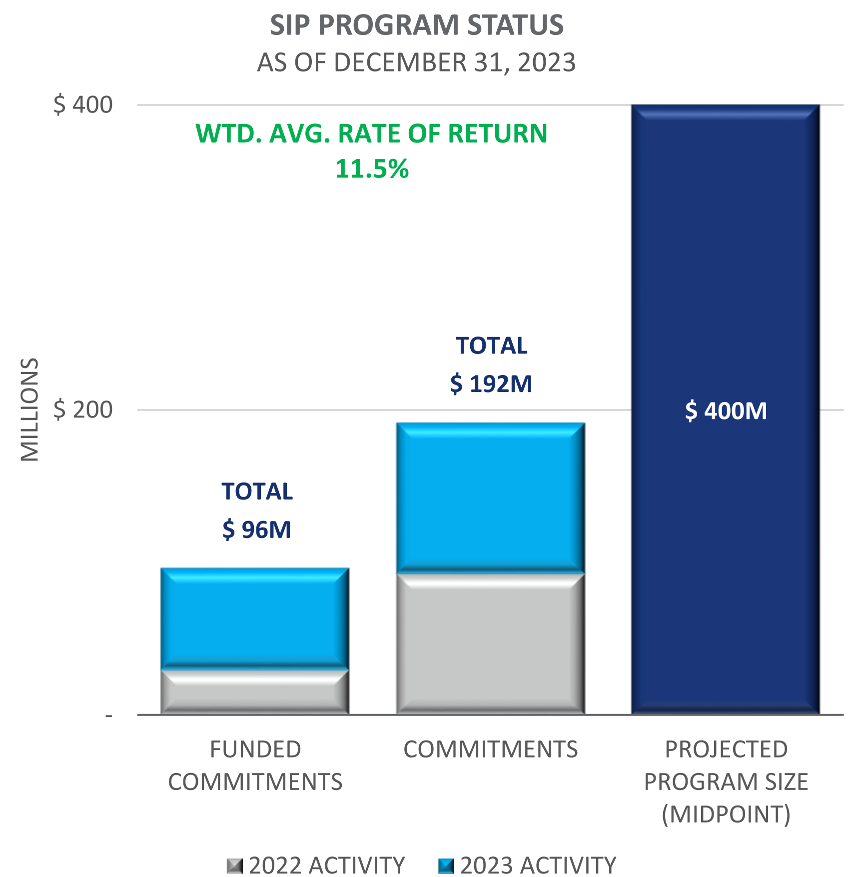
Continued to rotate capital to Expansion Regions in 2023; more than doubled SIP commitments

SELECT 2023 CAPITAL ALLOCATION ACTIVITIES



AVB ESTABLISHED REGION
AVB EXPANSION REGION

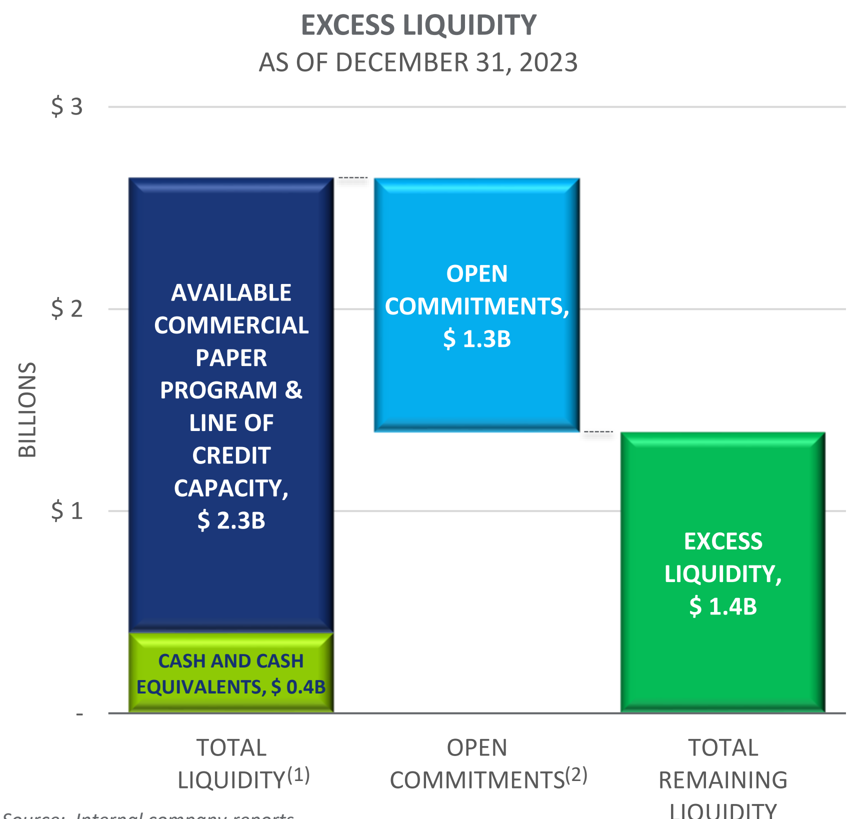
ACTIVITY	COMMUNITIES	AGGREGATE	AVG. AGE
DISPOSITIONS	4	SALES PRICE ≈ $ 445M	25 YRS
ACQUISITIONS	3	PURCHASE PRICE ≈ $ 275M	8 YRS
DEVELOPMENT STARTS[(1)]	2	PROJECTED TOTAL CAPITAL COST ≈ $ 290M	N/A



Source: Internal company reports.

(1) Includes Development starts in AVB Expansion Regions only.

LIQUIDITY AND BALANCE SHEET POSITION REMAIN ROBUST



4.2x
NET DEBT-TO-CORE EBITDAre

7.7x
INTEREST COVERAGE

95%
UNENCUMBERED NOI
(FULL YEAR 2023)

7.7
WTD. AVG. YEARS-TO-MATURITY

≈ 90%
MATCH-FUNDED
(DEVELOPMENT UNDERWAY)

Source: Internal company reports.
See Appendix for a definition and reconciliation of Net Debt-to-Core EBITDAre, Interest Coverage, Unencumbered NOI, and Match-Funded (Development Underway).
All metrics as of December 31, 2023.

(1) The $500 million unsecured commercial paper program is backstopped by the Company's commitment to maintain available borrowing capacity under its unsecured credit facility (line of credit) in an amount equal to actual borrowings under the program.
(2) Includes Development – Total Capital Cost, remaining to invest and unfunded Structured Investment Program commitments.

