

AvalonBay Communities, Inc.
Travel Policy

INTRODUCTION

AvalonBay appreciates the efforts of those associates who travel on the company's behalf. It is the company's objective to ensure that when traveling on company business, associates are comfortable and safe, that they understand all travel-related policies, and obtain reimbursement for travel expenses in a timely way. At the same time, it is necessary to keep the costs of business travel within budgeted limits and to follow consistent reimbursement procedures.

The company will reimburse associates for actual, reasonable, necessary, and proper expenditures incurred while traveling for business purposes. Expenses will be considered proper in that the nature and purpose of the expense conforms to the sound ethical and legal standards of conduct that are expected of all associates. The company will not reimburse associates for expenses that are not in compliance with this policy. Any willful violation of this policy will be considered a violation of the company's Code of Conduct. Travelers who do not comply with this travel policy may be subject to withholding of reimbursement, and, in extreme situations, disciplinary action—up to and including termination—may be taken with respect to any Company associate who:

- Engages in conduct while traveling on company business that is detrimental to the good character of the company,
- Uses funds paid to him/her for improper, illegal, or personal purposes, or
- Makes a fraudulent entry in his/her expense reports.

This policy applies to any associate who incurs travel or entertainment expenses that are to be paid or reimbursed by AvalonBay. Only an Executive Officer can make exceptions to this policy and only in the event of extenuating circumstances. If an exception is being requested, an e-mail explanation should be addressed to the Executive Officer of the associate's department.

For those associates who travel on an infrequent basis, a personal credit card can be used to handle authorized business travel expenditures. For associates who travel regularly—typically in the case of director-and-above positions—a separate credit card should be used for business purposes. An associate may request a corporate credit card by first obtaining the approval of their Department VP, and then may contact the Accounting Department Administrator. All corporate credit card applications must be approved by the VP of Accounting/Treasurer and will be issued by our credit card vendor based on the associate's personal credit history. Please note that this corporate credit card should not be used for personal expenses. The corporate card is only to be used to pay for all reasonable and necessary expenses while traveling on authorized company business. The associate is responsible for ensuring that all payments are made in a timely way. Any late fees or finance charges are at the associate's personal expense.

If using their own credit cards, associates may retain any points/credit from frequent traveler programs. However, travel plans that result in additional expense to the company should not be made solely to acquire frequent flyer points. Note: Frequent traveler points are not earned by travel charged to a corporate credit card.

All associates should use the on-line expense form to submit their travel, entertainment and miscellaneous expenses. See the section on Expense Reporting.

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Safety is always the primary concern when traveling. Do not stay or dine in unsafe areas and avoid traveling late at night. Do not operate a motor vehicle after drinking alcohol.

(Note: This policy does not cover relocation expenses. Please contact the HR Department for relocation assistance.)

This policy is subject to change as travel-related circumstances within the industry change or as new agreements are developed for the benefit of the company.

TRAVEL AUTHORIZATION

Associates below the Vice President level must receive written authorization via email prior to business travel. Associates should first submit the anticipated expenses—including airfare, lodging, meals and ground transportation—to their respective manager/director to approve the request and then it should be forwarded to the Department Vice President for pre-approval. This e-mail must be attached to the associate's expense report in order for reimbursement to be made. (Note: An Executive Officer has the authority to waive this requirement if, in his/her judgment, it would be impractical or inhibit the associate from performing his/her responsibilities in a timely and effective manner.)

Authorized signers are managers who:

- Have staff reporting directly to them.
- Have the responsibility for ensuring compliance with this policy.
- Are responsible for approving the traveler's expenses subsequent to the travel.

Authorized signers are required to ensure that expense reports meet the following criteria:

- The travel expense was incurred while conducting company business.
- The information contained on the expense report and in the attached documentation is accurate and in accordance with this policy.
- The travel expense meets applicable guidelines.
- The expenditure is charged to the proper cost center(s).

Managers are accountable for their subordinates' expense reports. Managers, who encourage, condone or knowingly permit conduct that is not in compliance with this policy through negligence in their responsibility will be subject to appropriate disciplinary action.

ARRANGING TRAVEL

Preferred Travel Agency

All business-related travel should be booked through World Travel Service (WTS) to comply with AVB's travel policy and to allow the company to manage business travel costs including discounts, upgrades and rebates for our associates. AvalonBay has negotiated

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discounts with certain hotels, rental car agencies, etc., and WTS is aware of these discounted arrangements.

