



Stories in

SUSTAINABILITY

2012 CORPORATE SOCIAL RESPONSIBILITY REPORT

AvalonBay
COMMUNITIES, INC.

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THIS IS OUR WORLD.

As we develop new programs, policies and green communities, we are working to build a comprehensive sustainability program. Our plans and goals must be balanced and support our residents, associates, investors and the local communities where we build and operate while staying rooted in reality. We may not have all the answers, guidelines and measures yet. But we have some stories to tell that we are proud to share with you.

THESE ARE OUR STORIES IN SUSTAINABILITY.



NEW HEIGHTS IN SUSTAINABLE DEVELOPMENT

There are many ways to measure our progress in creating sustainable communities—Leadership in Energy & Environmental Design (LEED) certifications of various levels, Energy Star, National Association of Home Builders (NAHB) and other certification programs. Because we own and manage what we build, we have one more measure that many others in our industry don't have: the consideration of full life-cycle costs, not just first costs. Ownership of our communities brings with it incentives for sustainable development.



Avalon Ocean Avenue, San Francisco, CA

Story in Sustainability

BREATHING NEW LIFE INTO AN OLD COMMUNITY

Avalon Ocean Avenue is the first Gold-certified, market-rate LEED for Homes Mid-Rise project in San Francisco. This mixed-use, transit-oriented community is a critical component in efforts to revitalize the neighborhood.

Together with transit and streetscape improvements, from the Balboa Park BART station, Balboa Park and Balboa Reservoir to the City College of San Francisco, we are helping to revitalize the Ocean Avenue Neighborhood Commercial District.

BEHIND THE SCENES IN BUILDING GREEN

Long before a more sustainable home can be built, there are often significant pre-existing environmental issues to resolve. AvalonBay goes above and beyond to support conservation, protect the environment and fulfill our role as responsible corporate citizens.



Avalon North Bergen, North Bergen, NJ

Story in Sustainability

RESTORATION FROM THE GROUND UP

Avalon North Bergen offers 164 apartment homes with 17,200 square feet of retail space on 2.2 acres in Hudson County, NJ. The site was first developed in the 1930s and was home to several different industries, including furniture manufacturing, auto repair and electronics manufacturing.

Pre-construction environmental investigations identified unstable fill material and areas of soil contamination related to these former operations.

AvalonBay engaged environmental consultants and remediation contractors to reclaim the site at a cost of more than \$860,000. In addition to implementing ongoing engineering controls, remediation included removal of asbestos, mercury-contaminated soil, metals, PAH- and PCB-contaminated soil, and four previously unknown underground storage tanks. As the new community opened in 2012, this North Bergen neighborhood gained not only new vitality but also a new lease on life.

HELPING REBUILD LIVES

Cynthia Wiley, AvalonBay's director of learning and development, is also a board member for the D.C. nonprofit organization District Alliance for Safe Housing (DASH). This organization was founded in 2006 with the goal of ensuring that no woman had to choose between living with abuse or living on the streets. DASH runs a transitional-to-permanent housing program as these women work toward self-sufficiency.



Cynthia Wiley, Director of Learning and Development

Story in Sustainability

GIVING BACK STARTS WITH LOOKING AHEAD

Cynthia's efforts over the past four years in overseeing community outreach, financial health and overall organization have proven her to be a champion for DASH's efforts to protect domestic violence survivors and enable them to rebuild their lives. AvalonBay is in full support. Our policy allows associates to use paid time off toward volunteer work.

“By having an understanding of the multifamily housing industry and property management, I can share my knowledge to help the organization run more effectively and efficiently.”

– *Cynthia Wiley, Director of Learning and Development*



2012 HIGHLIGHTS

- Ranked #1 among publicly traded U.S. multifamily housing companies in the Global Real Estate Sustainability Benchmark (GRESB) survey
- Completed first LEED Gold-certified community
- Opened second certified LEED-CI Silver Corporate Office
- Portfolio of LEED- and Energy Star-certified communities expanded to include nine with more than 2,600 apartment homes
- Almost half of all certified communities are transit-oriented development (TOD) projects
- Pursuing LEED or Energy Star certifications for 14 additional communities
- \$1.8 billion underway by the end of 2012 for the construction of 23 new communities
- Provided \$28.2 million in subsidized rent for affordable housing
- Completed two cogeneration systems at New York City properties
- Associates completed more than 5,800 hours of safety training
- Initiated the Paper Cut Challenge in corporate and regional offices, which decreased paper use by more than 20% during the second half of 2012
- Associates volunteered more than 2,500 hours to charitable organizations



LEARNING TO LEAD IN SUSTAINABILITY

A PERSPECTIVE BY TIM NAUGHTON

Sustainability has very personal ramifications for our communities, our associates, our residents and our investors. At AvalonBay, sustainability means being aware of the full impact of our activities and managing our business with the future in mind. It is about remaining true to the long-term well-being of all our stakeholders as well as the environment itself. After all, creating homes where our residents can live well is what we do every day.



We have already achieved some major milestones in environmental, social and governance (ESG) practices, and we continue to evolve many of our practices as we proceed along this journey. I am pleased to share some of these stories with you in our 2012 Corporate Social Responsibility Report.

OUR STORIES IN CORPORATE RESPONSIBILITY

We take pride in being good stewards of our investors' capital, providing career opportunities to our associates, and acting as good partners in the local communities where we build and operate.

As a real estate investment trust (REIT), we are owners and investors for the long term, allowing us to consider the full life-cycle impact of the decisions we make every day. We are also an integrated company, with in-house development, construction management, property management and finance capabilities. This puts us in a better position to manage for sustainability than if we were merchant builders or active asset traders. Our approach aligns with our core values—a spirit of caring, a commitment to integrity and a focus on continuous improvement—and our associates are justly proud of the positive contribution they make in the lives of our residents and our communities.

By its very nature, our sector of the real estate industry is resource efficient, and we are impressed at the pace with which our markets are transforming. The cities and infill suburbs in our core markets of the mid-Atlantic and Northeast corridor, coastal California and the Pacific Northwest are reinventing themselves. They are offering residents more options for sustainable ways to live, from green buildings and walkable neighborhoods to better transit and bike-commuting alternatives. We are proud to be at the forefront of this trend; accordingly, the focus of this report is on our new development activity, which reached \$1.8 billion underway by the end of 2012.

We have established some specific goals for our environmental sustainability efforts in 2013 and have included them as criteria in our management's annual compensation program. As we continue to understand our true ESG impact, we will also determine appropriate "big picture" goals as part of our strategic planning for the future.

2013 ESG GOAL #1: PORTFOLIO BENCHMARKING

In 2012, we worked with the ULI Greenprint Center for Building Performance (we are a founding member) to unify all of our building-energy and water-consumption data. This year, we will start using this data to compare our building performance against both our own historical performance record and those of comparable portfolio buildings. As more owners provide similar data to Greenprint, we will be able to compare our performance to a larger pool of similar buildings in the same region, regardless of ownership. In the meantime, we will make our internal information more transparent so our community and maintenance managers, who know our assets best, can make the improvements or corrections that lead to reduced utility consumption and expense.

2013 ESG GOAL #2: ENERGY LABELING OF APARTMENTS

Many of our new communities incorporate sustainability measures in their design and construction to reduce natural-resource consumption in both the common areas (which we pay for) and individual apartment homes (which the resident typically pays for). We intend to develop an energy label—similar to the EPA sticker for projected MPG on new cars or the Energy Star sticker on new appliances—that projects usage costs so we can communicate consumption ratings to prospects and residents. As our customers understand and credit us for this benefit, we can realize improved leasing performance for those communities to help us justify even greater investment in additional sustainability measures down the road.

2013 ESG GOAL #3: ARCHSTONE INTEGRATION

In February 2013, we closed on the acquisition of 40 percent of the assets held by Archstone Properties, a large and active apartment owner/operator. This was a major milestone for AvalonBay, as it grew our portfolio by nearly 40 percent. Such a large acquisition affects us on many levels. Our sustainability goals will include integrating the utility-consumption data from Archstone onto our platform, analyzing the Archstone buildings for potential sustainability projects or energy retrofits, and managing the onboarding, training and integration of more than 600 new associates.

In this 2012 report, we share some of the accomplishments we are most proud of, from social initiatives such as volunteering, associate learning and development programs to reclaiming a contaminated site to a remarkable number of innovative, progressive buildings under construction.

Engagement with our stakeholders is an ongoing process and involves a continuing exchange of ideas and information. Our stakeholders include any individual, group or community likely to affect or be affected by the company's planning, decisions and activities. Together with our investors, associates, local communities and other stakeholders, we are defining new sustainability standards in the industry. In the years to come, we plan to lead the way in ESG performance.

Thank you for helping us bring sustainability home.