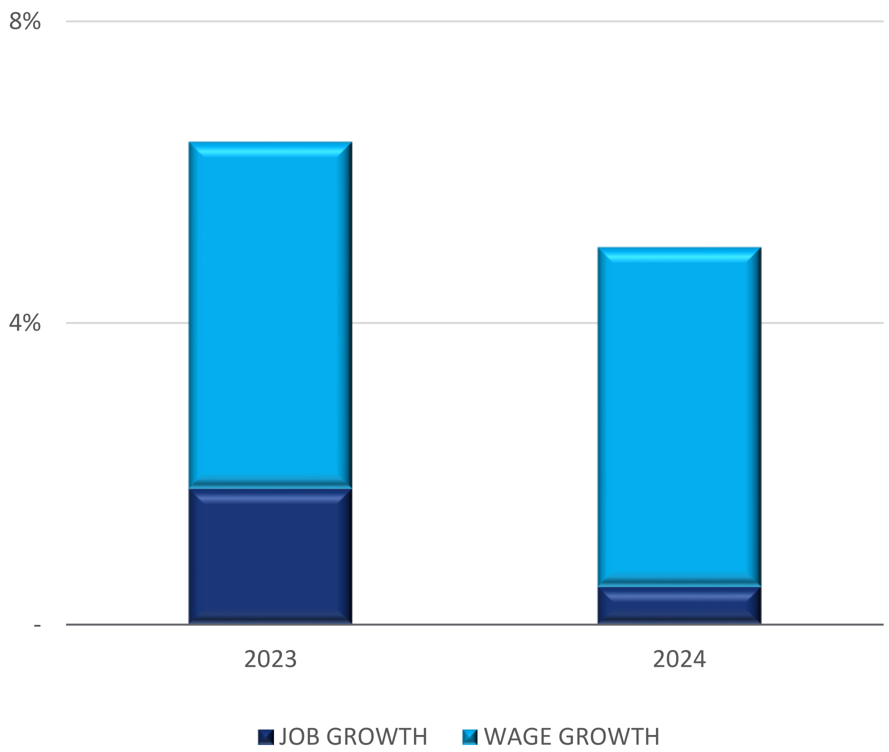
2024 STRATEGIC FOCUS AREAS

- ADVANCE **OPERATING MODEL TRANSFORMATION** BY DRIVING EFFICIENCY AND INCREMENTAL REVENUE
- **LEVERAGE DEVELOPMENT CAPABILITIES** TO CONTINUE TO DRIVE DIFFERENTIATED GROWTH, WHILE INCREASING SIP COMMITMENTS
- **OPTIMIZE PORTFOLIO** BY INCREASING ALLOCATION TO SUBURBAN SUBMARKETS AND EXPANSION REGIONS, AND BY MAKING ACCRETIVE INVESTMENTS IN THE EXISTING PORTFOLIO
- CAPITALIZE ON **BALANCE SHEET STRENGTH** TO PURSUE ACCRETIVE INVESTMENT OPPORTUNITIES

HOUSING DEMAND IS PROJECTED TO MODERATE IN 2024, BUT RENTAL FUNDAMENTALS CONTINUE TO SCREEN FAVORABLY IN AVB ESTABLISHED REGIONS

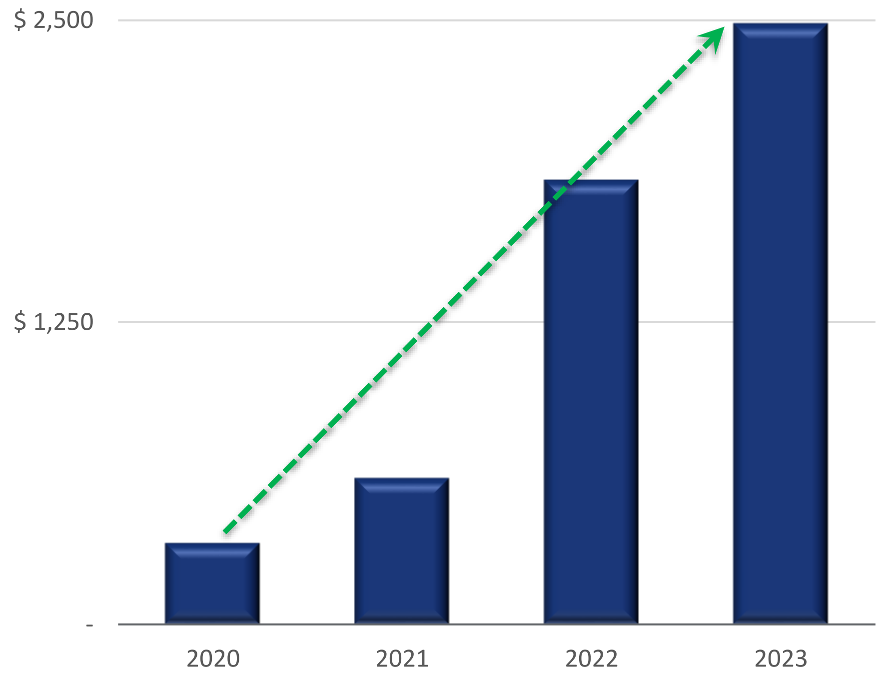
SLOWER JOB GROWTH IS PROJECTED TO TEMPER HOUSING DEMAND…

TOTAL PERSONAL INCOME GROWTH
U.S.



…BUT RENTAL DEMAND IN AVB ESTABLISHED REGIONS SHOULD BENEFIT FROM AN EXPENSIVE FOR-SALE HOUSING ALTERNATIVE

MEDIAN MORTGAGE PAYMENT LESS APARTMENT RENT(1)
AVB ESTABLISHED REGIONS



Source: National Association for Business Economics, U.S. Census Bureau, Moody's Analytics, National Association of Realtors, Freddie Mac, National Association of Home Builders, CoStar, AVB Market Research Group.