What do I need to do?

All travelers and travel arrangers will need to have their own user-id and password to use WTS either online or agent assisted. Air or rail reservations may be made by an agent through either phone or email. Agents only charge when a ticket is issued. WTS has an on-line reservation system called, "Get There." AVB travelers should use the on-line booking tool for simple flights (non-multi-leg flights) vs. the agent assisted method to save costs when practical.

***Note:** There is no fee to book a hotel or car rental only either on-line or agent-assisted. The only fee is for an air or rail reservation.*

While many internet sites are a great resource for researching travel options, because of the restrictions involved with replacing tickets or changing travel times, associates should not book tickets via consolidators such as Expedia, Preview Travel, Orbitz, HotWire, etc. If an associate incurs penalties or additional fees as a result of booking via a consolidator, AvalonBay will not reimburse those expenses.

Group and Meeting Travel Services

Any department, function or team that plans for a group of five (5) or more people to travel to the same destination for a common purpose should:

- Obtain pre-approval by an Executive Officer.
- Make arrangements through WTS.
- Make best efforts to arrange travel as far in advance (14-21 days) as possible to take advantage of the most favorable travel discounts.

AIR TRAVEL

The Company will reimburse the associate for assessed fees for luggage and to make any reasonable flight changes because of flight delays and cancellations in getting to your destination.

Associates should also reserve tickets as early as possible, at least 14-21 days in advance of the travel date, in order to take advantage of airline discounts. The lower cost of non-refundable tickets should be weighed against the flexibility of full fare tickets.

It is against policy for associates to choose flights with specific airlines for the sole purpose of obtaining mileage credits or other personal reasons when alternate, less expensive seating is available on another airline.

In addition, the traveling associate must always consider the most cost-effective airport alternative when making travel arrangements. For example, in the DC area, consider using Baltimore-BWI, Washington Dulles, or Reagan National airports. As always, exercise good business judgment to determine which airport is the most time-efficient and practical.

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Domestic Flights

All associates should fly coach or economy class for all domestic flights. Associates with certain physical conditions/disabilities who may require special accommodations according to ADA regulations should seek exception to the policy. (Note: This policy also applies to train travel.)

International Flights

An associate traveling internationally may book a Business Class flight for any flight leg over 6 hours. Foreign travel expense items denominated in another currency and charged on a credit card should be translated to U.S. currency on the basis of the exchange rate in effect on the day of the charge. The associate can wait to submit his/her expense account with the credit card statement or use an on-line service (e.g., Yahoo Financial) to obtain the currency exchange.

Electronic Tickets

Associates are required to use electronic tickets. The company will not reimburse surcharges for the printing of paper tickets.

Upgrades for Domestic Air Travel

Upgrades at the expense of the company are generally not permitted. Upgrades are allowed at the traveler's personal expense or with the use of personal frequent flyer miles. If traveling cross-country or for five hours or more, the company will reimburse for the cost of an upgrade for additional leg room within coach seating if available.

Unused/Voided Airline Tickets

Unused airline tickets or flight coupons must never be discarded or destroyed as these documents often have a cash value. To expedite refunds, unused or partially used airline tickets must be returned immediately to the issuing agency, where applicable. Travelers should not include unused tickets with their expense reports.

Non-Refundable Tickets

Whenever possible, associates should book tickets at least 14-21 days in advance to obtain the lowest airfare. However, note that these advance purchases often come with restrictions. If an associate must cancel a trip after a non-refundable ticket is purchased, the associate must use the ticket for subsequent business travel. It is the associate's responsibility to contact WTS regarding re-use of the purchase credit.

Personal Travel

Personal travel that is tagged onto business travel is at the associate's expense. Associates attaching personal travel onto business trips should provide clear documentation separating business-related expenses from personal expenses. In addition, AvalonBay will not pay for family members to accompany the associate on business travel, including weekend stays or entertainment, unless specifically pre-authorized.

LODGING

Hotel Selection Guidelines

AvalonBay has a list of preferred hotels that offer company negotiated rates. When possible, associates are expected to use these hotels. Travelers involved in ongoing regional work should contact the local AvalonBay regional office manager regarding available corporate housing or local discounts. If company-negotiated rates are not available, associates are expected to research lodging options to obtain the best value available. In addition, be sure to check the hotel's website for discounts and promotional rates. Associates may not choose accommodations solely to obtain personal credit or incentives, when acceptable lower cost alternatives exist.

