MID AMERICA APARTMENT COMMUNITIES INC
Form 10-K
February 25, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

R ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2014

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number 001-12762 (Mid-America Apartment Communities, Inc.)
Commission File Number 333-190028-01 (Mid-America Apartments, L.P.)

MID-AMERICA APARTMENT COMMUNITIES, INC.
MID-AMERICA APARTMENTS, L.P.
(Exact name of registrant as specified in its charter)

Tennessee (Mid-America Apartment Communities, Inc.)	62-1543819
Tennessee (Mid-America Apartments, L.P.)	62-1543816
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)

6584 Poplar Avenue, Memphis, Tennessee, 38138
(Address of principal executive offices) (Zip Code)
Registrant's telephone number, including area code: (901) 682-6600

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $.01 per share (Mid-America Apartment Communities, Inc.)	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Mid-America Apartment Communities, Inc.	YES R	No o
Mid-America Apartments, L.P.	YES o	No R

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Mid-America Apartment Communities, Inc.	YES o	No R
Mid-America Apartments, L.P.	YES o	No R

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding
12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Mid-America Apartment Communities, Inc.	YES R	No o
Mid-America Apartments, L.P.	YES R	No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and
posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and
post such files).

Mid-America Apartment Communities, Inc.	YES R	No o
Mid-America Apartments, L.P.	YES R	No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's
knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large
accelerated filer”, “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Mid-America Apartment Communities, Inc.

Large accelerated filer R	Accelerated filer o	Non-accelerated filer o	Smaller reporting company o
	(Do not check if a smaller reporting company)		

Mid-America Apartments, L.P.

Large accelerated filer o	Accelerated filer o	Non-accelerated filer R	Smaller reporting company o
	(Do not check if a smaller reporting company)		

Indicate by check mark whether the registrant is a shell company (as defined in
Rule 12b-2 of the Exchange Act).

Mid-America Apartment Communities, Inc.	YES o	No R
Mid-America Apartments, L.P.	YES o	No R

The aggregate market value of the 52,140,362 shares of the registrant's common stock held by non-affiliates of Mid-America Apartment Communities, Inc. was approximately $3,808,853,427 based on the closing price of $73.05 as reported on the New York Stock Exchange on June 30, 2014. This calculation excludes shares of common stock held by the registrant's officers and directors and each person known by the registrant to beneficially own more than 5% of the registrant's outstanding shares, as such persons may be deemed to be affiliates. This determination of affiliate status should not be deemed conclusive for any other purpose. As of February 19, 2015 there were 75,297,357 shares of Mid-America Apartment Communities, Inc. common stock outstanding.

There is no public trading market for the partnership units of Mid-America Apartments, L.P. As a result, an aggregate market value of the partnership units of Mid-America Apartments, L.P. cannot be determined.

Documents Incorporated by Reference

Portions of the proxy statement for the annual shareholders meeting of Mid-America Apartment Communities, Inc. to be held on May 19, 2015 are incorporated by reference into Part III of this report. We expect to file our proxy statement within 120 days after December 31, 2014.

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MID-AMERICA APARTMENT COMMUNITIES, INC.
MID-AMERICA APARTMENTS, L.P.

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Explanatory Note

This report combines the annual reports on Form 10-K for the year ended December 31, 2014 of Mid-America Apartment Communities, Inc., a Tennessee corporation and Mid-America Apartments, L.P., a Tennessee limited partnership, of which Mid-America Apartment Communities, Inc. is the sole general partner. Unless the context otherwise requires, all references in this report to “MAA” refers only to Mid-America Apartment Communities, Inc., and not any of its consolidated subsidiaries. Unless the context otherwise requires, all references in this Report to "we," "us," "our," or the "Company" refer collectively to Mid-America Apartment Communities, Inc., together with its consolidated subsidiaries, including the Mid-America Apartments, L.P. Unless the context otherwise requires, the references in this Report to the “Operating Partnership” or “MAALP” refer to Mid-America Apartments, L.P. together with its consolidated subsidiaries. “Common stock” refers to the common stock of MAA and “shareholders” means the holders of shares of MAA’s common stock. The limited partnership interests of the Operating Partnership are referred to as “OP Units” and the holders of the OP Units are referred to as “unitholders”. This combined Form 10-K is being filed separately by MAA and MAALP.

As of December 31, 2014, MAA owned 75,267,675 units (or approximately 94.7%) of the limited partnership interests of the Operating Partnership. MAA conducts substantially all of its business and holds substantially all of its assets through the Operating Partnership, and by virtue of its ownership of the OP Units and being the Operating Partnership's sole general partner, MAA has the ability to control all of the day-to-day operations of the Operating Partnership.

We believe combining the annual reports on Form 10-K of MAA and the Operating Partnership, including the notes to the consolidated financial statements, into this single report results in the following benefits:

- enhances investors' understanding of MAA and the Operating Partnership by enabling investors to view the business as a whole in the same manner that management views and operates the business;
- eliminates duplicative disclosure and provides a more streamlined and readable presentation since a substantial portion of the disclosure in this report applies to both MAA and the Operating Partnership; and
- creates time and cost efficiencies through the preparation of one combined report instead of two separate reports.

Management operates MAA and the Operating Partnership as one business. The management of the Company is comprised of individuals who are officers of MAA and employees of the Operating Partnership. We believe it is important to understand the few differences between MAA and the Operating Partnership in the context of how MAA and the Operating Partnership operate as a consolidated company. MAA and the Operating Partnership are structured as an "umbrella partnership REIT," or UPREIT. MAA's interest in the Operating Partnership entitles MAA to share in cash distributions from, and in the profits and losses of, the Operating Partnership in proportion to MAA's percentage interest therein and entitles MAA to vote on substantially all matters requiring a vote of the limited partners. MAA's only material asset is its ownership of limited partner interests in the Operating Partnership; therefore, MAA does not conduct business itself, other than acting as the sole general partner of the Operating Partnership, issuing public equity from time-to-time and guaranteeing certain debt of the Operating Partnership. The Operating Partnership holds, directly or indirectly, all of our real estate assets. Except for net proceeds from public equity issuances by MAA, which are contributed to the Operating Partnership in exchange for limited partner interests, the Operating Partnership generates the capital required by the Company's business through the Operating Partnership's operations, direct or indirect incurrence of indebtedness and issuance of partnership units.