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

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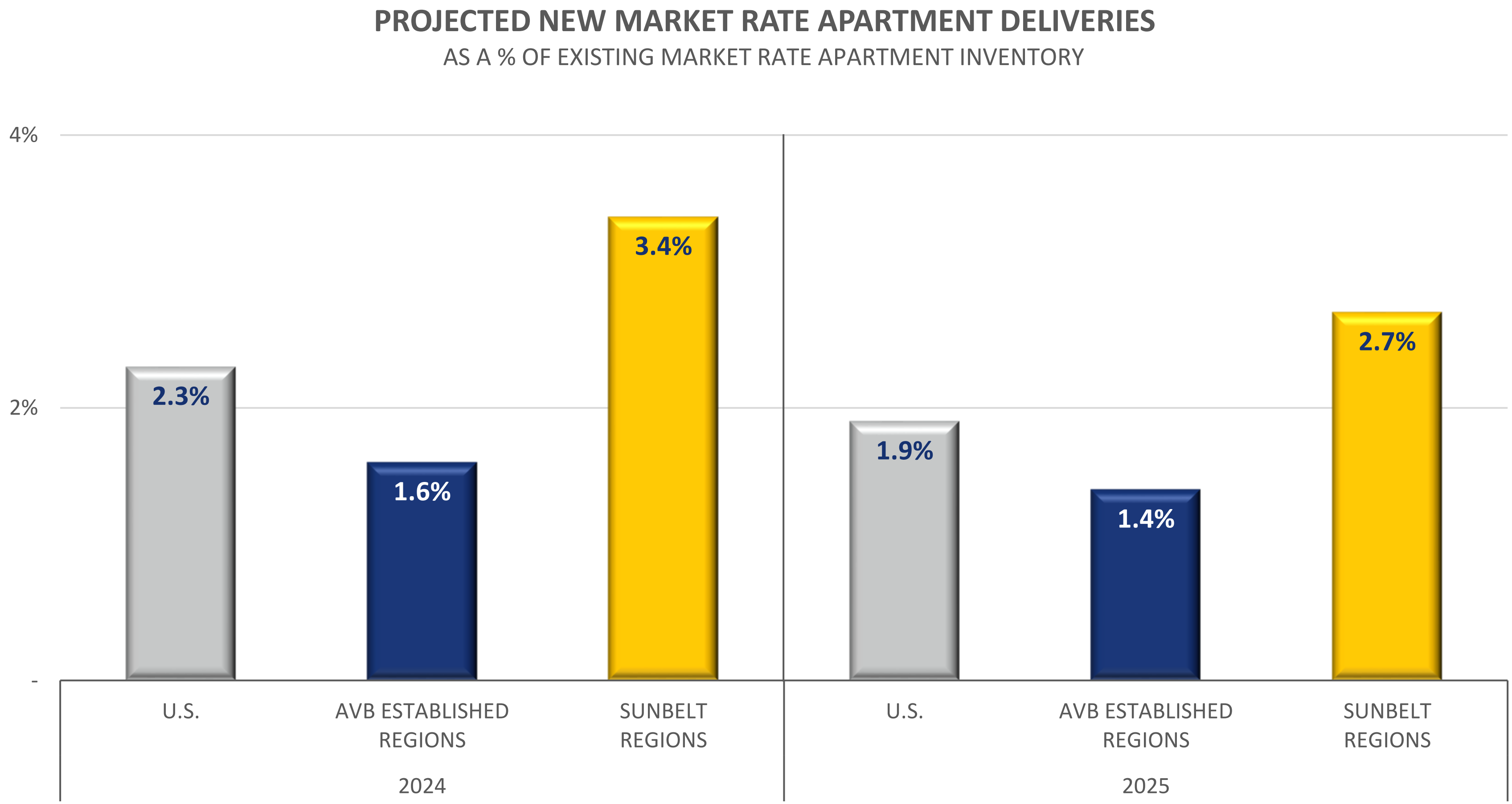
FAVORABLE SUPPLY OUTLOOK FOR AVB ESTABLISHED REGIONS EXPECTED TO PERSIST THROUGH 2025



Source: CoStar, AVB Market Research Group.

AvalonBay COMMUNITIES

FULL YEAR 2024 OUTLOOK SUMMARY

2024 OUTLOOK[1]	FULL YEAR
PROJECTED CORE FFO PER SHARE GROWTH AT THE MIDPOINT OF THE OUTLOOK RANGE	1.4%
SAME STORE COMMUNITIES (*RESIDENTIAL ONLY*)	
RENTAL REVENUE GROWTH	2.6%
OPERATING EXPENSE GROWTH	5.6%
NOI GROWTH	1.25%
DEVELOPMENT ACTIVITY	
TOTAL CAPITAL COST FOR DEVELOPMENT STARTS	$ 870M
RESIDENTIAL NOI FROM DEVELOPMENT COMMUNITIES	$ 41M
KEY CAPITAL ITEMS	
NEW CAPITAL SOURCED FROM CAPITAL MARKETS ACTIVITY	$ 850M
CAPITAL USED FOR INVESTMENT ACTIVITIES[2]	$ 1.1B
CAPITAL USED FOR DEBT REDEMPTIONS	$ 300M

Source: Internal company reports.