Hotel Reservations

Generally, hotel accommodations should be guaranteed for late arrival. If business plans change, it is the associate's responsibility to cancel the reservation and secure a cancellation number. Failure to do so may result in a "no-show" or "non-use" non-reimbursable expense.

When you stay with relatives or friends while on business

Sometimes it is possible to stay with relatives or friends while traveling on business. In this case, associates can receive reimbursement for the cost of a small gift or meal expense provided to the relative or friend in lieu of the hotel expense. You will need to identify these expenses on your expense report with an explanation in lieu of a hotel costs.

Hotel Personal Expenses

Most hotel charges for personal expenses will not be reimbursed. These include, but are not limited to the following:

- a) In-room movies and video rentals
- b) Reading materials; e.g. newspapers, magazines, etc.
- b) In-room alcoholic beverages
- c) Laundering/dry cleaning for trips less than 5 business days,
- d) Recreational activities (e.g. spa services, golf, etc.)
- e) Airport or hotel shoe shines.
- f) Toiletries or any other personal care expenses.

Telephone, internet and air-phone expenses

Business communication expenses (e.g., telephone, fax, internet connection, postage, etc.) incurred while traveling on company business or conducting company authorized business activities are reimbursable. Whenever possible, associates should use cell phones, rather than hotel phones, for placing long distance calls. Exceptions would be for 800 numbers, or local calls that do not incur surcharges. If you do incur a phone expense while traveling, an original invoice copy must be attached to the expense report.

Travelers may use an air phone only if an emergency or critical business issue is involved. Excessive usage will be monitored.

GROUND TRANSPORTATION

Ground transportation guidelines to and from the airline and train terminals

The most economical and reliable mode of transportation should be used to and from the air and rail terminals. Public transportation and shuttle services should be used when practical. Car, limo and sedan services should generally be avoided, unless the cost is less than standard taxi services. Associates traveling to the same location should share ground transportation whenever possible.

Do not leave your car at the airport for excessive periods of time, if parking costs will exceed the cost of taxi fare or airport shuttle services.

Airport Parking

The least expensive and most reasonable available option (economy vs. daily/valet/hourly) should be utilized when parking. The company will not reimburse associates for valet or hourly parking, unless it is more practical.

Personal Vehicle

Sometimes you may need to use your personal automobile for company business. It is the responsibility of the associate to carry adequate insurance coverage for his/her protection and for the protection of any passengers. Travelers will be reimbursed for business usage of personal cars.

If you use your own automobile for business, you are required to carry, at your cost, minimum limits of liability and physical damage insurance on your car. The minimum limits of liability are \$100,000 per person and \$300,000 per occurrence of bodily injury and \$50,000 in property damage or at a minimum the state requirements.

The use of personal automobiles for business travel will be reimbursable at the per mile rate in accordance with IRS guidelines. This is intended to cover the use of the vehicle, depreciation, insurance and gasoline. Should the IRS change the rate, the new rate will be used for reimbursement purposes. Tolls and reasonable parking fees incurred while traveling are reimbursable. The associate is responsible for all personal vehicle operating costs including, but not limited to, insurance costs for collision, fire and theft. Associates will not be reimbursed for any maintenance repairs to their personal car even if those costs result from business travel.

Reimbursement of expenses rests solely with the associate properly filling out an expense request form with the appropriate information:

- a) Purpose of the trip
- b) Date and location
- c) Receipts for tolls and parking
- d) Total miles driven

Car Rental

Car rentals and car services should be based on actual need and not used when the cost exceeds other suitable transportation such as shuttles or taxis. When traveling on company business, associates are instructed to request mid-size or smaller vehicles from the company-sponsored rental car agency whenever possible, unless rates for a larger vehicle are less expensive. A

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larger vehicle may be rented when three (3) or more associates or other passengers travel together. Other considerations include:

- a) To reduce fuel costs, rental cars are to be refueled before returning the car to the agency.
- b) The company maintains insurance for all business travel; therefore, optional insurance offered by the rental company (e.g., collision insurance) must be waived.
- c) Fines or other expenses incurred for motor vehicle violations are not considered a business expense even if the violation occurred while performing Company business and will not be reimbursed.
- d) Travelers are responsible for canceling rental car reservations. Travelers should request and record the cancellation number in case of billing disputes.
- e) Travelers that get into an accident should immediately contact:
 - The rental car company
 - Local authorities, as required
 - Immediate manager or supervisor
 - Department Vice President
 - Risk Management

MEALS AND ENTERTAINMENT

Personal Meal Expenses

Personal meals are defined as meal expenses incurred by the traveler when dining alone on a business trip and are reimbursable.