Timothy J. Naughton
Chairman and CEO



AVA Queen Anne Chill Lounge, Seattle, WA

SUSTAINABILITY

Reuse / Redevelop / Recycle / Renew

Re: Sustainable practices in action, from new builds to refreshed properties.



COMMITTED TO SUSTAINABILITY IN NEW DEVELOPMENTS

AvalonBay has a different way of doing business. Because we own and manage what we build, we design and construct for long-term ownership. We consider full life-cycle costs, not just first costs. Sustainability factors into everything we do.

We typically act as the general contractor for our development projects rather than hire third-party general contractors to build for us. This helps us ensure that we are building with the future in mind.

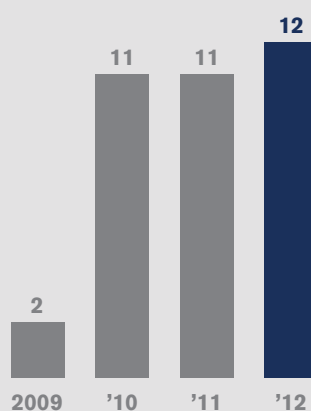
OUR DEVELOPMENT SCORECARD

AvalonBay is one of the largest and most active developers in the multifamily housing industry. We continue to ramp up our development volume to record levels.

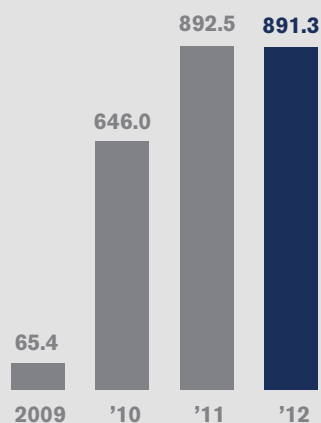
DEVELOPMENT STARTS

In 2012, we began construction on 12 communities, representing an expected investment of \$891.3 million, compared to two communities and \$65.4 million of investment in 2009.

NUMBER OF COMMUNITIES



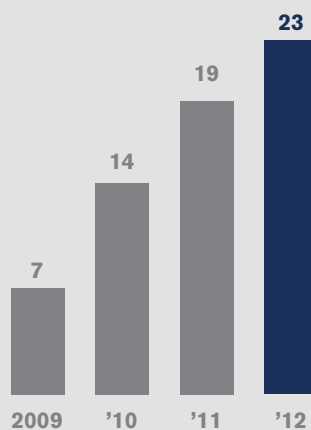
TOTAL CAPITAL COST (\$ MILLION)



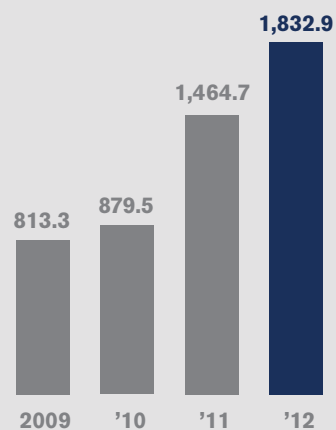
UNDER CONSTRUCTION AT YEAR END

As of December 31, 2012, AvalonBay had 23 new multifamily communities under construction. Among these 6,559 new apartment homes, more than 700 were designated as affordable housing. These 23 communities represent an investment of \$1.8 billion.

NUMBER OF COMMUNITIES



TOTAL CAPITAL COST (\$ MILLION)



REAL-WORLD PRIORITIES AND PROCESSES IN SUSTAINABILITY

In developing our best practices, we have focused on putting the right teams together, identifying reporting strategies and monitoring results closely.

Over the past five years, we have studied and implemented the efficient use of natural resources in the design, construction and operation of our apartment communities and corporate offices. Our 11 LEED-accredited professionals as well as a number of certified LEED Green Associates provide expert guidance.

Oversight is provided by a standing sustainability committee. The committee meets monthly and is led by the executive vice president of corporate strategy, who reports directly to the chairman and CEO. Committee members include two vice presidents and other associates from important functional business units, including property operations, engineering, construction and design, marketing and strategic business services.

LEED-CERTIFIED COMMUNITIES:

- Avalon Ocean Avenue (2012)
- AVA Queen Anne (2012)
- Avalon at Mission Bay North Phase III
- Avalon Towers Bellevue
- Avalon Walnut Creek

ENERGY STAR-CERTIFIED COMMUNITIES:

- Avalon Rockville Centre
- Avalon Cohasset
- Avalon West Long Branch
- Avalon Green Phase II (2012)

COMMUNITY CERTIFICATIONS

LEED OR ENERGY STAR

In 2012, we added three more certifications for a total of nine communities certified as LEED or Energy Star, covering more than 2,600 apartment homes and 2.7 million square feet.

We are currently pursuing certifications at 14 additional communities, with more than 4,400 apartment homes and 4.5 million square feet.



COMMUNITY CERTIFICATIONS AS OF 12/31/2012

9
Communities

5 LEED / 4 ENERGY STAR

2,644
Apartment Homes

1,451 LEED / 1,193 ENERGY STAR

2.7MM
Square Feet

1.3MM LEED / 1.4MM ENERGY STAR



Once blighted by long-term vacancies in a run-down urban environment, Ocean Avenue has been transformed. Today, the revitalized neighborhood claims mixed-use development, transit and streetscape improvements. From the Ocean Avenue Neighborhood Commercial District, the Balboa Park BART station, Balboa Park and Balboa Reservoir to the City College of San Francisco, this community has found its second life.



On the edge of downtown Seattle in an infill neighborhood, AVA Queen Anne merges high-end living and green innovation.

The 203 apartment homes feature a contemporary design, top-end technology and amenities designed to maximize the residents' social experience.



We are pleased to report that Avalon Rockville Centre has met the rigorous requirements of the ICC 700 National Green Building Standard (NGBS), the highest green and sustainable construction standards in the industry.

THE 173-APARTMENT HOME COMMUNITY WITH MORE THAN 27,000 SQUARE FEET OF RETAIL SPACE WAS COMPLETED IN 2012:

- AvalonBay's first LEED Gold community
- First Gold-certified, market-rate LEED for Homes Mid-Rise project in San Francisco
- 15 percent (26 apartment homes) designated for residents earning less than 55 percent of the area median income, with average rents more than \$2,000 per month below market rates
- Building exceeds the requirements of Title 24 (California Energy Code) by 17 percent
- Plumbing fixtures conserve water
- Low-VOC paints, carpets, flooring and sealants
- On-site car share and bike storage
- More than 60 percent high-efficiency Energy Star lighting
- Direct access to public transit with BART; several bus lines and light rail close by
- Highly efficient irrigation system utilizes more than 50 percent drip irrigation
- Whole Foods grocery located on the first floor of the building

COMPLETED IN 2012, THE 203-APARTMENT HOME COMMUNITY IS NOTED FOR ITS THOUGHTFUL PLANNING:

- Awarded LEED Silver certification
- More than 20 percent of building materials generated from recycled content
- Green roof deck designed to collect and filter rainwater for irrigation throughout the community
- Electric car charging stations
- Living green wall in lounge/chill space

“It’s very gratifying to see this mixed-use project take off in the Uptown neighborhood, one of Seattle’s six urban centers and a great place to live, work and enjoy. The neighborhood and the city are excited to see some positive action at this site.”

DIANE SUGIMURA,
DIRECTOR OF THE SEATTLE DEPARTMENT
OF PLANNING AND DEVELOPMENT

THE 349-APARTMENT HOME COMMUNITY ALSO RECEIVED AN ENERGY STAR CERTIFICATION UPON ITS COMPLETION IN 2012 AND INCLUDES IMPORTANT SUSTAINABLE FEATURES:

- Northeast's first and largest multifamily rental community to become green certified by the NAHB
- Walking distance to the LIRR and downtown Rockville Centre
- Indigenous and drought-resistant landscaping
- On-site recycling programs
- Energy-efficient lighting and appliances
- Low-VOC paints, carpets and adhesives to enhance air quality
- LED pool lighting

“AvalonBay continues to be a model of a good corporate citizen in our community. We welcome and celebrate today its commitment to responsible, earth-friendly homebuilding.”

MAYOR FRANCIS MURRAY,
ROCKVILLE CENTRE, NEW YORK

SUSTAINABILITY BEGINS AT HOME

In terms of sustainable outcomes, looking at the numbers is one thing. But evaluating the effect of a restored or renewed community on the local scene is quite something else.

From coast to coast, we are proud of how our communities have contributed to their local neighborhoods—from anchoring a revitalized block to reinforcing local green initiatives to setting the pace for new standards in sustainability.

BOOSTING LOCAL ECONOMIES IN 2012

23
Communities

UNDER CONSTRUCTION

60
Million Dollars

IN LOCAL PERMITS, FEES
AND TAXES PAID
AS OF YEAR-END 2012

87.5
Million Dollars

PROJECTED TOTAL
TO BE SPENT AT
PROJECT COMPLETION

Our development activity provides a much-needed boost to many local economies through the creation of jobs and revenue.