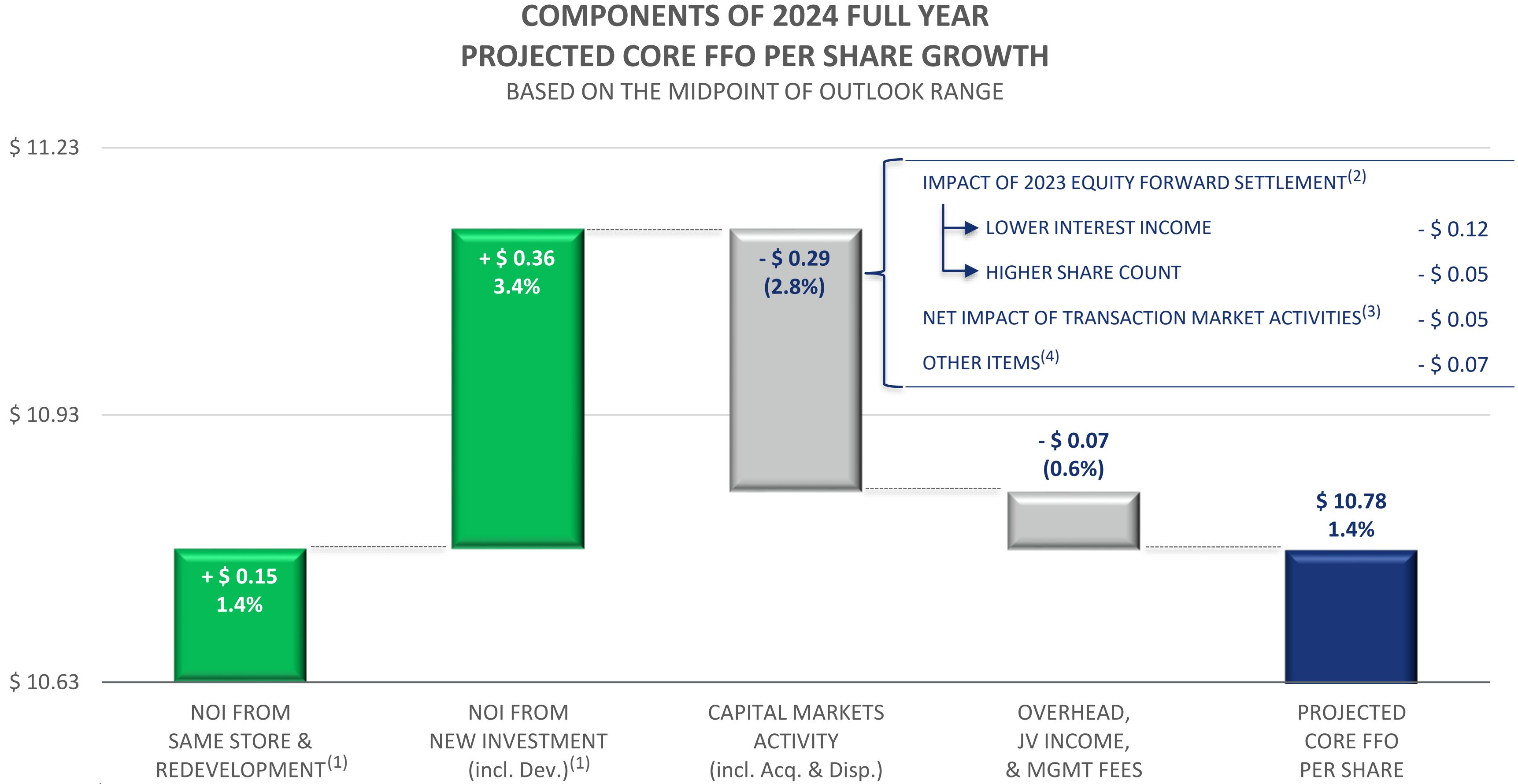
See Appendix for a reconciliation of Projected Net Income attributable to common stockholders to Projected FFO and to Projected Core FFO.

(1) Same Store Residential rental revenue, operating expense, NOI growth, 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 January 31, 2024.

(2) Includes development and redevelopment activity, including land, and SIP and joint venture funding.

AvalonBay COMMUNITIES

PROJECTED CORE FFO PER SHARE GROWTH DRIVERS PARTIALLY OFFSET BY HIGHER COST OF CAPITAL MARKETS ACTIVITIES



Source: Internal company reports.

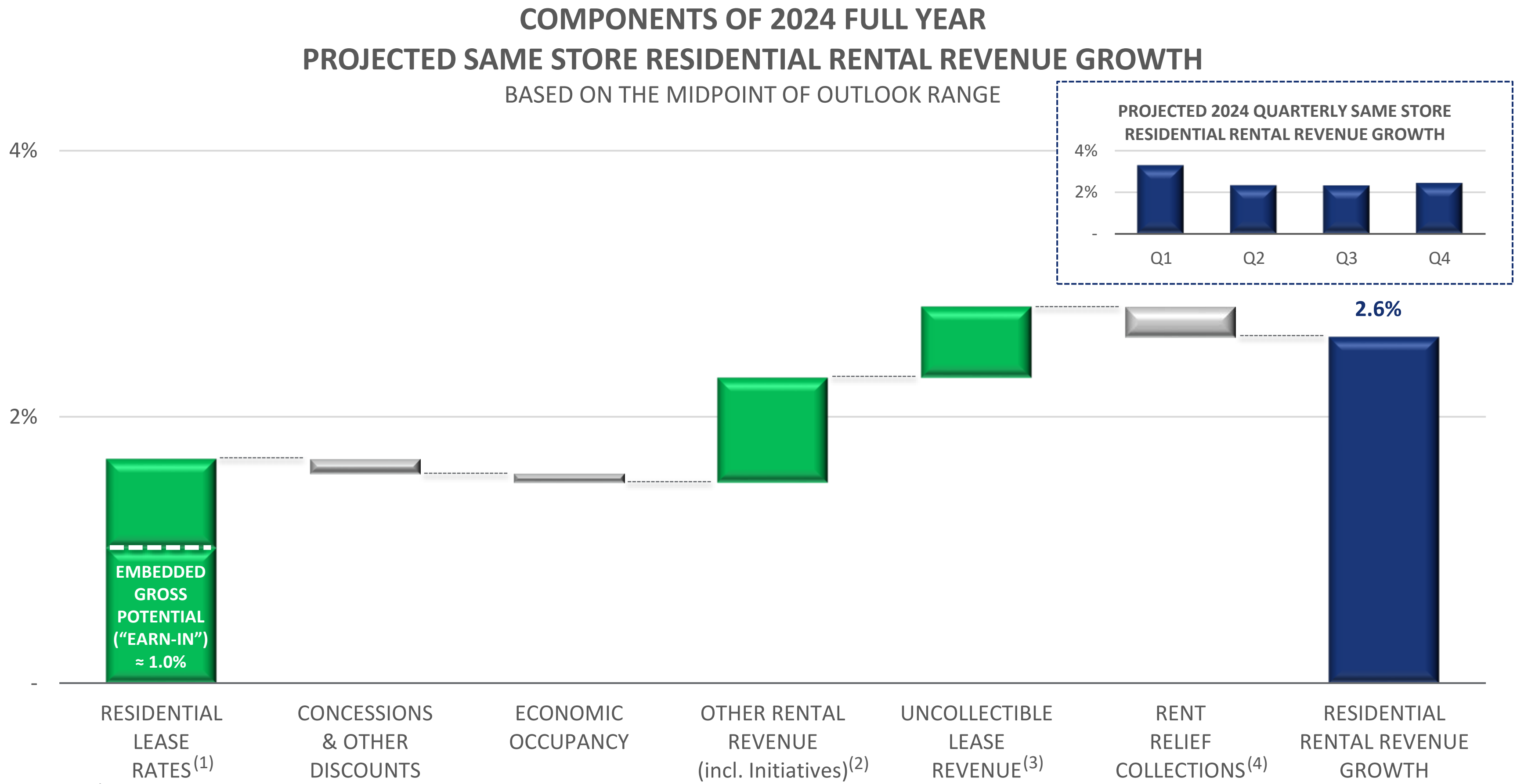
(1) Includes Commercial NOI.

(2) Represents the impact of the settlement of equity forward contracts in April of 2023.

(3) Represents the impact of prior and projected acquisition and disposition activity.