The presentation of MAA's shareholders' equity and the Operating Partnership's capital are the principal areas of difference between the consolidated financial statements of MAA and those of the Operating Partnership. MAA's shareholders' equity may include shares of preferred stock, shares of common stock, additional paid-in capital, cumulative earnings, cumulative distributions, noncontrolling interest, preferred units, treasury shares, accumulated

other comprehensive income and redeemable common units. The Operating Partnership's capital may include common capital and preferred capital of the general partner (MAA), limited partners' preferred capital, limited partners' noncontrolling interest, accumulated other comprehensive income and redeemable common units. Redeemable common units represent the number of outstanding limited partnership units as of the date of the applicable balance sheet, valued at the greater of the closing market price of MAA's common stock or the aggregate value of the individual partners' capital balances. Each redeemable unit may be redeemed by the holder thereof for either cash equal to the fair market value of one share of common stock of MAA at the time of such redemption or, at the option of MAA, one share of common stock of MAA.

In order to highlight the material differences between MAA and the Operating Partnership, this Report includes sections that separately present and discuss areas that are materially different between MAA and the Operating Partnership, including:

- the selected financial data in Item 6 of this Report;

- the consolidated financial statements in Item 8 of this report;
- certain accompanying notes to the financial statements, including Note 3 - Earnings per Common Share of MAA and Note 4 - Earnings per OP Unit of MAALP; Note 10 - Shareholders' Equity of MAA and Note 11 - Partners' Capital of MAALP; and Note 19 - Selected Quarterly Financial Information of MAA (Unaudited) and Note 20 - Selected Quarterly Financial Information of MAALP (Unaudited);
- the controls and procedures in Item 9A of this report; and
- the certifications of the Chief Executive Officer and Chief Financial Officer of MAA included as Exhibits 31 and 32 to this report.

In the sections that combine disclosure for MAA and the Operating Partnership, this report refers to actions or holdings as being actions or holdings of the Company. Although the Operating Partnership (directly or indirectly through one of its subsidiaries) is generally the entity that enters into contracts, holds assets and issues debt, management believes this presentation is appropriate for the reasons set forth above and because the business is one enterprise and we operate the business through the Operating Partnership.

PART I

Risks Associated with Forward Looking Statements

We consider this and other sections of this Annual Report on Form 10-K to contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, with respect to our expectations for future periods. Forward-looking statements do not discuss historical fact, but instead include statements related to expectations, projections, intentions or other items related to the future. Such forward-looking statements include, without limitation, statements concerning property acquisitions and dispositions, joint venture activity, development and renovation activity as well as other capital expenditures, capital raising activities, rent and expense growth, occupancy, financing activities and interest rate and other economic expectations. Words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates,” and variations of such words and similar expressions are intended to identify such forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from the results of operations, financial conditions or plans expressed or implied by such forward-looking statements. Such factors include, among other things, unanticipated adverse business developments affecting us, or our properties, adverse changes in the real estate markets and general and local economies and business conditions. Although we believe that the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate, and therefore such forward-looking statements included in this report may not prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by us or any other person that the results or conditions described in such statements or our objectives and plans will be achieved.

The following factors, among others, could cause our future results to differ materially from those expressed in the forward-looking statements:

- inability to generate sufficient cash flows due to market conditions, changes in supply and/or demand, competition, uninsured losses, changes in tax and housing laws, or other factors;
- exposure, as a multifamily focused REIT, to risks inherent in investments in a single industry;
- adverse changes in real estate markets, including, but not limited to, the extent of future demand for multifamily units in our significant markets, barriers of entry into new markets which we may seek to enter in the future, limitations on our ability to increase rental rates, competition, our ability to identify and consummate attractive acquisitions or development projects on favorable terms, our ability to consummate any planned dispositions in a timely manner on acceptable terms, and our ability to reinvest sale proceeds in a manner that generates favorable returns;
- failure of new acquisitions to achieve anticipated results or be efficiently integrated;
- failure of development communities to be completed, if at all, within budget and on a timely basis or to lease-up as anticipated;
- unexpected capital needs;
- changes in operating costs, including real estate taxes, utilities and insurance costs;
- losses from catastrophes in excess of our insurance coverage;
- ability to obtain financing at favorable rates, if at all, and refinance existing debt as it matures;
- level and volatility of interest or capitalization rates or capital market conditions;
- loss of hedge accounting treatment for interest rate swaps or interest rate caps;
- the continuation of the good credit of our interest rate swap and cap providers;
- price volatility, dislocations and liquidity disruptions in the financial markets and the resulting impact on financing;
- the effect of any rating agency actions on the cost and availability of new debt financing;
- significant decline in market value of real estate serving as collateral for mortgage obligations;
-

significant change in the mortgage financing market that would cause single-family housing, either as an owned or rental product, to become a more significant competitive product;

- our ability to continue to satisfy complex rules in order to maintain our status as a REIT for federal income tax purposes, the ability of the Operating Partnership to satisfy the rules to maintain its status as a partnership for federal income tax purposes, the ability of our taxable REIT subsidiaries to maintain their status as such for federal income tax purposes, and our ability and the ability of our subsidiaries to operate effectively within the limitations imposed by these rules;
- inability to attract and retain qualified personnel;
- potential liability for environmental contamination;
- adverse legislative or regulatory tax changes;
- litigation and compliance costs associated with laws requiring access for disabled persons; and

- other risks identified in this annual report on Form 10-K and, from time to time, in other reports we file with the Securities and Exchange Commission, or the SEC, or in other documents that we publicly disseminate.

We undertake no obligation to publicly update or revise these forward-looking statements to reflect events, circumstances or changes in expectations after the date on which this Report is filed.

ITEM 1. BUSINESS

Overview

MAA is a multifamily focused, self-administered and self-managed REIT. We own, operate, acquire and selectively develop apartment communities primarily located in the Southeast and Southwest regions of the United States. Our activities include full or partial ownership and operation of 268 multi-family properties and 3 commercial properties as of December 31, 2014, located in Alabama, Arizona, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, Missouri, Nevada, North Carolina, South Carolina, Tennessee, Texas and Virginia.

As of December 31, 2014, we owned or maintained a partial ownership in the following properties:

Multifamily:

Consolidated Properties	Units	Unconsolidated Properties	Units	Total Properties	Total Units
268	82,316	—	—	268	82,316

Commercial:

Consolidated Properties	Sq. Ft. [1]	Unconsolidated Properties	Sq. Ft.	Total Properties	Total Sq. Ft.
2	263,271	1	29,971	3	293,242

[1] Excludes space owned by anchor tenants as well as commercial space located at multifamily communities.

Our business is conducted principally through the Operating Partnership. We are the sole general partner of the Operating Partnership, holding 75,267,675 OP units, comprising a 94.7% partnership interest in the Operating Partnership as of December 31, 2014.