The communities we build have fostered temporary construction jobs, permanent on-site management and maintenance positions, ancillary retail jobs, real estate and payroll tax revenues, and the spending power generated by new residents. We also make direct payments to local municipalities in the form of fees and other contributions.

For the 23 communities under construction as of year-end 2012, AvalonBay has contributed \$60 million in local permits, fees and taxes to date, with a projected total spend of \$87.5 million on these items upon the completion of these projects.

Examples of our economic and social contributions to the communities where we build include \$6.3 million to support local school districts, \$7.2 million for local parks and recreational areas, and \$13.3 million in municipal

sewer and water connection fees. In addition, we project more than \$25 million to be spent to improve neighborhood infrastructure, roadways and sidewalks as well as significant improvements related to water, sewer and storm drainage systems upon the completion of these projects.

EXAMPLES OF OUR ECONOMIC AND SOCIAL CONTRIBUTIONS TO THE COMMUNITIES WHERE WE BUILD INCLUDE THE FOLLOWING:

BUILDING, ZONING,
TRANSPORTATION AND OTHER
PERMIT-RELATED EXPENSES TO
LOCAL JURISDICTIONS

ENVIRONMENTAL, PUBLIC
RECREATION, TRAFFIC MITIGATION
AND INFRASTRUCTURE-
IMPROVEMENT PROGRAMS, UTILITY
AND SCHOOL IMPACT FEES, AND
DEDICATION OF LAND TO LOCAL
MUNICIPALITIES

REAL ESTATE TAXES DURING
CONSTRUCTION

SUSTAINABLE APARTMENT HOMES REQUIRE A HEALTHY ENVIRONMENT

AvalonBay has transformed a number of communities by pursuing infill development opportunities often located in high-density and/or transit-oriented neighborhoods—both fundamental principles of smart growth. By building here, we create opportunities for neighborhood growth and leverage existing investments in infrastructure to enable greater preservation of green space on the metropolitan fringe.

For example, we often redevelop sites that had former industrial uses; substantial environmental cleanup efforts are required at about 50 percent of communities under construction as of year-end 2012. We expect to spend \$8.7 million in environmental remediation costs prior to the completion of these projects.

For the eight communities completed during 2012, we spent \$6.4 million in environmental remediation, including asbestos and/or lead abatement, mold remediation, removal of underground storage tanks and removal of contaminated soil containing petroleum, arsenic, mercury and lead.

In the high-barrier-to-entry markets where we focus our energies, there are often significant pre-existing environmental issues to resolve.

We strive for 100 percent compliance with all regulatory requirements, and rely on our associates and internal monitoring systems to identify any unusual issues that require correction. Occasional incidents are unavoidable and unfortunate, but we strive to correct any deficiencies immediately as they are brought to our attention.

For example, at Avalon Cohasset in Massachusetts, an unusually heavy rainfall caused a breach of an erosion barrier, which damaged a small wetlands area. We moved aggressively to remediate the situation, engaging a conservation consultant, following all recommendations for restoration of the affected area and going beyond to clean up all catch basins bordering the site. Preserving wetlands is critical to the long-term preservation of water quality for generations to come. In recognition of this, we pledged a contribution to the local Conservation Commission to support continued efforts on behalf of the local community.

NEW APARTMENT COMMUNITIES MAXIMIZE ENERGY SAVINGS

OUR AMBITIOUS SUSTAINABILITY STANDARDS FOR NEW DEVELOPMENTS WERE APPLIED TO THE EIGHT APARTMENT COMMUNITIES WE COMPLETED IN 2012. IN MORE THAN 1,900 HOMES, ECO-FRIENDLY BENEFITS OF FEATURES INSTALLED INCLUDE:



198,000 kWh

ELECTRICITY SAVINGS PER YEAR



30% Reduction

IN HEATING AND COOLING COSTS



12 MM Gallons

OF WATER SAVINGS PER YEAR



ENERGY STAR IS A U.S. ENVIRONMENTAL PROTECTION AGENCY (EPA) VOLUNTARY PROGRAM THAT HELPS BUSINESSES AND INDIVIDUALS SAVE MONEY AND PROTECT OUR CLIMATE THROUGH SUPERIOR ENERGY EFFICIENCY.

NEW DEVELOPMENT SUSTAINABILITY STANDARDS

Incorporated into new development projects wherever feasible, AvalonBay standards are an industry benchmark.



- **COOL OR WHITE ROOF** FOR ALL FLAT-ROOF BUILDINGS
- **PROGRAMMABLE THERMOSTATS** IN APARTMENT HOMES
- **TIMER/MOTION SENSORS** FOR MODEL APARTMENT HOMES
- **ENERGY STAR CEILING FANS** (WHERE APPLICABLE)
- **COMMON-AREA HVAC** DUCTED TO USE 50% RECIRCULATED AIR
- **ENERGY STAR APPLIANCES**—DISHWASHERS, REFRIGERATORS
- **FULL BUILDING ENERGY MODEL** WITH LOAD CALCULATIONS FOR BOTH APARTMENT HOMES AND COMMON AREAS
- **SEER RATING** OF 13 FOR HVAC SYSTEMS AT A MINIMUM
- **COGENERATION SYSTEM POTENTIAL** EVALUATED FOR ALL APPLICABLE PROJECTS
- **FREE-STANDING CLUBHOUSES** DESIGNED TO BENEFIT FROM PASSIVE SOLAR DESIGN
- **ENERGY STAR-RATED OFFICE** AND COMPUTER EQUIPMENT THROUGHOUT THE COMMUNITY
- **DAYLIGHT SENSORS OR TIMERS** ON ALL NON-ESSENTIAL EXTERIOR SITE LIGHTING
- **FLUORESCENT OR LED LIGHTING** IN PLACE OF INCANDESCENT IN COMMON AREAS
- **FLUORESCENT LIGHTING** IN PARKING GARAGES (NO HID FIXTURES, E.G., METAL HALIDES)
- **SEPARATE ELECTRIC METERS** OR SUBMETERS FOR EACH INDIVIDUAL APARTMENT HOME
- **SEPARATE GAS METERS** OR SUBMETERS FOR EACH INDIVIDUAL APARTMENT HOME



ENERGY EFFICIENCY



- **HIGH-DENSITY** PROJECT PLANNING
- **EFFICIENT** FRAMING MEASURES
- **RECYCLING CENTER** FOR RESIDENTS
- **EFFICIENT** APARTMENT HOME DESIGN



- **EDUCATION AND TRAINING** PROGRAMS AND MATERIALS
- **RESIDENT INFORMATION** ON LOCAL MASS-TRANSIT AND CAR-SHARE RESOURCES



- **LEED, ENERGY STAR, NAHB** OR OTHER CERTIFICATION PROGRAMS CONSIDERED FOR ALL PROJECTS



- **LOW-VOC** ADHESIVES, SEALANTS, CARPET AND PAINT
- **SECURE**, CONVENIENT BICYCLE STORAGE
- **NO-SMOKING** (SMOKE-FREE) COMMUNITIES



- **LOW-FLOW SHOWER HEADS** IN APARTMENT HOMES AND COMMON AREAS
- **LOW-FLOW BATH AND KITCHEN FAUCETS** IN APARTMENT HOMES AND COMMON AREAS
- **HIGH-EFFICIENCY TOILETS AND URINALS** IN COMMON AREAS
- **NATIVE, NON-INVASIVE** PLANT SPECIES
- **DRIP IRRIGATION SYSTEMS** OR LOW-FLOW SPRINKLERS IN BEDS REQUIRING IRRIGATION
- **WATER SUBMETERS** FOR ALL APARTMENT HOMES OR RESIDENTS BILLED INDIVIDUALLY FOR WATER CONSUMPTION



AIR QUALITY



WATER EFFICIENCY



RESOURCE EFFICIENCY



EDUCATION



CERTIFICATION

IMPROVING THE FOOTPRINT OF OUR EXISTING APARTMENT HOMES

Reassessing current properties to make them more efficient and eco-friendly is an ongoing initiative. We continually measure and monitor the use of energy and water, and seek out ways to conserve water and reduce emissions, consumption and waste. Our sustainability committee evaluates innovative products and develops benchmarking programs to further improve the sustainability of our current communities.

REDEVELOPMENT AND RESTORATION

During 2012, we completed the redevelopment of 11 communities with 2,900 apartment homes. As of year-end 2012, five additional communities were under redevelopment with nearly 1,800 apartment homes. In 2012, AvalonBay invested \$75.6 million in these redevelopment projects and an additional \$18.9 million to improve operating communities that were not the subject of major renovation.