(4) Includes prior and projected new debt issuance and refinancing activity (- $ 0.11), and prior and projected capitalized interest (- $ 0.04), offset by SIP income (+ $ 0.08).

2024 Same Store revenue growth anticipated to be driven by lease rates, other rental revenue, and lower uncollectible lease revenue



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 2024.

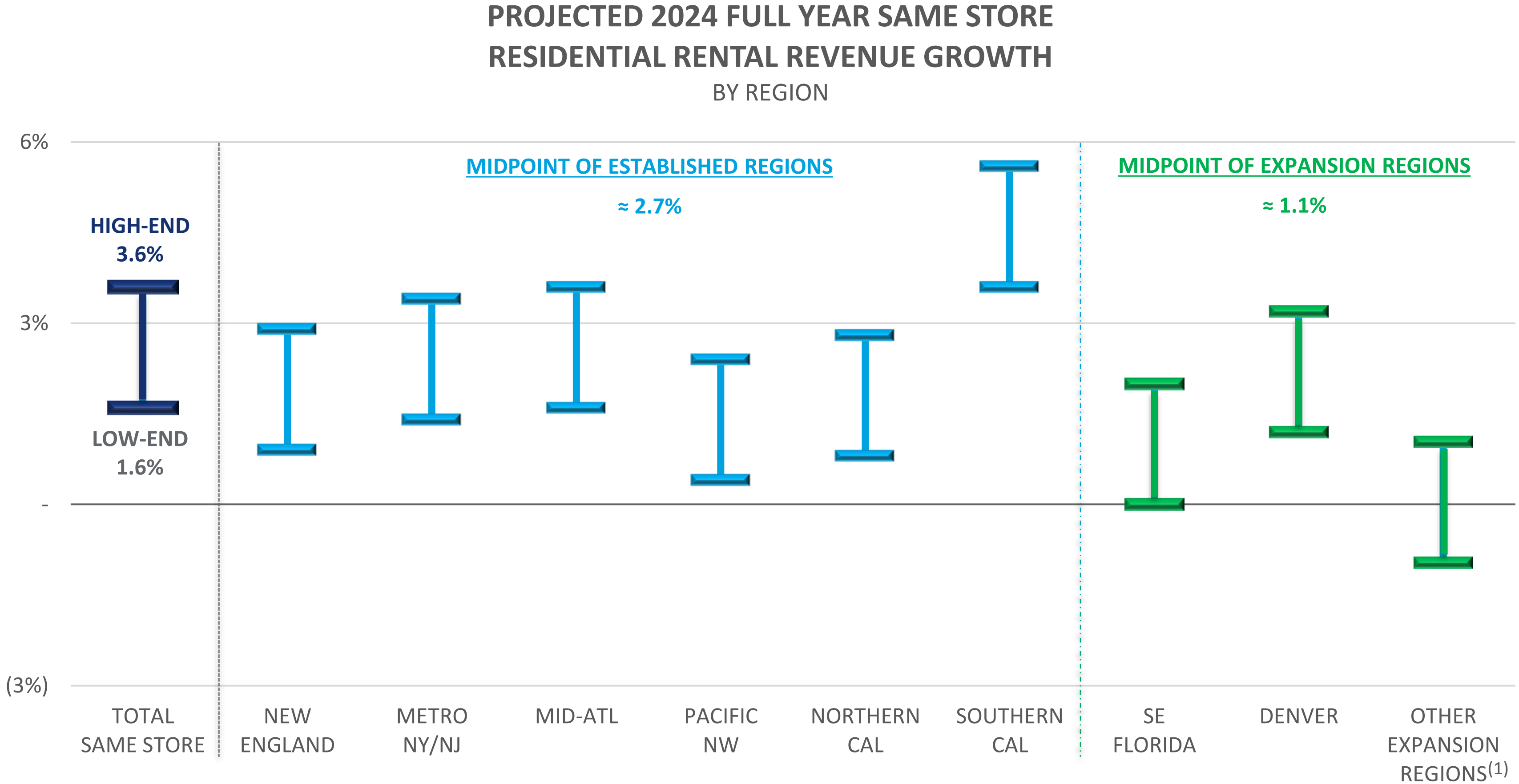
(2) Other rental revenue is expected to increase by ≈ 13% in 2024 (as compared to 2023).

(3) Uncollectible Residential lease revenue as a % of gross Residential revenue before government rent relief is expected to be ≈ 1.8% in 2024, decreasing from ≈ 2.1% in Q1 2024 to ≈ 1.6% in Q4 2024.

(4) The Company expects to recognize ≈ $ 2.5 million of revenue from government rent relief collections in 2024, as compared to ≈ $ 8.4 million of recognized government rent relief collections in 2023.

AvalonBay COMMUNITIES

Same Store revenue growth projected to be stronger in Established Regions than Expansion Regions in 2024

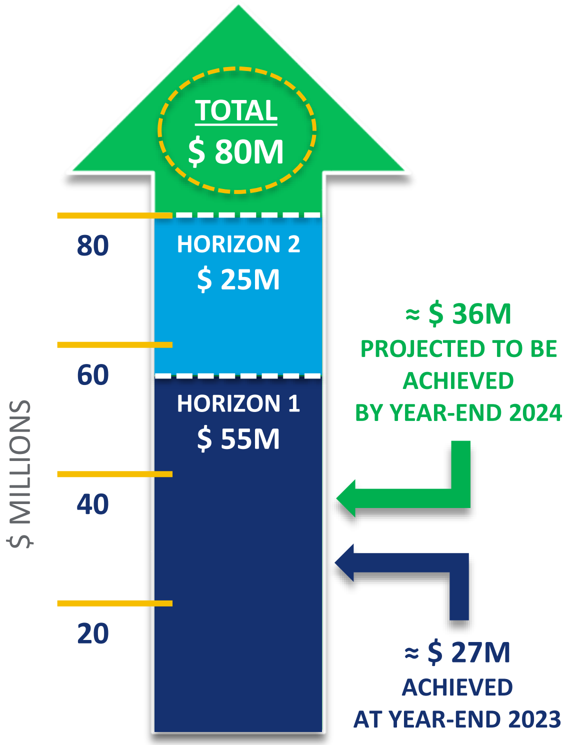


Source: Internal company reports.

(1) Includes operating communities in Charlotte, North Carolina and Dallas, Texas.