MAA was formed in Tennessee in 1993. Our corporate offices are located at 6584 Poplar Avenue, Memphis, Tennessee 38138 and our telephone number is (901) 682-6600. As of December 31, 2014, we had 2,033 full-time employees and 57 part-time employees.

Merger of MAA and Colonial

On October 1, 2013, MAA completed its previously announced merger with Colonial Properties Trust, or Colonial. Pursuant to the merger agreement, Martha Merger Sub, LP, or OP Merger Sub, a wholly-owned indirect subsidiary of the Operating Partnership, merged with and into Colonial Realty Limited Partnership, which we refer to as Colonial LP, with Colonial LP being the surviving entity of the merger and becoming a wholly-owned indirect subsidiary of our Operating Partnership, which is referred to as the partnership merger. The partnership merger was part of the transactions contemplated by the agreement and plan of merger entered into on June 3, 2013 among MAA, the Operating Partnership, OP Merger Sub, Colonial, and Colonial LP pursuant to which MAA and Colonial combined through a merger of Colonial with and into MAA, with MAA surviving the merger, which is referred to as the parent merger. We refer to the parent merger, together with the partnership merger, as the Merger in this Annual Report on Form 10-K. Under the terms of the merger agreement, each common share of beneficial interest in Colonial, or Colonial common share, was converted into the right to receive 0.36 of a newly issued share of MAA common stock. In addition, each limited partner interest in Colonial LP designated as a “Class A Unit” and a “Partnership Unit” under the limited partnership agreement of Colonial LP, which we refer to in this Report as Colonial LP units, issued and outstanding immediately prior to the effectiveness of the partnership merger was converted into common units in our Operating Partnership at the 0.36 conversion rate.

The net assets and results of operations of Colonial are included in our consolidated financial statements from the closing date, October 1, 2013 going forward.

Reporting Segments

As of December 31, 2014, we owned or had an ownership interest in 268 multifamily apartment communities located in 14 states from which we derived all significant sources of earnings and operating cash flows. Additionally, we owned three commercial properties in two states. Senior management evaluates performance and determines resource allocations by reviewing apartment communities individually and in the following reportable operating segments:

- Large market same store communities are generally communities in markets with a population of at least 1 million and at least 1% of the total public multifamily REIT units that we have owned and that have been stabilized for at least a full 12 months and have not been classified as held for sale. Communities are considered stabilized after achieving and maintaining at least 90% occupancy for 90 days.
- Secondary market same store communities are generally communities in markets with populations of more than 1 million but less than 1% of the total public multifamily REIT units or markets with populations of less than 1 million that we have owned and that have been stabilized for at least a full 12 months and have not been classified as held for sale. Communities are considered stabilized after achieving and maintaining at least 90% occupancy for 90 days.
- Non same store communities and other includes recent acquisitions, communities in development or lease-up, communities that have been identified for disposition, and communities that have undergone a significant casualty loss. Also included in non same store communities are non multifamily activities which represent less than 1% of our portfolio.

On the first day of each calendar year, we determine the composition of our same store operating segments for that year, which allows us to evaluate full period-over-period operating comparisons. For financial reporting purposes for the twelve months ended December 31, 2014, the operating results of the Colonial assets that we acquired in the Merger are within the "non-same store communities and other" reporting segment. For full year operating results, the legacy Colonial assets will not be eligible to be included in same store segments until January 1, 2015. During 2014, we added 14 communities to our same store portfolio and moved 13 communities to our non-same store and other segment excluding legacy Colonial properties. For quarterly reporting purposes, we moved the legacy Colonial portfolio consisting of 97 properties into the same store portfolio during the fourth quarter of 2014 in order to show comparative results in the fourth quarter.

A summary of segment operating results for 2014, 2013 and 2012 is included in Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements, Note 16. Additionally, segment operating performance for such years is discussed in Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, in this Annual Report on Form 10-K.

Business Objectives

Our primary business objectives are to protect and grow existing property values, to maintain a stable and increasing cash flow that will fund our dividend through all parts of the real estate investment cycle, and to create shareholder value by growing in a disciplined manner. To achieve these objectives, we intend to continue to pursue the following goals and strategies:

- effectively and efficiently operate our existing properties with an intense property and asset management focus and a decentralized structure;
- manage real estate cycles by taking an opportunistic approach to buying, selling, renovating and developing apartment communities;
- diversify investment capital across both large and secondary markets to achieve a growing and less volatile operating performance; and
- actively manage our capital structure to help enhance predictability of earnings to fund our dividends and distributions.

2014 Highlights

- Core Funds From Operations, or Core FFO, which excludes merger and integration costs related to the merger Colonial, as well as certain other non-routine items, for the year was $4.99 per diluted share and unit.
- Completed an unsecured public bond offering through the Operating Partnership. The Operating Partnership issued $400 million of ten year senior unsecured notes at a coupon rate of 3.75% and an issuance price of 98.873%.

- Acquired eight multifamily communities, totaling 2,698 units, during the year and sold eight multifamily communities, totaling 3,063 units.
- Sold or acquired full ownership of each of our multifamily joint venture properties, with the exception of one multifamily joint venture which owns only undeveloped land.
- Completed the construction of three development communities during the year, and had two communities, containing a total of 514 units, remaining under construction at the end of the year.

Operations Strategy

Our goal is to generate our return on investment collectively and in each apartment community by increasing revenues, controlling operating expenses, maintaining high occupancy levels and reinvesting as appropriate. The steps taken to meet these objectives include:

- providing management information and improved customer services through technology innovations;
- utilizing systems to enhance property managers' ability to optimize revenue by adjusting rental rates in response to local market conditions and individual unit amenities;
- developing new ancillary income programs aimed at offering new services to residents, on which we generate revenue;
- implementing programs to control expenses through investment in cost-saving initiatives;
- analyzing individual asset productivity performances to identify best practices and improvement areas;
- proactively maintaining the physical condition of each property through ongoing capital investments;
- improving the "curb appeal" of the apartment communities through extensive landscaping and exterior improvements, and repositioning apartment communities from time-to-time to enhance or maintain market positions;
- aggressively managing lease expirations to align with peak leasing traffic patterns and to maximize productivity of property staffing;
- allocating additional capital, including capital for selective interior and exterior improvements;
- compensating employees through performance-based compensation and stock ownership programs; and
- maintaining a hands-on management style and "flat" organizational structure that emphasizes property level decision making coupled with asset management and senior management's monitoring.