Fluorescent light fixtures
High-efficiency water heaters/ HVAC
Low-flow plumbing fixtures
Motion sensors and timers
Programmable thermostats
Native and drought-resistant vegetation
Smart irrigation equipment
Energy Star appliances



SUSTAINABLE IMPROVEMENTS TO EXISTING COMMUNITIES



Boiler-monitoring controls
Wall and attic insulation
Energy-efficient windows
Shuttle service to mass transit
Recycling programs
Cool reflective roofing
Eco-friendly saline/chlorine pool systems
Electric vehicle charging stations/outlets



SIGNIFICANT GREEN IMPROVEMENTS TO OUR EXISTING PORTFOLIO

742 METRIC TONNES

OF GREENHOUSE GAS EMISSIONS
WERE SAVED IN 2012

COGENERATION SYSTEMS AT THREE NEW YORK CITY PROPERTIES (AVALON RIVERVIEW, AVALON RIVERVIEW NORTH AND AVALON MORNINGSIDE PARK) REDUCED EMISSIONS EQUIVALENT TO TAKING 155 CARS OFF THE ROAD.

1.3 MM THERMS

OF HOT WATER HEAT
WERE SAVED FROM 2009–2012

ENERGY CONSERVATION THROUGH BOILER-MONITORING SYSTEMS AT 33 OPERATING COMMUNITIES (MORE THAN 9,600 APARTMENT HOMES) PROVIDED THE EQUIVALENT OF TAKING 1,437 CARS OFF THE ROAD.

6.3 MM kWh

OF OUTDOOR-USE ELECTRICITY
WAS SAVED FROM 2009–2012

GARAGE AND STREET LIGHTING RETROFIT PROJECTS COMPLETED THROUGH 2012 PERFORMED THE EQUIVALENT OF TAKING AN ADDITIONAL 926 CARS OFF THE ROAD.

HITTING THE REFRESH BUTTON

During 2012, two communities with a combined total of approximately 1,000 apartment homes participated in Maryland's Quick Home Energy Check-up (QHEC) program.

- Through the QHEC program, replacing lighting, faucet and showerhead fixtures has led to an expected annual savings of 533,036 kWh of electricity, 42,166 therms of gas and 15.4 million gallons of water
- Five additional communities with 1,272 apartment homes are slated for the QHEC program in 2013, with projected annual savings of 745,943 kWh, 93,710 therms of gas and 27.2 million gallons of water



GOING GREEN IN OUR CORPORATE OFFICES

In our corporate offices, our sustainability efforts are championed through the support of our dedicated Sustainability Ambassadors.

OUR ECO-FRIENDLY PRACTICES INCLUDE:

- Improving waste-management practices and formal recycling programs
- Using Energy Star equipment and appliances
- Installing water filtration systems in lieu of purchasing bottled water
- Using sustainable office products and kitchen supplies
- Providing a green training introduction to new associates in our corporate offices
- Encouraging carpooling and transit use
- Tracking material and service providers through the National Procurement Program; requiring providers to submit a sustainability statement
- Specifying paints and carpets with low VOCs
- Installing materials and finishes made with recycled content
- Initiating the Paper Cut Challenge in our corporate and regional offices, which decreased paper use by more than 20 percent during the second half of 2012

2012 ENERGY PERFORMANCE

AvalonBay is a founding member of the Urban Land Institute (ULI) Greenprint Center for Building Performance, a worldwide alliance of leading real estate owners, investors, financial institutions and other stakeholders. Greenprint’s mission is to improve the environmental performance of the global real estate industry with a focus on emissions and energy reduction.

PROGRESS TO DATE:

2011

Participated in Global Real Estate Sustainability Benchmark (GRESB) survey. Winner of NAREIT Leader in the Light Award for superior and sustained energy-use practices.

2012

Worked with the Greenprint Center to migrate our building-energy and water-consumption data into a single database.

2013

Plan to use this data to track our property-level energy, emissions and water data to compare consumption at similar properties within our own portfolio. This performance data will be used to identify opportunities to reduce consumption and expense at our communities.

PERFORMANCE SNAPSHOT

ULI GREENPRINT CENTER FOR BUILDING
PERFORMANCE AND COMPANY DATA*

CO₂ EMISSIONS GENERATED BY ENERGY USAGE AT
OUR LIKE-FOR-LIKE COMMUNITIES DECLINED BY 700
METRIC TONNES IN 2012 FROM 2011.

AVALONBAY'S LIKE-FOR-LIKE ENERGY CONSUMPTION
AT COMMUNITIES OPERATING THROUGHOUT ALL
OF 2011 AND 2012 DECLINED BY 1 MILLION KWH IN
2012 FROM 2011.

CO₂ EMISSIONS
(METRIC TONNES
IN THOUSANDS)

74.1



2011

73.4



2012

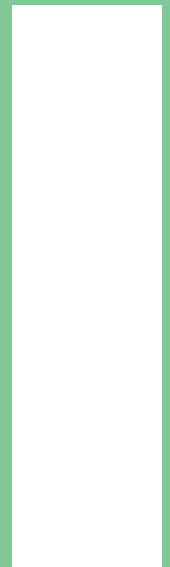
TOTAL
EMISSIONS
(METRIC TONNES
IN THOUSANDS)

89.2



2011

83.4



2012

2011-2012 EMISSIONS
REDUCTION EQUIVALENTS

16,624 Trees

PLANTED

135 Cars

TAKEN OFF THE ROAD

34 Homes

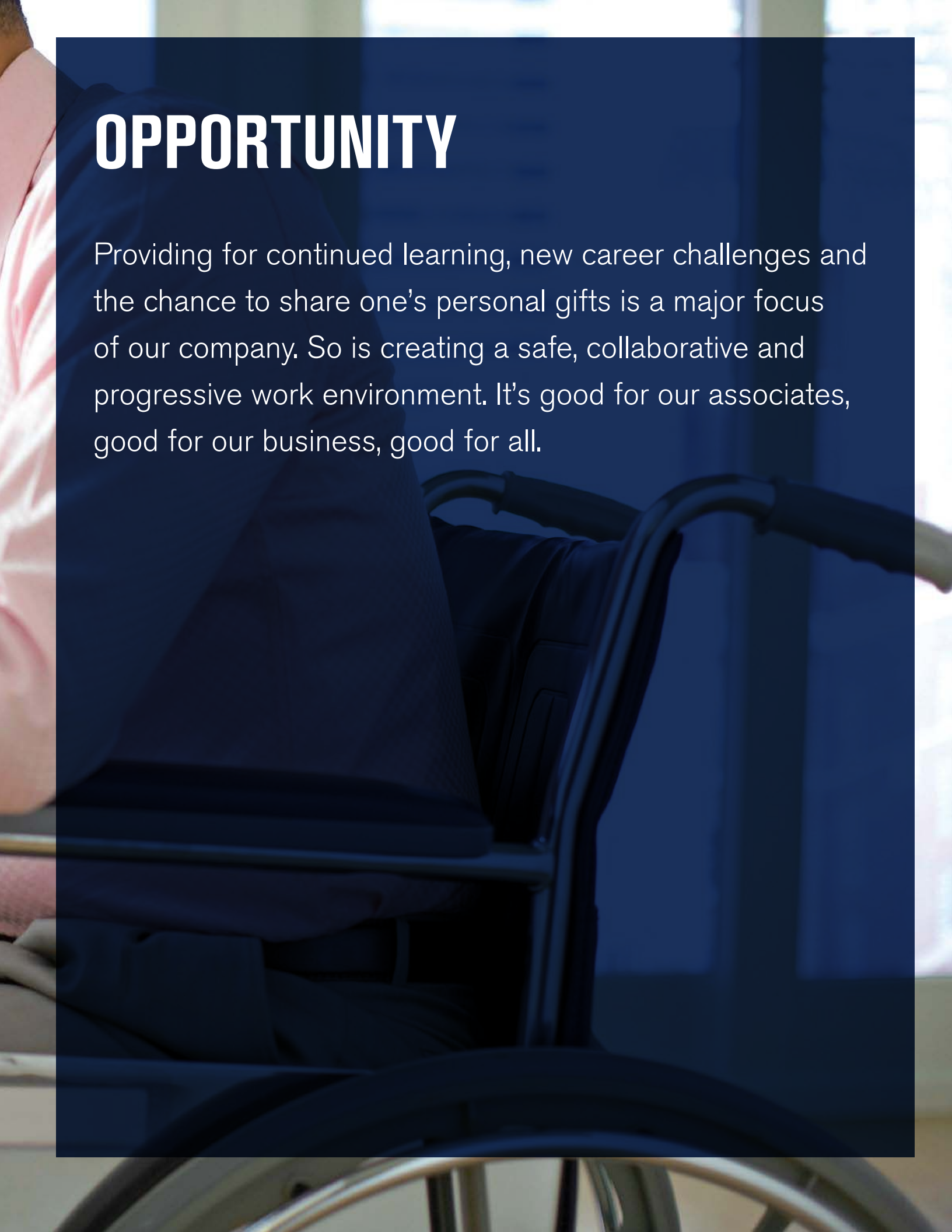
NOT CONSUMING ENERGY

1,508 Barrels

OF OIL NOT CONSUMED

*Data does not include consumption by residents, which is billed directly to residents from utility companies.