DELIVERED ≈ $ 27 MILLION OF INCREMENTAL NOI THROUGH YEAR-END 2023, EXPECTING ≈ $ 9 MILLION OF INCREMENTAL NOI IN 2024

$ 80M INCREMENTAL NOI TARGET[(1)]

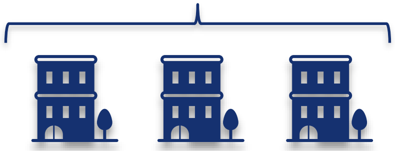


2024 PRIORITIES

AVALON CONNECT

EXPAND BULK INTERNET AND SMART ACCESS OFFERING

NEIGHBORHOOD STAFFING MODEL



INCREASE DEPLOYMENT OF MAINTENANCE NEIGHBORHOODS TO 70+% OF THE PORTFOLIO

LABOR EFFICIENCIES

ENHANCE TECHNOLOGY PLATFORMS (E.G., AUTOMATION, AI) TO INCREASE PRODUCTIVITY

CENTRALIZATION

EXPAND REMOTE SALES AND SERVICE TO SUPPORT CUSTOMERS AND ONSITE ASSOCIATES

Source: Internal company reports.
Incremental NOI target and achievements are presented on a portfolio-wide basis.
(1) Excludes ≈ $7 million in lost Residential rental revenue associated with the termination of legacy telecom contracts.

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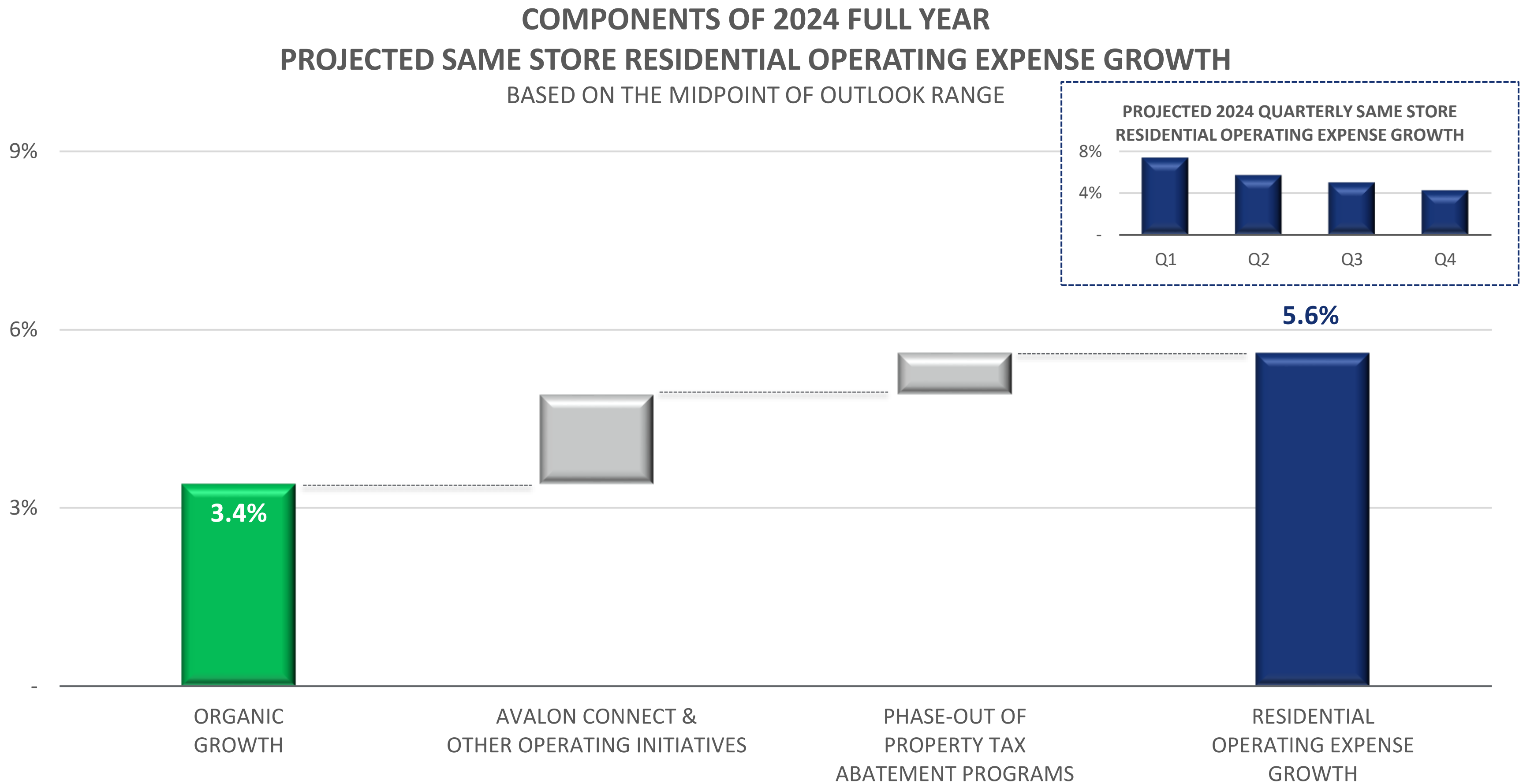
≈ 30% OF PROJECTED 2024 SAME STORE RESIDENTIAL OPERATING EXPENSE GROWTH EXPECTED TO BE DRIVEN BY PROFITABLE OPERATING INITIATIVES



Source: Internal company reports.

AvalonBay COMMUNITIES

Projecting accretive investment activity in 2024 across multiple platforms, while preserving flexibility to adjust to market conditions

DEVELOPMENT STARTS	➢ **≈ $ 870 million of new starts** → Mid-6% wtd. avg. projected Initial Stabilized Yield → ≈ 90% of starts in Suburban submarkets; ≈ 33% in AVB Expansion Regions
TRANSACTION MARKET ACTIVITY	➢ **Expecting to be net neutral on asset trading** (Acquisitions $ ≈ Dispositions $) → Disposition activity to be focused in AVB Established Regions → Acquisition activity to be focused in AVB Expansion Regions
SIP ACTIVITY	➢ **≈ $ 75 million of new commitments** → Targeting 12+% rate of return on new commitments → ≈ $ 265 million of total commitments, and ≈ $ 185 million of funded commitments by year-end 2024
PORTFOLIO REINVESTMENT	➢ **≈ $ 100 million of accretive investments** → Targeting initial returns of ≈ 10% → Accessory dwelling units, apartment upgrades, sustainability investments

Source: Internal company reports.