We believe that our decentralized operating structure capitalizes on specific market knowledge, provides greater personal accountability than a centralized structure and is beneficial in the acquisition and redevelopment processes. To support this decentralized operational structure, senior and executive management, along with various asset management functions, are proactively involved in supporting and reviewing property management through extensive reporting processes and frequent on-site visitations. To maximize the amount of information shared between senior and executive management and the properties on a real time basis, we utilize a web-based property management system. The system contains property and accounting modules that allow for operating efficiencies, continued expense control, provide for various expanded revenue management practices, and improve the support provided to on-site property operations. We use a "yield management" pricing program that helps our property managers optimize rental revenues, and we also utilize purchase order and accounts payable software to provide improved controls and management information.

Advances in technologies continue to drive operating efficiencies in our business and help us to better meet the changing needs of our residents. Since its launch in October 2012, our residents have been utilizing our web-based resident internet portal on our website. Our residents have the ability to conduct business with us 24 hours a day, 7 days a week. In February 2013, we completed the roll out of online leasing renewals throughout our portfolio. As a result of transforming our operations through technology, resident's satisfaction improved, and our operating teams have become more efficient. Web-based technologies have also resulted in declining marketing and advertising costs, improved cash management, and better pricing management of our available apartments.

In 2014, the MAA website, www.maac.com, exceeded 3.6 million site visitors, which translates into a 38% year-over-year increase. We attribute this increase to the Merger, as well as core web enhancements made throughout the year, including improved site reporting capabilities, refreshed property and regional content, and extensive search engine optimization efforts. In addition, we continue to see strong mobile penetration, totaling 25% of all site visitors in 2014.

Acquisition Strategy

One of our growth strategies is to acquire apartment communities that are located in large or secondary markets primarily throughout the Southeast and Southwest regions of the United States. Acquisitions, along with dispositions as discussed below, help us achieve our desired product mix, geographic diversification and rebalance our portfolio.
Portfolio

growth allows for maximizing the efficiency of the existing overhead structure. We have extensive experience in the acquisition of multifamily communities. We will continue to evaluate opportunities that arise, and will utilize this strategy to increase the number of apartment communities in strong and growing markets.

The following apartment communities were acquired by us during the year ended December 31, 2014:

Property	Location	Number of Units	Date Purchased
Grand Cypress [1]	Houston, Texas	312	January 15, 2014
Venue at Stonebridge Ranch [1]	Dallas, Texas	250	January 31, 2014
Stonefield Commons	Charlottesville, Virginia	251	June 2, 2014
Cityscape at Market Center	Dallas, Texas	454	June 12, 2014
Verandas at Southwood [1]	Tallahassee, Florida	300	July 23, 2014
Highlands of West Village	Smyrna, Georgia	480	October 30, 2014
Bulverde Oaks	San Antonio, Texas	328	October 31, 2014
Retreat at Vintage Park	Houston, Texas	323	November 24, 2014
		2,698	

[1] Acquired from Mid-America Multifamily Fund II, LLC, a joint venture fund in which MAA owned a one-third interest.

Disposition Strategy

We sell apartment communities and other assets that no longer meet our long-term strategy or when market conditions are favorable, and we redeploy the proceeds from those sales to develop, redevelop and acquire additional apartment communities and to rebalance our portfolio across or within geographic regions. Dispositions also allow us to realize a portion of the value created through our investments and provide additional liquidity. We are then able to redeploy the net proceeds from our dispositions in lieu of raising additional capital. When we decide to sell a community, we generally solicit competing bids from unrelated parties for these individual assets and consider the sales price and other key terms of each proposal. We also consider portfolio dispositions when such a structure is useful to maximize proceeds and efficiency of execution. During the year ended December 31, 2014, we disposed of eight multifamily properties totaling 3,063 units and two commercial properties totaling 606,000 square feet.

Development Strategy

As another part of our growth strategy, we invest in a limited number of development projects. Typically our agreements are structured to minimize the construction and development risk by contracting with unrelated parties to do the work through a fixed price contract. Cost overruns are covered by the developer or shared on a pre-determined contractual basis. We typically manage the leasing portion of the project as units become available for lease. We may also engage in limited expansion development opportunities on existing communities in which we serve as the developer. While we seek opportunistic new development investments offering attractive long-term investment returns, we do not currently intend to expand into development in a significant way. We expect our investment in new development will remain a smaller component of overall growth as compared to growth through acquiring existing properties. During the year ended December 31, 2014, we incurred $70.8 million in development costs.

The following multifamily projects were under development as of December 31, 2014 (dollars in thousands):

Project:	Location

		Total Units	Units Completed	Cost to Date	Budgeted Cost	Estimated Cost Per Unit	Expected Completion
220 Riverside	Jacksonville, Florida	294	—	$33,237	$42,300	$144	2nd Quarter 2015
Colonial Grand at Bellevue II	Nashville, Tennessee	220	48	$27,605	$30,800	$140	1st Quarter 2015

Redevelopment Strategy

In 2005 we began an initiative of upgrading a significant number of our existing apartment communities in key markets across our portfolio. We focus on both interior unit upgrades and exterior amenities above and beyond routine capital upkeep in markets that we believe continue to have the ability to support additional rent growth. As a result of the Merger, significant additional redevelopment opportunities exist and we expect redevelopment to continue to be an important part of our strategy. During the year ended December 31, 2014, we renovated 4,549 units and exterior amenities for a total of $21.1 million. We believe that the rents received on these renovated units were approximately 9.3% above the normal market rate for similar but non-renovated units.

Capital Structure Strategy

We use a combination of debt and equity sources to fund our business strategy, focused on producing a low cost and flexible capital structure. We focus on improving the net present value of our assets by generating cash flows from our portfolio of investments above the estimated total cost of debt and equity capital. We routinely make new investments when we believe it will be accretive to shareholder value. We maintain a capital structure that we believe allows us to proactively source potential investment opportunities in the marketplace. We have structured our debt maturity schedule to avoid significant exposure in any given year and to be able to opportunistically access both secured and unsecured debt markets when appropriate. We also believe that we have significant access to the equity capital markets.

At December 31, 2014, 37.3% of our total capitalization consisted of borrowings, including 16.9% under our secured borrowings and 20.4% under our unsecured credit facilities or unsecured senior notes. We currently intend to target our total debt to a range of approximately 40% to 45% of the undepreciated book value of our assets. Our charter and bylaws do not limit our debt levels and our Board of Directors can modify this policy at any time. We may also issue new equity to maintain our debt within the target range. Covenants in our credit facilities limit our net-debt (total debt less cash on hand) to undepreciated book value to 60%. As of December 31, 2014, our ratio of net-debt to undepreciated book value was approximately 42.6%.