A photograph of a person sitting in a wheelchair, partially obscured by a large, semi-transparent blue rectangular overlay that covers the majority of the image. The person is wearing a light-colored, possibly pink or white, shirt. The wheelchair's frame and wheels are visible at the bottom and right edges. The background is out of focus, showing what appears to be an indoor setting with windows.

OPPORTUNITY

Providing for continued learning, new career challenges and the chance to share one's personal gifts is a major focus of our company. So is creating a safe, collaborative and progressive work environment. It's good for our associates, good for our business, good for all.

CHANGE BEGINS WITH EACH ONE OF US

To create the kind of environment we want to work in, the kind of communities we want to live in and a safer, cleaner world for generations to come, the efforts begin at home.

Green initiatives, renewed communities and sustainable new developments are possible only through the commitment of our dedicated and diverse team of nearly 2,200 associates at year-end 2012. We go to great lengths to provide the necessary tools to grow their skills and knowledge. This way, we create better lives for all of us.



ASSOCIATE RECOGNITION PROGRAMS

Our associates have achieved remarkable goals both inside and outside the company. We make sure to recognize our people for reinforcing AvalonBay's core values and priorities through these awards:

SUSTAINABILITY AWARD

Recognizes associates who demonstrate a strong commitment to our Sustainability Initiative.

SPIRIT OF CARING AWARD

Recognizes outstanding achievement through charitable work within the communities where AvalonBay has a presence.

AVB ANNIVERSARY AWARD

Recognizes associates' hard work and loyalty with gifts on major employment milestones.

EXCELLENCE AWARD

Recognizes outstanding individual performance as defined by three criteria: performing an action that goes above and beyond the call of duty, successfully overcoming challenges and obstacles, and/or producing extraordinary results.

DESTINATION AWARD

Recognizes associates for completion of a major milestone or project, successful turnaround of or significant contribution to a project, implementation of a process improvement, or an efficiency effort that results in significant cost savings or notable revenue generation.

DIVERSITY AND INCLUSION

The most effective organizations are ones that foster and support the thoughts, ideas and experiences of individuals from varied backgrounds. An inclusive workforce is central to our values at AvalonBay. We work to attract, develop and retain associates with a variety of experiences and backgrounds to enrich our work culture.

HIGH RATES OF GROWTH AND RETENTION

Our emphasis on promoting from within, and developing and retaining high-performing associates contributes to our low rate of associate turnover. At year-end 2012, the average tenure of associates throughout AvalonBay was five years.

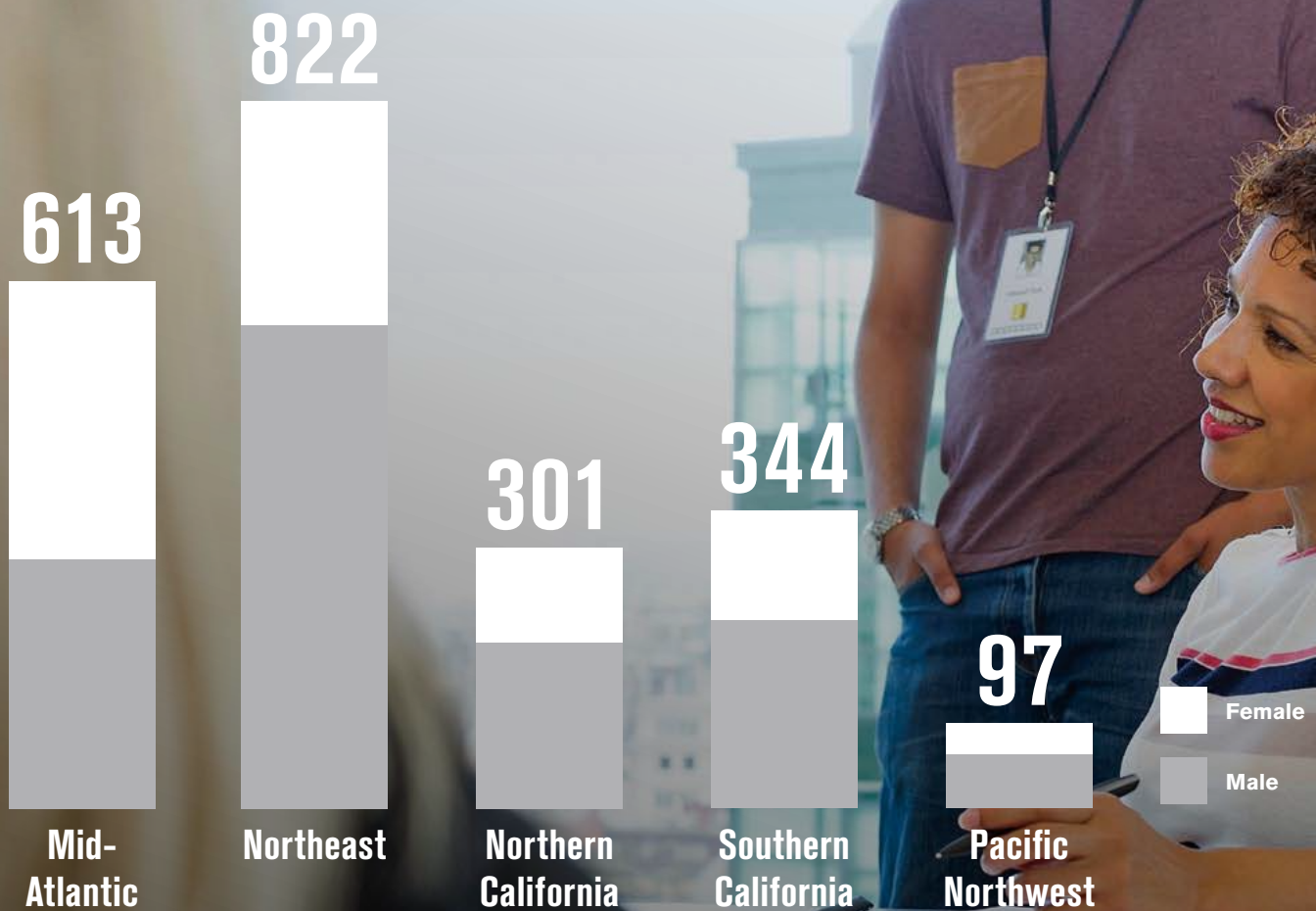
- Nearly three out of five (56 percent) of our managers began their careers at AvalonBay in customer-facing, entry-level positions
- Over the past three years, our total turnover rate averaged 19 percent, well below the industry average of 31 percent* for the same period

*As calculated (median annual turnover) by the National Multi Housing Council's (NMHC) annual survey.

2012 AVALONBAY EMPLOYMENT

BY REGION AND GENDER (12/31/2012)

In 2012, we added a domestic partnership component to our health benefits for the first time. As our organization and workforce continue to evolve, we re-evaluate our policies to best address the needs of our associates.



TOTAL EMPLOYMENT

2,177
Employees

2,136 FULL TIME / 41 PART TIME

866
Female

40% OF WORKFORCE

1,311
Male

60% OF WORKFORCE

WORKPLACE SAFETY

As both the general contractor and owner of our apartment communities, AvalonBay is unique in the multifamily housing rental market. Operating in both these capacities provides us with greater control while also increasing our responsibility to our associates and communities. We make every effort to eliminate potential and existing hazards in order to reduce injuries resulting from on-the-job accidents.

OUR COMPREHENSIVE JOB-SITE SAFETY RULES, PROCEDURES AND PRACTICES INCLUDE THE FOLLOWING:

- All construction directors, project managers, superintendents and project engineers must complete construction-safety overview training within the first 30 days of employment and a 30-hour Occupational Safety and Health Administration (OSHA) training course within 90 days of hire
- All job-site workers must receive safety training by site safety liaisons before being permitted to work on-site
- All job-site workers receive ongoing hazard training once their jobs begin
- Construction project managers complete site-specific safety plans for new construction jobs
- All AvalonBay superintendents receive certification in first aid and CPR
- Full-time safety professionals promote a culture of construction safety
- Additional dedicated site-safety representatives may be deployed depending upon the size and complexity of a project

WORKFORCE RECORDABLE INJURIES*

BY NUMBER OF ASSOCIATES

In 2013, we will be reviewing our reporting practices and systems to assess the practicality of implementing additional procedures to improve our ability to report on workforce injury rates.