Business Meal Expenses

Business meals are taken with clients, prospects, or associates during which a specific business discussion takes place.

- a) Associates will be reimbursed for expenses incurred while entertaining individuals when such entertainment is necessary and directly related to or associated with company business. All instances of associate entertainment of external parties must be done in accordance with AvalonBay's Code of Conduct.
- c) Associates are expected to exercise discretion and good judgment when entertaining customers. It is required that the most senior associate present incur the cost of all customer entertainment or business meetings and request reimbursement. The expense report must individually identify all other company associates and/or customers entertained.
- d) Large scale meetings or other company business functions involving guests, recreational activities and team building events require the prior approval of the department's SVP/ Executive Officer.
- e) Generally, the entertaining of one associate by another is not reimbursable; however, problem resolution and effective communication may require periodic meetings between associates outside of their regular office environment. In these instances, reasonable meeting expenses (e.g., lunch) will be reimbursed. Again, the most senior associate present should pay the expenses.
- f) Alcoholic Beverages – AvalonBay does not encourage the use of alcoholic beverages during normal business hours. It is not the intention of the company to prevent associates

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from exercising their rights pertaining to their own use of alcohol; however, they must do so at their own risk. The use of alcohol for entertainment purposes should be held to an absolute minimum and associates are cautioned against placing themselves or the company in a position of legal exposure from the use of or consequences arising from purchasing alcohol for others.

- g) The IRS requires an original receipt be submitted with the expense report for any individual meal or entertainment expense. Tear tabs or “stubs” are not acceptable.

Travel Related to Vendor-Sponsored Events

Vendors/suppliers may offer invitations to you to attend a business function or entertainment event. Before accepting the invitation, please refer to AVB’s Code of Conduct on Gifts & Gratuities, and discuss the event with your functional group head to determine what travel expenses, if any, would be covered.

EXPENSE REPORTING

Timing for Expense Report Completion and Submission

Travelers should file expense reports within 45 days after the completion of each trip or as soon as reasonably possible. Frequent travelers and field associates on extended work assignments should file expense reports monthly. Travelers who do not file their expense report within the required time after trip completion may experience delayed reimbursement.

Approval/Authorization Process

Associates below the Vice President level must receive prior written approval before incurring travel expenses. In addition, associates at all levels must have expense reports approved by the associate’s immediate supervisor according to the approval levels established in this policy. No associate is authorized to approve his/her own, a peer’s, or a superior’s travel expense report.

Each associate’s expense report will be reviewed by the immediate supervisor for:

- Approval signatures
- Business purpose
- Correct totals

- Supporting documentation and receipts
- Policy compliance

Each associate’s expense report will be reviewed by Accounts Payable for:

- Approval signatures
- Pre-approval email from the appropriate Vice President
- Correct totals

- Supporting documentation and receipts
- Policy compliance

Documentation Requirements

In order to be reimbursed, all travelers must use the approved expense report form along with the proper documentation of expenses.

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Company policy requires original receipts for all expenditures. Travelers must submit the following documentation:

- Pre-approval email from associate's Vice President.
- Air – original passenger coupon plus invoice/itinerary or E-Ticket
- Hotel – hotel folio outlining all expenses and proof of payment
- Car Rental – rental car agreement plus charge/credit card receipt or other proof of payment
- Meals/Entertainment – charge/credit card receipt or cash register receipt (no restaurant tear tabs)
- Receipts – for all miscellaneous expenses over \$25. (Receipts should itemize all incurred expenses.)

Travelers must provide the following information in order to be reimbursed for entertainment expenditures:

- Names of individuals present, their titles and company name
- Name and location of where the meal or event took place
- Exact amount and date of the expense
- In the case of entertainment events, the specific time the business discussion took place (i.e., before, during or after the event)

When a receipt is not available, a full explanation of the expense and the reason for the missing receipt is required. Actual bills/receipts must be submitted whenever possible; photocopies will be acceptable only with a detailed explanation as to why the original is unavailable.