AvalonBay COMMUNITIES

CURRENT LEASE-UPS EXCEEDING EXPECTATIONS, ANOTHER ≈ $ 855 MILLION ENTERING LEASE-UP IN 2024 PROJECTED TO BENEFIT FROM MARK-TO-MARKET

LEASE-UP SUMMARY[1]	PROJECTED TOTAL CAPITAL COST	PROJECTED PERFORMANCE VERSUS INITIAL EXPECTATIONS	
		WTD. AVG. MONTHLY RENTAL REVENUE PER HOME	WTD. AVG. PROJECTED INITIAL STABILIZED YIELD
DEVELOPMENTS CURRENTLY IN LEASE-UP	≈ $ 725M	↑ $ 260 | 8.4%	↑ 20 BPS
DEVELOPMENTS ENTERING LEASE-UP IN 2024	≈ $ 855M	↑ ≈ 5%	↑ ≈ 30 BPS

AVALON BOTHELL COMMONS I
BOTHELL, WA

AVALON ANNAPOLIS
ANNAPOLIS, MD

Source: Internal company reports.

(1) Developments currently in lease-up include Avalon Princeton Circle, Avalon Amityville, Avalon Bothell Commons I, and Avalon West Dublin, and Developments entering lease-up in 2024 include Avalon Westminster Promenade, Avalon Montville, Avalon Redmond Campus, Avalon Governor's Park, Avalon Durham, Avalon Annapolis, and Kanso Milford.

AvalonBay COMMUNITIES

Key takeaways

- **Delivered strong financial and operating results in 2023**
  - → Core FFO per share ↑ 8.6%; Same Store Residential rental revenue and NOI each ↑ > 6%

- **Meaningful progress on key strategic focus areas during the year**
  - → Innovation efforts generated ≈ $ 19 million of Incremental NOI; continued to rotate capital to Expansion Regions; more than doubled SIP commitments

- **AVB Established Regions well-positioned relative to Sunbelt Regions in 2024**
  - → New supply in AVB Established Regions expected to be < 50% of new supply in Sunbelt Regions

- **Financial strength to pursue accretive investment opportunities**
  - → Targeting ≈ $ 870 million of new Development starts; ≈ $ 75 million in new SIP commitments; $ 100 million of reinvestment into existing portfolio

Source: Internal company reports.

Forward-Looking Statements

- This presentation dated January 31, 2024 is provided in connection with AvalonBay's fourth quarter 2023 earnings conference call on February 1, 2024. This presentation is intended to accompany AvalonBay's earnings release dated January 31, 2024 and should be read in conjunction with the earnings release. AvalonBay does not intend to update any of these documents, which speak only as of their respective dates.

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

- For definitions, additional information and reconciliations of non-GAAP financial information and certain defined terms included in this presentation, see pages 21 to 33 in this presentation in addition to Attachment 14 to the earnings release.

- This presentation dated January 31, 2024 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 2023 earnings release that accompanies this presentation. The Company does not undertake a duty to update the projections and expectations stated in this presentation, which speak only as of the date of this presentation unless otherwise referenced.

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

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

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

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

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

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

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

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

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

	Q4 2023
Net income	$ 242,066
Interest expense and loss on extinguishment of debt	58,515
Income tax expense	2,438
Depreciation expense	210,694
EBITDA	$ 513,713
Casualty loss	568
Gain on sale of communities	(77,994)
Unconsolidated entity EBITDAre adjustments (1)	3,468
EBITDAre	$ 439,755
Unconsolidated entity gains, net	(137)
Joint venture promote	(23)
Structured Investment Program loan reserve	771
Advocacy contributions	1,425
Hedge accounting activity	310
Executive transition compensation costs	300
Severance related costs	132
Expensed transaction, development and other pursuit costs, net of recoveries	9,265
Other real estate activity	533
Legal settlements and costs	393
Core EBITDAre	$ 452,724

(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.

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

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

	Q4 2023	Q4 2022	FULL YEAR 2023	FULL YEAR 2022
Net income attributable to common stockholders	$ 241,969	$ 241,293	$ 928,825	$ 1,136,775
Depreciation - real estate assets, including joint venture adjustments	209,694	205,977	811,717	810,611
Distributions to noncontrolling interests	-	12	25	48
Gain on sale of unconsolidated entities holding previously depreciated real estate	-	(82)	-	(38,144)
Gain on sale of previously depreciated real estate	(77,994)	(88,065)	(287,424)	(555,558)
Casualty loss on real estate	568	-	9,118	-
FFO attributable to common stockholders	$ 374,237	$ 359,135	$ 1,462,261	$ 1,353,732
Adjusting items:				
Unconsolidated entity gains, net (1)	(137)	(6,367)	(4,161)	(8,355)
Joint venture promote (2)	(23)	-	(1,519)	(4,690)
Structured Investment Program loan reserve (3)	771	(21)	1,186	1,632
Loss on extinguishment of consolidated debt	-	-	150	1,646
Hedge accounting activity	310	267	566	(229)
Advocacy contributions	1,425	100	1,625	634
Executive transition compensation costs	300	411	1,244	1,631
Severance related costs	132	458	2,625	1,097
Expensed transaction, development and other pursuit costs, net of recoveries (4)	9,265	5,507	30,583	13,288
Other real estate activity	533	(4,563)	(174)	(5,127)
For-sale condominium imputed carry cost (5)	68	271	602	2,306
Legal settlements and costs (6)	393	1,206	457	(2,212)
Income tax expense (7)	2,438	6,683	10,153	14,646
Core FFO attributable to common stockholders	$ 389,712	$ 363,087	$ 1,505,598	$ 1,369,999
Weighted average common shares outstanding - diluted	142,229,122	140,007,823	141,643,788	139,975,087
Earnings per common share - diluted	$ 1.70	$ 1.72	$ 6.56	$ 8.12
FFO per common share - diluted	$ 2.63	$ 2.57	$ 10.32	$ 9.67
Core FFO per common share - diluted	$ 2.74	$ 2.59	$ 10.63	$ 9.79

** FOOTNOTES PRESENTED ON THE FOLLOWING PAGE **

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

(1) Amounts consist primarily of net unrealized gains on technology investments.
(2) Amounts for 2023 and 2022 are for the Company's recognition of its promoted interest in the Archstone Multifamily Partners AC LP.
(3) Amounts 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 the write-offs of $27,455 for seven development opportunities that the Company determined are no longer probable. Amounts for 2022 include the write-offs of $10,073 for three 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) In 2022, the Company received $6,000 of legal settlement proceeds, of which $3,684 is adjusted for Core FFO.
(7) Amounts are primarily for the recognition of taxes associated with The Park Loggia.