50



41



44



TOTAL ASSOCIATES



INJURIES

*Subcontractors are not direct AvalonBay employees and are not included.

INJURY AND SAFETY OVERVIEW

5,855 Hrs
of Safety Training

COMPLETED DURING 2012

0
Fatalities

WORK RELATED DURING 2010-12

98%
Injury Free

SINCE 2010

LEARNING AND DEVELOPMENT

Our culture of growth and opportunity, and retention of associates are the foundation of our commitment to career development.



AvalonBay maintains a multi-disciplinary executive learning council to ensure that our internal learning initiatives are closely aligned with corporate and functional strategies. This alignment encourages every associate to feel vested in our success.

AvalonBay University provided more than 400 training courses in 2012. Training covered standards of business conduct and ethics, regulatory compliance, business processes, brand strategy, systems, technology applications, management skills and sustainability. Talent management, leadership development and change management activities added further support.

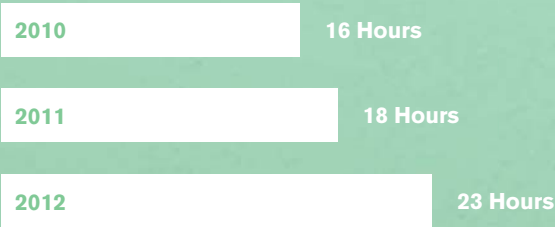
We also offer tuition assistance for undergraduate and graduate-degree programs as well as for job-related professional certification and licensing. AvalonBay supports our associates who serve in positions of leadership within the real estate industry and professional organizations by funding association dues, conference fees and travel costs.

OUR 2012 REPORT CARD

44%

THE AVERAGE INCREASE IN LEARNING HOURS PER ASSOCIATE GAINED FROM 2010 TO 2012

AVERAGE LEARNING HOURS PER ASSOCIATE:



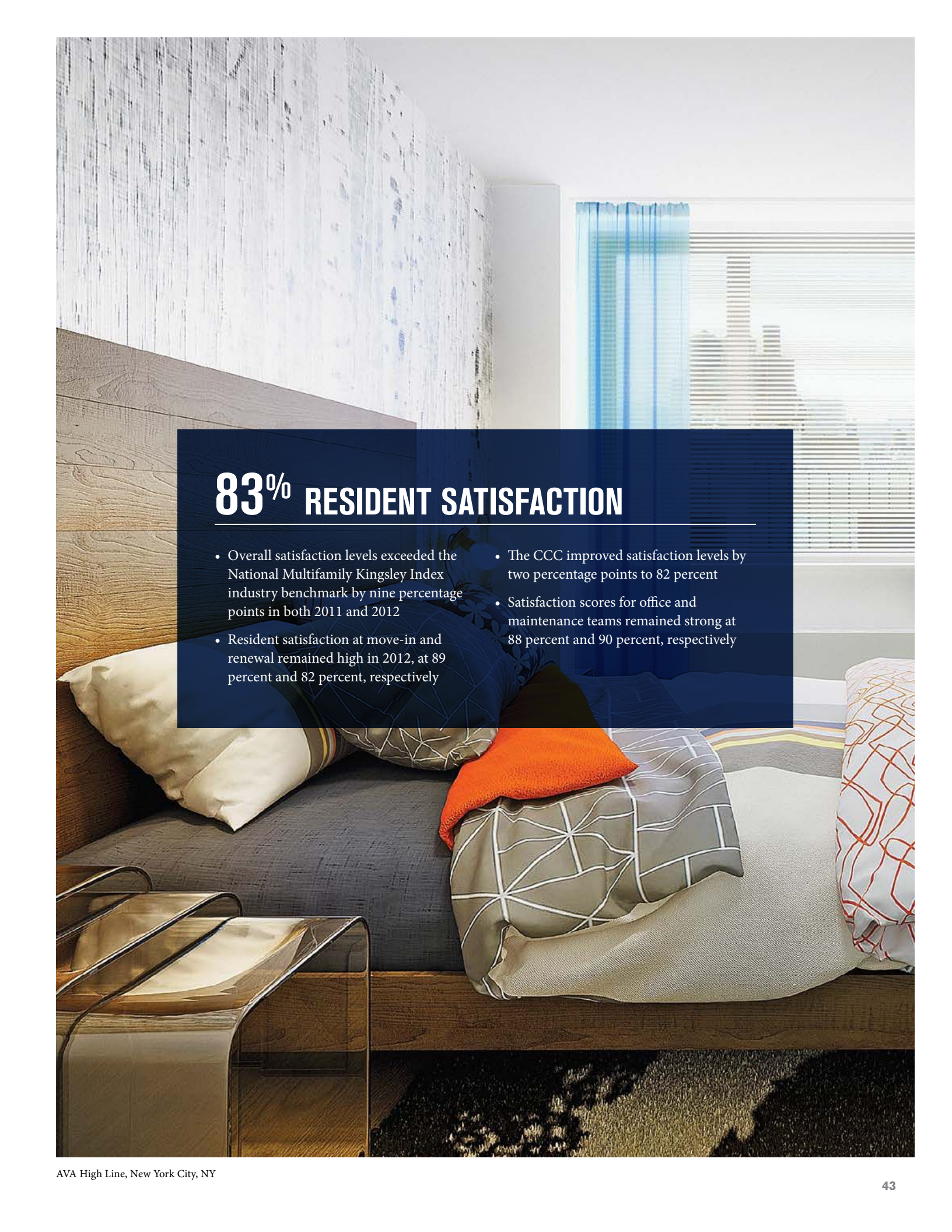
94%

THE TOTAL OF ALL LEARNING ACTIVITY FOCUSED ON ASSOCIATES BELOW THE OFFICER/DIRECTOR LEVEL

ASSOCIATES ARE WHY RESIDENTS FEEL AT HOME

Our customers live with us—they are at the center of everything we do. We constantly search for better ways to gather input from them to make sure their voices are heard.

We survey our residents at move-in, renewal and move-out through Kingsley Associates, a third-party market research firm. Thanks to the great focus of our community associates and Customer Care Center (CCC), we have achieved significant milestones.



83% RESIDENT SATISFACTION

- Overall satisfaction levels exceeded the National Multifamily Kingsley Index industry benchmark by nine percentage points in both 2011 and 2012
- Resident satisfaction at move-in and renewal remained high in 2012, at 89 percent and 82 percent, respectively
- The CCC improved satisfaction levels by two percentage points to 82 percent
- Satisfaction scores for office and maintenance teams remained strong at 88 percent and 90 percent, respectively

COMPREHENSIVE BENEFITS ENSURE THE WELL-BEING OF OUR ASSOCIATES

AvalonBay offers medical, dental and vision insurance as well as healthcare and dependent-care flexible spending accounts. The company also provides life insurance, disability insurance and AD&D insurance at no cost to associates. In addition, AvalonBay sponsors a company-wide wellness program that enables associates to receive free health screenings and encourages healthy-living practices.

Beyond traditional benefits, a health advocate is available to help associates and their families navigate issues related to health and insurance concerns. In times of personal need, an employee assistance program is available free of charge for counseling, financial, legal and family services for associates and their immediate family members. We believe wellness requires time away from work, so we provide paid time off for vacation, sick time, flex time, volunteer activities, bereavement and jury duty.

Financial benefits include discounted rent at all AvalonBay communities, a percentage match on 401(k) contributions up to 6 percent of contributed pay and a discount on the purchase of AvalonBay stock.

SABBATICAL PROGRAM

In an effort to reward long-tenured, high-performing associates, AvalonBay provides a sabbatical program. Qualified full-time regular associates with 15 years of service with the company may participate and enjoy up to six weeks of paid leave. Some of our associates use their leave to spend time with family, recharge and rejuvenate their bodies and minds, or even take that once-in-a-lifetime trip. Others give back and volunteer their time and talents to charitable organizations.



House of Hope Construction



Diane Tripp, Finance Administrative Assistant

Story in Sustainability

HELPING FOSTER A HOUSE OF HOPE

Diane Tripp, our finance administrative assistant and a 15-plus-year veteran of AvalonBay, took part of her sabbatical to travel to Chile for two weeks with a ministry called Vision for Chile. This group is involved in construction projects designed to improve living conditions for girls ranging from ages 3 to 18, in the orphanages of Chile in conjunction with SENAME (Servicio Nacional de Menores, or National Service for Minors).

Additionally, this ministry has founded and maintained the House of Hope, a home for young women over the age of 18. Diane has made four trips since 2008 to volunteer with this organization.

2012 SUSTAINABILITY AWARD

Chris Caramanica's hard work and efforts have successfully yielded AvalonBay an annual reduction of 66,930 kilowatt hours and could save up to \$11,400 annually in energy costs.