We continuously review opportunities for lowering our cost of capital and increasing net present value per share. We plan to broaden our capital sources to include additional unsecured debt in order to take advantage of lower cost of capital in the public bond market. We evaluate opportunities to repurchase shares when we believe that our share price is significantly below our net present value. We also look for opportunities where we can acquire or develop apartment communities, selectively funded or partially funded by sales of equity securities, when appropriate opportunities arise. We may also opportunistically seek to lower our cost of capital through issuing, refinancing, or redeeming preferred shares.

On November 19, 2013, we entered into distribution agreements with J.P. Morgan Securities, LLC, BMO Capital Markets Corp., KeyBanc Capital Markets Inc. and UBS Securities LLC to sell up to 4,500,000 shares of our common stock, from time-to-time in at-the-market offerings or negotiated transactions through controlled equity offering programs, or ATMs. As of December 31, 2014, there were 4,134,989 shares remaining under the ATM program.

The following are the issuances of common stock which have been made through these types of ATM agreements through December 31, 2014:

	Number of Shares Sold	Net Proceeds	Net Average Sales Price	Gross Proceeds	Gross Average Sales Price
2006	194,000	$11,481,292	$59.18	$11,705,010	$60.34

2007	323,700	$18,773,485	$58.00	$19,203,481	$59.32
2008	1,955,300	$103,588,759	$52.98	$105,554,860	$53.98
2009	763,000	$32,774,757	$42.96	$33,283,213	$43.62
2010	5,077,201	$274,576,677	$54.08	$278,468,323	$54.85
2011	3,303,273	$204,534,677	$61.92	$207,650,656	$62.86
2012	1,155,511	$75,863,040	$65.65	$77,019,121	$66.65
2013	365,011	$24,753,492	$67.82	$25,067,009	$68.67
2014	—	$—	$—	$—	$—
Total	13,136,996	$746,346,179	$56.81	$757,951,673	$57.70

We also have a dividend and distribution reinvestment stock purchase plan, or DRSPP, which allows for the optional cash purchase of common stock of at least $250, but not more than $5,000 in any given month, free of brokerage commissions and charges. We, in our absolute discretion, may grant waivers to allow for optional cash payments in excess of $5,000. During the year ended December 31, 2014, we issued a total of 1,720 shares through the optional cash purchase feature of the DRSPP, resulting in net proceeds of $121,834.

Share Repurchase Program

In 1999, our Board of Directors approved an increase in the number of shares of our common stock authorized to be repurchased to 4 million shares. As of December 31, 2014, we had repurchased a total of approximately 1.9 million shares (8% of the shares of common stock and common units outstanding as of the beginning of the repurchase program). From time-to-time, we intend to repurchase shares when we believe that shareholder value would be enhanced. Factors affecting this determination include, among others, the share price and expected rates of return. No shares were repurchased from 2002 through 2014 under this plan.

Competition

All of our apartment communities are located in areas that include other apartment communities. Occupancy and rental rates are affected by the number of competitive apartment communities in a particular area. The owners of competing apartment communities may have greater resources than us, and the managers of these apartment communities may have more experience than our management. Moreover, single-family rental housing, manufactured housing, condominiums and the new and existing home markets provide housing alternatives to potential residents of apartment communities.

Competition for new residents is generally intense across all of our markets. Some competing communities offer features that our communities do not have. Competing communities can use concessions or lower rents to obtain temporary competitive advantages. Also, some competing communities are larger or newer than our communities. The competitive position of each community is different depending upon many factors including sub-market supply and demand. In addition, other real estate investors compete with us to acquire existing properties and to develop new properties. These competitors include insurance companies, pension and investment funds, public and private real estate companies, investment companies and other public and private apartment REITs, some of which may have greater resources, or lower capital costs, than we do.

We believe that, in general, we are well-positioned to compete effectively for residents and investments. We believe our competitive advantages include:

- a fully integrated organization with property management, development, redevelopment, acquisition, marketing, sales and financing expertise;
- scalable operating and support systems, which include automated systems to meet the changing electronic needs of our residents;
- access to a wide variety of debt and equity capital sources;
- geographic diversification with a presence in 49 markets across the country; and
- significant presence in many of our major markets that allows us to be a local operating expert.

Moving forward, we plan to continue to optimize lease management, improve expense control, increase resident retention efforts and align employee incentive plans with our bottom line performance. We believe this plan of operation, coupled with the portfolio’s strengths in targeting residents across a geographically diverse platform, should position us for continued operational upside. We also make capital improvements to both our apartment communities

and individual apartments on a regular basis in order to maintain a competitive position in each individual market.

Environmental Matters

As part of the normal acquisition process, we generally obtain environmental studies on our apartment communities from outside environmental engineering firms. The purpose of these studies is to identify potential sources of contamination at the site and to assess the status of environmental regulatory compliance. These studies generally include historical reviews of the site, reviews of certain public records, preliminary investigations of the site and surrounding properties, inspection for the presence of asbestos, poly-chlorinated biphenyls, or PCBs, and underground storage tanks and the preparation and issuance of written reports. Depending on the results of these studies, more invasive procedures, such as soil sampling or ground water analysis, may be performed to investigate potential sources of contamination. These studies must be satisfactorily completed before we take ownership of an acquisition or development community; however, no assurance can be given that the studies or

additional documents reviewed identify all significant environmental risks. See "Risk Factors - Risks Relating to Our Real Estate Investments and our Operations - Environmental problems are possible and can be costly."

The environmental studies we received on properties that we have acquired have not revealed any material environmental liabilities. We are not aware of any existing conditions that we believe would be considered a material environmental liability. Nevertheless, it is possible that the studies do not reveal all environmental risks or that there are material environmental liabilities of which we are not aware. Moreover, no assurance can be given concerning future laws, ordinances or regulations, or the potential introduction of hazardous or toxic substances by neighboring properties or residents.

We believe that our properties are in compliance in all material respects with all applicable federal, state and local ordinances and regulations regarding hazardous or toxic substances and other environmental matters.

Website Access to Our Reports

Both MAA and the Operating Partnership file annual and periodic reports with the SEC. All filings made by MAA and the Operating Partnership with the SEC may be copied or read at the SEC's Public Reference Room at 100 F Street NE, Washington, DC 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. The SEC also maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC as we do. The website is http://www.sec.gov.