Original receipts must include the name of the vendor, location, date and dollar amount and be affixed to an 8 1/2 x 11 sheet of paper so that copies of the receipts can be processed for reimbursement.

Expensing Meals by Category

Each meal (breakfast, lunch, dinner) must be recorded separately on the expense report.

Reimbursement of Expenses

Reimbursement for approved expenses will be sent to associates within 10 working days via a check sent to the associate's office.

Incorrect or Incomplete Expense Reports

Expense reports that are incorrect or incomplete will be returned to the approver for corrective action and may result in delay or non-reimbursement of specific items.

Reconciliation with Your Credit Card Statement

When you receive your monthly credit card statement, you should reconcile all charges to your travel expense reports to ensure that all travel charges have been properly reported and accounted for. It is your responsibility to ensure that duplicate reimbursements do not occur.

OTHER MISCELLANEOUS EXPENSE INFORMATION

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Attending Training Classes

Associates who drive to a training class, locally or out-of-town, will be reimbursed at the IRS-approved rate for actual mileage incurred above/beyond their normal commute.

Associates may use a company credit card to pay for approved training (e.g., professional seminar/workshop) and submit the expenses for reimbursement via an expense report. Associates without a company credit card can make the vendor payment via a personal credit card or check and request reimbursement through the expense report process. Alternatively, an associate may request that a check go directly to the training vendor by providing the appropriate documentation and authorization for the payment.

Training Time for Non-Exempt Associates

Local Travel (<75 miles from work location)—Non-exempt associates attending training classes will be paid for the hours that they are in training. Travel time from home to a training class, or from the training class to home, that is above/beyond their normal commute, will be considered working hours. If an associate works in the morning, and drives to class mid-day, those hours are paid time since they fall during the normal workday. Mileage above/beyond their normal commute will be reimbursed.

Out-of-Town Travel (>75 miles from work location)—If a non-exempt associate is required to travel out of town, he/she will be paid for any travel time beyond his/her normal commute until his/her arrival at the destination hotel. Time spent at the hotel overnight will not be paid. Associates will be paid for the time spent in training as well as the travel time between the training center and the hotel. Again, travel expenses for training, above/beyond the normal commute, will be covered in accordance with this travel policy.

For example, let's say a non-exempt associate is scheduled to attend a Monday morning training class in another city and takes a 2:30 p.m. flight on a Sunday afternoon. The associate usually commutes 30 minutes to work. He leaves home at 12:30 p.m. and arrives at the airport at 1 p.m. He arrives at the hotel in the destination city at 5:30 p.m. In this instance, the associate would be paid from 1 p.m. to 5:30 p.m.

Cash Advances

The company will not provide cash advances to traveling associates.

Gratuities

Gratuities are reimbursable when confined to reasonable and customary limits as determined by the services required or received and normally should not exceed 20%.

Company-negotiated rates for personal travel

Company-negotiated hotel and rental car rates may be used for personal/vacation travel. However, associates may not charge personal travel to a company-issued credit card. All personal travel must be paid with personal credit cards. Corporate insurance coverage will NOT apply when using company-negotiated rental car rates for personal/vacation travel.

Travel insurance coverage

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Full-time associates traveling on company business are covered by the company insurance policies at no cost to the traveler. The cost of additional travel insurance coverage will NOT be reimbursed by the company. If you have any questions in reference to travel insurance, please contact the Risk Management Department.

Examples of expenses not reimbursable, including expenses related to vacation or personal days taken before, during or after business trips:

- a) Annual fees for personal credit cards
- b) Airline club membership fees (only exception would be frequent travelers determined by Executive Officers)
- c) Personal auto repairs
- d) Barbers and hairdressers
- e) Clothing and toiletry items
- f) Country club dues
- g) Luggage and briefcases, books, newspapers, magazines, personal reading materials
- h) In-flight alcoholic beverages and movies
- i) Additional optional travel or baggage insurance, personal accident insurance
- j) Parking tickets or traffic violations
- k) Traveler's check fees, except for international business travel

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Addendum for Executive Officers (EVP and above)

There should be no more than two of the top four executive officers flying together on the same flight at any time.

Executive Officers may upgrade to Business/First Class when traveling coast-to-coast or internationally. As always, sound business judgment should prevail when weighing the cost of various travel options.