Chris has long been committed to energy efficiency. Prior to joining the AvalonBay team, he worked to provide energy-efficient lighting in landmarked Broadway theater marquees. Chris hails from Rockland County, NY, and wanted to find a way to cut down on energy consumption and costs for the company in a place closer to home. The streetlights at eaves Nanuet were utilizing 175-watt metal halide lamps, and Chris believed that fluorescent lighting technology would be more efficient.

After collecting and analyzing performance data and payback calculations based upon the more efficient technology, Chris mapped out the existing streetlight configurations, worked with a lighting contractor and

compared reductions to post-retrofit power consumption. The project was completed in just one week after the retrofit kits were received and the newly fitted induction fluorescent lamps have a life expectancy of 100,000 hours, compared to just 11,000 hours for the original metal halide lamps.

Sustainability is clearly in Chris' DNA. Since implementing this sustainable-lighting retrofit, he has become the first on-site maintenance manager at AvalonBay to receive his LEED Green Associate credential.



Chris Caramanica, Maintenance Manager

Story in Sustainability

A BRIGHT IDEA FROM MAINTENANCE MANAGER CHRIS CARAMANICA REDUCES ANNUAL ENERGY COSTS

In September 2011, maintenance manager Chris Caramanica initiated a search for a street-lighting retrofit that could be used to reduce the energy consumption for 165 streetlights at the eaves Nanuet community in Rockland County, NY.



COMMUNITY

The more you give, the more you get. It's an age-old story, and something most of us believe in and live by. But that simple notion takes on a whole new meaning as a stance for sustainability. It's no longer just a nice thought; it's an essential one to live by.



GIVING BACK TO BETTER OUR LIVES—AT HOME AND AWAY

AVALONBAY DONATIONS

Our Spirit of Caring value was in full force in 2012. AvalonBay donated to more than 100 organizations, and our associates volunteered their time, talents and money to many worthy charitable organizations.

- American Heart Association
- American Red Cross
- Boston Citizens for Affordable Housing
- Children's Hospital of Orange County
- Greater Boston Food Bank
- Habitat for Humanity
- March of Dimes
- San Jose Family Supportive Housing
- The Humane Society
- United Way
- YMCA



“As a company with national reach, we wanted to express our ‘Spirit of Caring’ in each of the local markets where we do business, involving as many of our associates as possible... to give back to the local communities that over the years have repeatedly welcomed AvalonBay to their neighborhoods.”

TIM NAUGHTON, AVALONBAY CHAIRMAN AND CHIEF EXECUTIVE OFFICER



Builders Blitz with Habitat for Humanity

Story in Sustainability

SPIRIT OF CARING IN ACTION AFTER A HURRICANE HITS

When Hurricane Sandy struck the East Coast in October 2012, it left millions of people in need, including many of our residents and associates. AvalonBay associates showed their dedication to their communities, residents and colleagues. Many joined disaster-relief efforts, painted rooms in local shelters, coordinated and distributed donated items to families in need, and also worked in a five-day Builders Blitz with Habitat for Humanity.

ANNUAL SPIRIT OF CARING MONTH

Each year, we identify one month to concentrate on our charitable efforts and emphasize our Spirit of Caring core value.

2,600 Hrs

**OF ASSOCIATE VOLUNTEERING
COMPLETED IN 2012**

The 2012 Spirit of Caring month kicked off in October with coast-to-coast donation drives at all communities and regional offices. Associates collected goods, from non-perishable food to pet supplies and children's clothing. Some regions joined together to make a larger impact in their local communities, including the New Jersey communities' participation in the NJAA (New Jersey Apartment Association) Toy Drive, the Southern California communities that collected items for the Los Angeles Boys & Girls Club and the Orangewood Children's Home, and associates from our Virginia Beach Customer Care Center who worked with Habitat for Humanity to remodel a home.

Associates also worked to support charities that assist families in crisis, combat homelessness, and raise funds for the fights against cancer and diabetes. In total, AvalonBay associates volunteered more than 1,700 hours of their time in support of Spirit of Caring month activities in addition to the thousands of pounds of food and clothing that were collected. During all of 2012, associates volunteered a total of more than 2,600 hours.

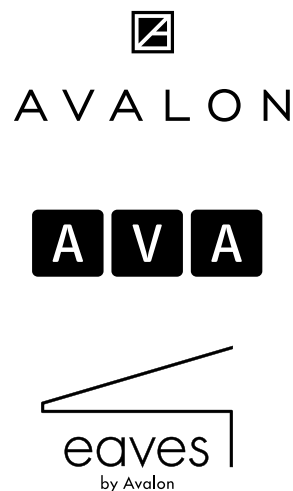
AvalonBay is proud of the contributions of our generous associates. Our core value of Spirit of Caring comes to life in each act of kindness by our associates.



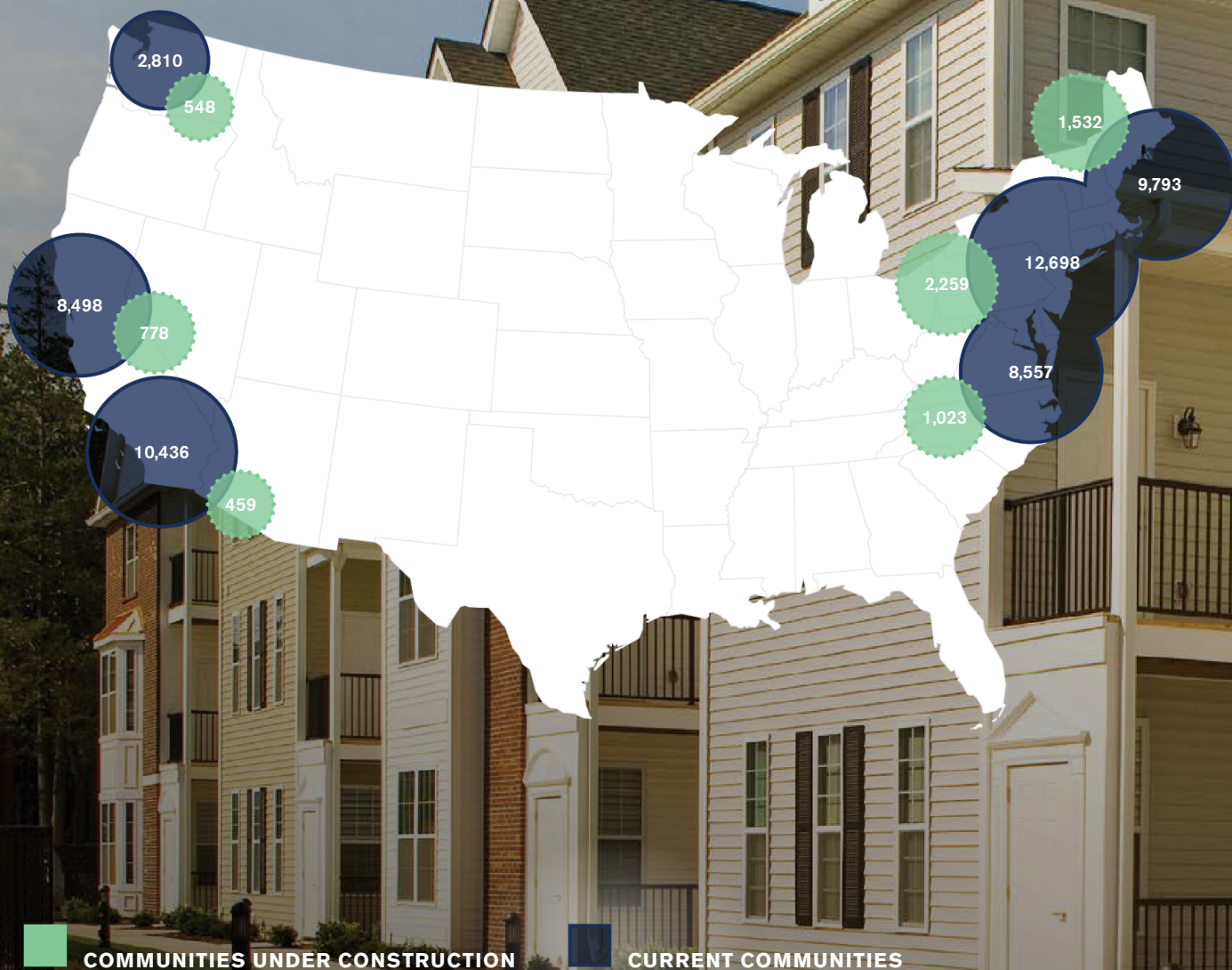
CORPORATE PROFILE

AvalonBay Communities, Inc. is an REIT engaged in the business of developing, redeveloping, owning and managing apartment communities in high-barrier-to-entry markets in the United States.