Additionally, a copy of this Annual Report on Form 10-K, along with our Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to the aforementioned filings, are available on our website free of charge. The filings can be found on the "For Investors" page under "SEC Filings and Reports". Our website also contains our Corporate Governance Guidelines, Code of Business Conduct and Ethics and the charters of the committees of the Board of Directors. These items can be found on the "For Investors" page under "Corporate Overview and Governance Documents". Our website address is http://www.maac.com. Reference to our website does not constitute incorporation by reference of the information contained on the site and should not be considered part of this document. All of the aforementioned materials may also be obtained free of charge by contacting our Legal Department, 6584 Poplar Avenue, Memphis, TN 38138.

Tax Matters

MAA has elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended, or the Code. To continue to qualify as a REIT, MAA must continue to meet certain tests which, among other things, generally require that our assets consist primarily of real estate assets, our income be derived primarily from real estate assets, and that we distribute at least 90% of our REIT taxable income (other than our net capital gains) to our shareholders annually. If MAA maintains its qualification as a REIT, MAA generally will not be subject to U.S. federal income taxes at the corporate level on its net income to the extent it distributes such net income to its shareholders annually. Even if MAA continues to qualify as a REIT, it will continue to be subject to certain federal, state and local taxes on its income and its property. In 2014, MAA paid total distributions of $2.92 per share of common stock to its shareholders, which was above the 90% REIT distribution requirement.

Inflation

We believe that the direct effects of inflation on our operations have been immaterial. While the impact of inflation primarily impacts our results through wage pressures, property taxes, utilities and material costs, substantially all of our leases are for a term of one year or less, which generally enables us to compensate for any inflationary effects by

increasing rents on our apartments. Although an escalation in energy and food costs could have a negative impact on our residents and their ability to absorb rent increases, we do not believe this has had a material impact on our results for the year ended December 31, 2014.

Insurance

We carry comprehensive general liability coverage on our communities, with limits of liability customary within the multi-family apartment industry, to insure against liability claims and related defense costs. We are also insured, with limits of liability customary within the multi-family apartment industry, against the risk of direct physical damage in amounts necessary to reimburse us on a replacement cost basis for costs incurred to repair or rebuild each property, including loss of rental income during the reconstruction period.

Recent Developments

Acquisitions

On January 15, 2015, we closed on the purchase of the 298-unit Residences at Burlington Creek apartment community located in Kansas City, Missouri.

Financings

On January 30, 2015, we paid off the $15.2 million remaining principal balance of the mortgage on the Farmington Village apartment community.

On February 17, 2015, we paid off the $91.1 million remaining principal balance on the tax free portion of the Fannie Mae credit facility. As part of this pay-off, we incurred debt extinguishment costs of approximately $0.4 million, primarily related to legal costs and early termination fees.

ITEM 1A. RISK FACTORS

In addition to the other information contained in this Annual Report on Form 10-K, we have identified the following additional risks and uncertainties that may have a material adverse effect on our business prospects, financial condition or results of operations. Investors should carefully consider the risks described below before making an investment decision. Our business faces significant risks and the risks described below may not be the only risks we face. Additional risks not presently known to us or that we currently believe are immaterial may also significantly impair our business operations. If any of these risks occur, our business prospects, results of operations or financial condition could suffer, the market price of our common stock and the trading price of our debt securities could decline and you could lose all or part of your investment in our common stock or debt securities.

RISKS RELATED TO OUR REAL ESTATE INVESTMENTS AND OUR OPERATIONS

Continued economic weakness following the economic recession that the U.S. economy most recently experienced may materially and adversely affect our financial condition and results of operations.

The U.S. economy continues to experience some weakness following a severe recession, including relatively high levels of unemployment and weak consumer spending. In addition, while the Federal Reserve took policy actions to promote market liquidity and encourage economic growth following the recession, such actions are now being curtailed as signs of improvement in the economy have emerged, and the impact of these monetary policy actions on the economy is uncertain. If the economic recovery slows or stalls, or if the economy experiences another recession, we may experience adverse effects on our occupancy levels, our rental revenues and the value of our properties, any of which could adversely affect our cash flow, financial condition and results of operations. We are also exposed to risks relating to the housing market recovery that has accompanied the economic recovery, to the extent that when demand for single family homes increases, demand for apartments may decline, which could adversely affect our cash flow, financial condition and results of operations.

Failure to generate sufficient cash flows could limit our ability to make payments on our debt and to pay distributions to shareholders and unitholders.

Our ability to make payments on our debt and to make distributions depends on our ability to generate cash flow in excess of operating costs and capital expenditure requirements and/or to have access to the markets for debt and equity financing. Funds from operations and the value of our apartment communities may be insufficient because of factors that are beyond our control. Such events or conditions could include:

- competition from other apartment communities;
- overbuilding of new apartments or oversupply of available apartments in our markets, which might adversely affect occupancy or rental rates and/or require rent concessions in order to lease apartments;
- conversion of condominiums and single family houses to rental use or the sale of excess for-sale condominiums and single family homes;
- weakness in the overall economy which lowers job growth and the associated demand for apartment housing;
- increases in operating costs (including real estate taxes, utilities and insurance premiums) due to inflation and other factors, which may not be offset by increased rental rates;
- inability to initially, or subsequently after lease terminations, rent apartments on favorable economic terms;
- failure of development communities to be completed, if at all, within budget and on a timely basis or to lease up as anticipated;
- changes in governmental regulations and the related costs of compliance;

changes in laws including, but not limited to, tax laws and housing laws including the enactment of rent control laws or other laws regulating multifamily housing;

- withdrawal of government support of apartment financing through its financial backing of the Federal National Mortgage Association, or the Federal Home Loan Mortgage Corporation;
- an uninsured loss, including those resulting from a catastrophic storm, earthquake, or act of terrorism;
- changes in interest rate levels and the availability of financing, borrower credit standards, and down-payment requirements which could lead renters to purchase homes (if interest rates decrease and home loans are more readily available) or increase our acquisition and operating costs (if interest rates increase and financing is less readily available); and
- the relative illiquidity of real estate investments.

At times, we have relied on external funding sources to fully fund the payment of distributions to shareholders and our capital investment program, including our existing property developments. While we have sufficient liquidity to permit

distributions at current rates through additional borrowings, if necessary, any significant and sustained deterioration in operations could result in our financial resources being insufficient to make payments on our debt and to pay distributions to shareholders at the current rate, in which event we would be required to reduce the distribution rate. Any decline in our funds from operations could adversely affect our ability to make distributions to our shareholders or to meet our loan covenants and could have a material adverse effect on our stock price or the trading price of our debt securities.

Our operations are concentrated in the Southeast and Southwest regions of the United States; we are subject to general economic conditions in the regions in which we operate.