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.

Interest Coverage is calculated by the Company as Core EBITDAre divided by interest expense. Interest Coverage is presented by the Company because it provides rating agencies and investors an additional means of comparing our ability to service debt obligations to that of other companies. A calculation of Interest Coverage for the three months ended December 31, 2023 is as follows (dollars in thousands):

Core EBITDAre	$ 452,724
Interest expense (1)	$ 58,515
Interest Coverage	7.7x

(1) Excludes the impact of non-core hedge accounting activity.

AvalonBay COMMUNITIES

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

Market Rents as reported by the Company are based on the current market rates set by the Company based on its experience in renting apartments and publicly available market data. Market Rents for a period are based on the average Market Rents during that period and do not reflect any impact for cash concessions.

Match-Funded (Development underway) is calculated by the Company as Development Total Capital Cost, remaining to invest, less the sum of (i) cash and cash equivalents, and (ii) Q4 2023 cash from operations available for investment, annualized divided by the Development Total Capital Cost, under construction and completed (see Attachment 9 in the Company's earnings release dated January 31, 2024 for additional information). A calculation of Match-funded (Development underway) is as follows (dollars in millions):

		Q4 2023
Total Capital Cost, remaining to invest	$	1,160
Cash and cash equivalents		(398)
Q4 2023 cash from operations available for investment, annualized		(456)
Total Capital Cost, remaining to source	$	306
Total Capital Cost, under construction and completed	$	2,684
Match-funded (Development underway)		89%

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 2023 Core EBITDAre. A calculation of Net Debt-to-Core EBITDAre is presented on the following page (dollars in thousands):

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

Total debt principal (1)	$ 8,044,042
Cash and cash equivalents and restricted cash	(493,935)
Net debt	$ 7,550,107
Core EBITDAre	$ 452,724
Core EBITDAre, annualized	$ 1,810,896
Net Debt-to-Core EBITDAre	4.2x

(1) Balance at December 31, 2023 excludes $43,848 of debt discount and deferred financing costs as reflected in unsecured notes, net, and $18,372 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), corporate-level property management and other indirect operating expenses, expensed transaction, development and other pursuit costs, net of recoveries, interest expense, net, loss on extinguishment of debt, net, general and administrative expense, income from unconsolidated investments, depreciation expense, income tax expense (benefit), casualty loss, (gain) loss on sale of communities, other real estate activity and net operating income from real estate assets sold or held for sale. The Company considers NOI to be an important and appropriate supplemental performance measure to net income of operating performance of a community or communities because it helps both investors and management to understand the core operations of a community or communities prior to the allocation of any corporate-level property management overhead or financing-related costs. NOI reflects the operating performance of a community, and allows for an easier comparison of the operating performance of individual assets or groups of assets. In addition, because prospective buyers of real estate have different financing and overhead structures, with varying marginal impact to overhead as a result of acquiring real estate, NOI is considered by many in the real estate industry to be a useful measure for determining the value of a real estate asset or groups of assets. A reconciliation of NOI to net income is as follows (dollars in thousands):

	FULL YEAR 2023
Net income	$ 928,438
Property management and other indirect operating expenses, net of corporate income	121,704
Expensed transaction, development and other pursuit costs, net of recoveries	33,479
Interest expense, net	205,992
Loss on extinguishment of debt, net	150
General and administrative expense	76,534
Income from unconsolidated investments	(13,454)
Depreciation expense	816,965
Income tax expense (benefit)	10,153
Casualty loss	9,118
(Gain) loss on sale of communities	(287,424)
Other real estate activity	(174)
NOI	$ 1,901,481

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

Projected FFO and Projected Core FFO, as provided within this presentation in the Company's outlook, are calculated on a basis consistent with historical FFO and Core FFO, and are therefore considered to be appropriate supplemental measures to projected net income from projected operating performance. A reconciliation of the ranges provided for Projected FFO per share (diluted) for the full year 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) - Full Year 2024	$ 6.27	$ 6.77
Depreciation (real estate related)	5.97	5.97
Gain on sale of communities	(1.82)	(1.82)
Projected FFO per share (diluted) - Full Year 2024	$ 10.42	$ 10.92
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	0.01	0.01
Advocacy contributions	0.05	0.05
Projected Core FFO per share (diluted) - Full Year 2024	$ 10.53	$ 11.03

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

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

Q4 2023 cash from operations available for investment, annualized is the Company's fourth quarter 2023 Core FFO, less (i) fourth quarter 2023 dividends declared – common and (ii) fourth quarter 2023 Asset Preservation Capex, annualized. Q4 2023 cash from operations available for investment, annualized does not represent the Company's Net cash provided by operating activities as presented in the Company's consolidated financial statements. A reconciliation of Q4 2023 cash from operations available for investment, annualized to Core FFO is as follows (dollars in thousands):

	Q4 2023
Core FFO attributable to common stockholders	$ 389,712
Dividends declared - common	(234,797)
Established and Other Stabilized Asset Preservation Capex	(40,925)
Q4 2023 cash from operations available for investment	$ 113,990
Q4 2023 cash from operations available for investment, annualized	$ 455,960

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

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

Same Store is composed of consolidated communities where a comparison of operating results from the prior year to the current year is meaningful as these communities were owned and had Stabilized Operations, as defined below, as of the beginning of the respective prior year period. Therefore, for 2023 operating results, Same Store is composed of consolidated communities that have Stabilized Operations as of January 1, 2022, are not conducting or are not probable to conduct substantial redevelopment activities and are not held for sale or probable for disposition within the current year.

AvalonBay COMMUNITIES

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

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

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

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.

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

Unencumbered NOI as calculated by the Company represents NOI generated by real estate assets unencumbered by outstanding secured notes payable as of December 31, 2023 as a percentage of total NOI generated by real estate assets. The Company believes that current and prospective unsecured creditors of the Company view Unencumbered NOI as one indication of the borrowing capacity of the Company. Therefore, when reviewed together with the Company's Interest Coverage, EBITDA and cash flow from operations, the Company believes that investors and creditors view Unencumbered NOI as a useful supplemental measure for determining the financial flexibility of an entity. A calculation of Unencumbered NOI for the year ended December 31, 2023 is as follows (dollars in thousands):

	FULL YEAR 2023
Total NOI generated by real estate assets	$ 1,901,481
Less NOI on encumbered assets	(90,593)
NOI on unencumbered assets	$ 1,810,888
Unencumbered NOI	95%

AvalonBay COMMUNITIES

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COMMUNITIES