As of December 31, 2012, the company owned or held an ownership interest in more than 200 apartment communities covering more than 62 million square feet and approximately 60,000 apartment homes with more than 91,000 residents in the Northeast, mid-Atlantic, Pacific Northwest, and Northern and Southern California. We operate our communities under three core brands: Avalon, AVA and eaves by Avalon. In addition to our communities, we maintain a corporate headquarters in Arlington, VA, and 11 regional offices located throughout the United States. As of year-end 2012, we employed approximately 2,200 associates.



NUMBER OF APARTMENT HOMES AS OF DECEMBER 31, 2012



AVALONBAY BY THE NUMBERS

59,391
Apartment Homes

62MM
Square Feet

91,000
Residents

CORPORATE GOVERNANCE AND ETHICS

AvalonBay is committed to sound corporate governance practices. Currently our Board of Directors includes nine members, of which eight are non-employee directors. The board's Nominating and Corporate Governance Committee, Audit Committee and Compensation Committee consist solely of independent directors. To further promote sound corporate governance practices and effective board management, the board established the position of lead independent director in 2003. The board acts as an advisor to management, oversees and evaluates management performance, and authorizes strategic and material decisions it believes to be in the best interests of AvalonBay and its shareholders.

Maintaining a corporate climate that demands integrity and ethical values is of critical importance. Accordingly, significant resources are dedicated to ensuring compliance with our code of business conduct and ethics. All associates are required to formally certify their understanding and acknowledgment of the code at least every other year. Associates in key business positions re-certify on an annual basis.

To facilitate enforcement of the code, AvalonBay maintains a confidential, anonymous whistle-blower hotline for associates to report any concerns about workplace issues and ethical matters. AvalonBay adheres to a strict non-retaliation policy in an effort to protect any associate who makes a report in good faith. Our internal audit group, which includes six full-time associates, administers this hotline

and reports directly to the Audit Committee of the Board of Directors and is appropriately staffed with credentialed professionals.

The internal audit group also performs continual independent reviews and audits of key business, operational, financial and information technology activities, including but not limited to development, construction, the Customer Care Center and communities. Audits of corporate processes such as payroll, cash management, benefits, marketing, etc., are also conducted. Internal audit also performs the following to support an ethical environment, the results of which are reported to the Audit Committee of the Board of Directors:

- Administers the annual Sarbanes-Oxley compliance process, which includes testing and verification of design and effectiveness on more than 200 key financial controls and reviewing more than 50 process-owner internal control/fraud attestations on a quarterly basis, the results of which support the SEC-required CEO/CFO control certifications
- Performs an annual entity-level control assessment based on the Committee of Sponsoring Organizations (COSO) internal control framework that examines more than 100 controls
- Conducts an annual fraud-risk assessment survey based on key risks identified in the Association of Certified Fraud Examiners (ACFE) report to the Nations on Occupational Fraud and Abuse
- Performs an annual fraud entity-level control assessment based on the ACFE recommended anti-fraud controls

AvalonBay holds itself accountable to its shareholders and other stakeholders. Key stakeholders include stockholders, bondholders, lenders and investors; our associates; residents in our communities; suppliers, contractors and other local businesses; local community and neighborhood groups; and federal, state and municipal government officials and planning groups.

ECONOMIC (\$000)

	2011	2012
Operating revenues	\$989,377	\$1,064,033
Operating costs, excluding property taxes	\$331,378	\$344,922
Property and other taxes	\$97,776	\$103,384
Dividends and interest	\$539,125	\$580,306
Retained earnings	\$21,098	\$35,421
Number of properties	200	203
Number of apartment homes	58,538	59,391
Number of designated affordable homes	3,281	3,524
Properties under construction at year-end/homes	19/5,244	23/6,599
Properties under redevelopment at year-end/homes	12/3,338	5/1,787

ENVIRONMENTAL

	2011	2012
Significant monetary fines/non-monetary sanctions	None	None
Total direct greenhouse gas emissions (scope 1)	40,801 metric tonnes (45.7% of total)	42,820 metric tonnes (51.4% of total)
Total indirect greenhouse gas emissions (scope 2)	48,438 metric tonnes (54.3% of total)	40,543 metric tonnes (48.6% of total)
Energy consumption (like-for-like communities)	-0.5%	-0.2%
Water consumption (like-for-like communities)	-2.3%	+4.7%
CO ₂ emissions (like-for-like communities)	-0.7%	-0.9%

AVALONBAY’S
COMPREHENSIVE
BENEFITS

Medical, dental and vision insurance
Life insurance
Disability insurance
AD&D insurance
Free employee assistance program
Wellness benefits
401(k) company match
Flexible healthcare/dependent-care
spending accounts
Discounted rent at AVB communities
Discounts on purchase of AVB stock
Paid time off
Tuition reimbursement
Sabbatical program

AVALONBAY’S CORPORATE
AND REGIONAL
OFFICE LOCATIONS

Arlington, VA (*corporate headquarters*)
Boston, MA
San Francisco, CA
Fairfield, CT
San Jose, CA
Long Island, NY
Seattle, WA
Los Angeles, CA
Virginia Beach, VA
New York, NY
Woodbridge, NJ
Newport Beach, CA

CORPORATE AWARDS
AND AFFILIATIONS
2012

Ranked #1 in the Global Real Estate
Sustainability Benchmark (GRESB) survey
for publicly traded U.S. residential companies

National Association of Home Builders
(NAHB) Green Certification Bronze Level
for Avalon Rockville Centre

New Jersey Apartment Association (NJAA)
Property Management Company of the Year

Dividend Channel Top 25 Socially
Responsible Stock

PARTICIPATION IN INDUSTRY
TRADE ASSOCIATIONS

National Association of Real Estate
Investment Trusts (NAREIT)⁽¹⁾

National Multifamily Housing Council
(NMHC)⁽¹⁾

Urban Land Institute (ULI) and the
ULI Greenprint Center for Building
Performance⁽²⁾

Real Estate Roundtable

(1) Company holds a leadership position.
(2) Company is a founding member.

ABOUT THIS REPORT

This is AvalonBay's second Corporate Social Responsibility Report on our environmental, social and governance (ESG) performance, reporting our activities during 2012. It is a follow-up to our first CSR report (issued in early 2013, covering January 1, 2010, to December 31, 2011). We are pleased to share this report with our stakeholders and plan to issue this report annually.

REPORT PARAMETERS

In developing this report, we've covered issues and information that are important to AvalonBay's business and our stakeholders. In order to ensure a comprehensive and transparent report, it was developed in accordance with the G3.1 guidelines of the Global Reporting Initiative (GRI), including its guidance and technical protocols on defining report content for Application Level C, with reference to the Construction and Real Estate Sector Supplement. For a complete list of the GRI standard disclosures and performance indicators reported on by AvalonBay in this report, please refer to the GRI index found on page 60. GRI is a nonprofit, network-based organization that has developed the most widely used global sustainability-reporting framework. The report's boundary covers a reporting period for the 2012 calendar year.

The data in this report was collected utilizing AvalonBay internal systems and sourced from responsible business units within the company. The GRI performance indicators selected are those most relevant to AvalonBay's business and its ESG impacts. Company profile data reflect 2012 numbers at year-end. Content and figures referenced in AvalonBay's annual report and filed financial statements have been externally assured by a third-party auditor. Economic values on page 57 include results for communities which the company disclosed. Greenhouse gas—emissions data was prepared in conjunction with the ULI Greenprint Center for Building Performance. In order to better track energy, emissions and water-consumption data at the property level, AvalonBay began migrating data during 2012 for inclusion in Greenprint's reporting database. Exporting data directly to Greenprint from providers presented challenges, and consumption data for the 2012 period will continue to be reviewed in order to ensure accuracy and make any necessary modifications to export procedures to enhance reporting on a go-forward basis.

OUR POLICY ON CONTRIBUTIONS

AvalonBay has an established policy on political activities and contributions, which is communicated to all associates and complies with federal and state regulations governing political contributions by corporations. Contributions, whether in cash, services or otherwise, and whether to a political candidate, Political Action Committee (PAC) or in support of a community project favored by a candidate, can only be made on behalf of AvalonBay after obtaining the appropriate internal approvals. The established corporate approval procedures ensure that any contributions by AvalonBay are (i) consistent with the company's business philosophy and values and (ii) within the limits allowed by law. These procedures also ensure that all required regulatory filings are made in a timely manner and that the contributions are accounted for appropriately for tax purposes. Total contributions approved and reported under this policy in 2012 were \$41,500, which include contributions to state PAC and state and local candidates.

Annually, AvalonBay also provides an opportunity to senior-level associates to contribute to a designated PAC, which may be made directly by the individual to the PAC. During 2012, AvalonBay associates contributed approximately \$43,000 to the NAREIT PAC.

CONTACT

Jason Reilley, *Director — Investor Relations*

ir@avalonbay.com
703-329-6300

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EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives.	23, 28, 46
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