Approximately 36.7% of our portfolio is centered in our top five markets: Atlanta, Georgia; Charlotte, North Carolina; Austin, Texas; Raleigh/Durham, North Carolina; and Dallas, Texas. Our performance could be adversely affected by economic conditions in, and other factors relating to, these geographic areas, including supply and demand for apartments in these areas, zoning and other regulatory conditions and competition from other communities and alternative forms of housing. In particular our performance is disproportionately influenced by job growth and unemployment. To the extent the aforementioned general economic conditions, job growth and unemployment in any of these markets deteriorate or any of these areas experiences natural disasters, the value of the portfolio, our results of operations and our ability to make distributions to our shareholders and pay amounts due on our debt could be materially adversely affected.

Substantial competition among apartment communities and real estate companies may adversely affect our rental revenues and development and acquisition opportunities.

There are numerous other apartment communities and real estate companies, many of which have greater financial and other resources than we have, within the market area of each of our communities that compete with us for residents and development and acquisition opportunities. The number of competitive apartment communities and real estate companies in these areas could have a material effect on (1) our ability to rent our apartments and the rents charged, and (2) development and acquisition opportunities. The activities of these competitors could cause us to pay a higher price for a new property than we otherwise would have paid or may prevent us from purchasing a desired property at all, which could have a material adverse effect on us and our ability to make distributions to our shareholders and pay amounts due on our debt.

We may be unable to retain key employees.

Our success will depend in part upon the ability to retain our key employees. There is substantial competition for qualified personnel in the real estate industry and the loss of any of our key personnel could have an adverse effect us.

Breaches of our privacy or information security systems could materially adversely affect our business, results of operations, financial conditions and/or reputation.

The protection of customer and employee data and our network systems are critically important to us. Our business requires us to use and store personally identifiable information of our customers and employees, which may include names, addresses, phone numbers, email addresses, contact preferences, tax identification numbers, and payment account information. The collection and use of personally identifiable information is governed by federal and state laws and regulations, which continue to evolve and may be inconsistent from one jurisdiction to another.

We devote significant resources to protect our customer and employee data and our network systems. However, the security measures put in place by us cannot provide absolute security and there can be no assurance that we will not suffer a data security incident in the future, that unauthorized parties will not gain access to sensitive data stored on

the Company's systems, that such access will not, whether temporarily or permanently, impact, interfere with or interrupt our operations, or that any such incident will be discovered in a timely manner. Our information technology infrastructure could be compromised as a result of third-party security breaches, employee error, malfeasance, faulty password management, or other irregularity, and result in persons obtaining unauthorized access to company data or accounts. Further, privacy and information incidents have generally increased in recent years due to the proliferation of new technologies and the increased sophistication and activities of perpetrators of cyber-attacks. In the future, the Company may be required to expend additional resources to continue to enhance the Company's information security measures and/or to investigate and remediate any information security vulnerabilities.

Any privacy and information incident could compromise our network systems, and the information stored by us could be accessed, misused, publicly disclosed, corrupted, lost, or stolen resulting in fraud or other harm. Moreover, if a data security incident or breach affects our systems or results in the unauthorized release of personally identifiable information, we could be

materially damaged and we may be exposed to a risk of loss or litigation and possible liability, which could result in a material adverse effect on our business, results of operations, financial condition and/or reputation.

We may not realize the anticipated benefits of past or future acquisitions, and the failure to integrate acquired communities and new personnel successfully could create inefficiencies.

We have selectively acquired in the past, and if presented with attractive opportunities we intend to selectively acquire in the future, apartment communities that meet our investment criteria. Our acquisition activities and their success are subject to the following risks:

- we may be unable to obtain financing for acquisitions on favorable terms or at all;
- even if we are able to finance the acquisition, cash flow from the acquisition may be insufficient to meet our required principal and interest payments on the acquisition;
- even if we enter into an acquisition agreement for an apartment community, we may be unable to complete the acquisition after incurring certain acquisition-related costs;
- we may incur significant costs and divert management attention in connection with the evaluation and negotiation of potential acquisitions, including potential acquisitions that we are subsequently unable to complete;
- when we acquire an apartment community, we may invest additional amounts in it with the intention of increasing profitability, and these additional investments may not produce the anticipated improvements in profitability; and
- we may be unable to quickly and efficiently integrate acquired apartment communities and new personnel into our existing operations, and the failure to successfully integrate such apartment communities or personnel will result in inefficiencies that could adversely affect our expected return on our investments and our overall profitability.

We are subject to certain risks associated with selling apartment communities, which could limit our operational and financial flexibility.

We periodically dispose of apartment communities that no longer meet our strategic objectives, but adverse market conditions may make it difficult to sell apartment communities like the ones we own. We cannot predict whether we will be able to sell any property for the price or on the terms we set, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed to find a willing purchaser and to close the sale of a property. Furthermore, we may be required to expend funds to correct defects or to make improvements before a property can be sold. These conditions may limit our ability to dispose of properties and to change our portfolio promptly in order to meet our strategic objectives, which may in turn have a material adverse effect on our financial condition and the market value of our securities. We are also subject to the following risks in connection with sales of our apartment communities:

- a significant portion of the proceeds from our overall property sales may be held by intermediaries in order for some sales to qualify as like-kind exchanges under Section 1031 of the Code, so that any related capital gain can be deferred for federal income tax purposes. As a result, we may not have immediate access to all of the cash proceeds generated from our property sales; and
- federal tax laws limit our ability to profit on the sale of communities that we have owned for less than two years, and this limitation may prevent us from selling communities when market conditions are favorable.

Environmental problems are possible and can be costly.

Under various federal, state and local laws, ordinances and regulations, a current or previous owner or operator of real estate may be liable for the costs of removal or remediation of certain hazardous or toxic substances in, on, around or under such property. Such laws often impose such liability without regard to whether the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances. The presence of, or failure to remediate

properly, hazardous or toxic substances may adversely affect the owner's or operator's ability to sell or rent the affected property or to borrow using the property as collateral. Persons who arrange for the disposal or treatment of hazardous or toxic substances may also be liable for the costs of removal or remediation of hazardous or toxic substances at a disposal or treatment facility, whether or not the facility is owned or operated by the person. Certain environmental laws impose liability for release of asbestos-containing materials into the air, and third parties may also seek recovery from owners or operators of real property for personal injury associated with asbestos-containing materials and other hazardous or toxic substances. Federal and state laws also regulate the operation and subsequent removal of certain underground storage tanks. In connection with the current or former ownership (direct or indirect), operation, management, development or control of real property, we may be considered an owner or operator of such communities or as having arranged for the disposal or treatment of hazardous or toxic substances and,

therefore, may be potentially liable for removal or remediation costs, as well as certain other costs, including governmental fines, and claims for injuries to persons and property.

Our current policy is to obtain a Phase I environmental study on each property we seek to acquire, which generally does not involve invasive techniques such as soil or ground water sampling, and to proceed accordingly. We cannot assure you, however, that the Phase I environmental studies or other environmental studies undertaken with respect to any of our current or future communities will reveal:

- all or the full extent of potential environmental liabilities;
- that any prior owner or operator of a property did not create any material environmental condition unknown to us;
- that a material environmental condition does not otherwise exist as to any one or more of such communities; or
- that environmental matters will not have a material adverse effect on us and our ability to make distributions to our shareholders and pay amounts due on our debt.

Certain environmental laws impose liability on a previous owner of property to the extent that hazardous or toxic substances were present during the prior ownership period. A transfer of the property does not relieve an owner of such liability. Thus, we may have liability with respect to communities previously sold by our predecessors or by us.

There have been a number of lawsuits against owners and managers of multifamily communities alleging personal injury and property damage caused by the presence of mold in residential real estate. Some of these lawsuits have resulted in substantial monetary judgments or settlements. Insurance carriers have reacted to these liability awards by excluding mold related claims from standard policies and pricing mold endorsements separately. We have obtained a separate pollution insurance policy that covers mold-related claims and have adopted programs designed to minimize the existence of mold in any of our communities as well as guidelines for promptly addressing and resolving reports of mold. To the extent not covered by our pollution policy, the presence of mold could expose us to liability from residents and others if property damage, health concerns, or allegations thereof, arise.

Losses from catastrophes may exceed our insurance coverage.

We carry comprehensive liability and property insurance on our communities and intend to obtain similar coverage for communities we acquire in the future. Some losses, generally of a catastrophic nature, such as losses from floods, hurricanes or earthquakes, are subject to limitations, and thus may be uninsured. We exercise our discretion in determining amounts, coverage limits and deductibility provisions of insurance, with a view to maintaining appropriate insurance on our investments at a reasonable cost and on suitable terms. If we suffer a substantial loss, our insurance coverage may not be sufficient to pay the full current market value or current replacement value of our lost investment. Inflation, changes in building codes and ordinances, environmental considerations and other factors also might make it infeasible to use insurance proceeds to replace a property after it has been damaged or destroyed.

Increasing real estate taxes, utilities and insurance costs may negatively impact operating results.

As a result of our substantial real estate holdings, the cost of real estate taxes, utilities, and insuring our apartment communities is a significant component of expense. Real estate taxes, utilities costs and insurance premiums are subject to significant increases and fluctuations, which can be widely outside of our control. If the costs associated with real estate taxes, utilities, and insurance should rise, our financial condition could be negatively impacted, and our ability to pay our dividends and distributions could be affected.

Compliance or failure to comply with laws requiring access to our properties by disabled persons could result in substantial cost.

The Americans with Disabilities Act, the Fair Housing Act of 1988 and other federal, state and local laws generally require that public accommodations be made accessible to disabled persons. Noncompliance could result in the imposition of fines by the government or the award of damages to private litigants. These laws may require us to modify our existing communities. These laws may also restrict renovations by requiring improved access to such buildings by disabled persons or may require us to add other structural features that increase our construction costs. Legislation or regulations adopted in the future may impose further burdens or restrictions on us with respect to improved access by disabled persons. We cannot ascertain the costs of compliance with these laws, which may be substantial.

Development and construction risks could impact our profitability.

As of December 31, 2014, we had two development communities under construction totaling 514 units. We have completed 48 units for the development projects as of December 31, 2014. Our development and construction activities are subject to the following risks:

- we may be unable to obtain, or face delays in obtaining, necessary zoning, land-use, building, occupancy and other required governmental permits and authorizations, which could result in increased development costs, could delay initial occupancy dates for all or a portion of a development community, and could require us to abandon our activities entirely with respect to a project for which we are unable to obtain permits or authorizations;
- yields may be less than anticipated as a result of delays in completing projects, costs that exceed budget and/or higher than expected concessions for lease up and lower rents than pro forma;
- bankruptcy of developers in our development projects could impose delays and costs on us with respect to the development of our communities and may adversely affect our financial condition and results of operations;
- we may abandon development opportunities that we have already begun to explore, and we may fail to recover expenses already incurred in connection with exploring such opportunities;
- we may be unable to complete construction and lease-up of a community on schedule, or incur development or construction costs that exceed our original estimates, and we may be unable to charge rents that would compensate for any increase in such costs;
- occupancy rates and rents at a newly developed community may fluctuate depending on a number of factors, including market and economic conditions, preventing us from meeting our profitability goals for that community; and
- when we sell to third parties communities or properties that we developed or renovated, we may be subject to warranty or construction defects that are uninsured or exceed the limit of our insurance.

RISKS RELATED TO OUR INDEBTEDNESS AND FINANCING ACTIVITIES

Our substantial indebtedness could adversely affect our financial condition and results of operations.

As of December 31, 2014, the amount of our total debt was approximately $3.52 billion. We may incur additional indebtedness in the future in connection with, among other things, our acquisition, development and operating activities.

The degree of our leverage creates significant risks, including the following:

- we may be required to dedicate a substantial portion of our funds from operations to servicing our debt and our cash flow may be insufficient to make required payments of principal and interest;
- we may be subject to prepayment penalties if we elect to repay our indebtedness prior to the stated maturity date;
- debt service obligations will reduce funds available for distribution to our shareholders and funds available for acquisitions, development and redevelopment;
- we may be more vulnerable to economic and industry downturns than our competitors that have less debt;
- we may be limited in our ability to respond to changing business and economic conditions; and
- we may default on our indebtedness, which could result in acceleration of those obligations, assignment of rents and leases and loss of properties to foreclosure.

If any one of these events were to occur, our financial condition and results of operations could be materially and adversely affected.

We may be unable to renew, repay or refinance our outstanding debt.

We are subject to the normal risks associated with debt financing, including the risk that our cash flow will be insufficient to meet required payments of principal and interest, the risk that indebtedness on our communities, or unsecured indebtedness, will not be able to be renewed, repaid or refinanced when due or that the terms of any renewal or refinancing will not be as favorable as the existing terms of such indebtedness. If we were unable to refinance our indebtedness on acceptable terms, or at all, we might be forced to dispose of one or more of our communities on disadvantageous terms, which might result in losses to us. Such losses could have a material adverse effect on us and our ability to make distributions to our shareholders and pay amounts due on our debt. Furthermore, if a property is mortgaged to secure payment of indebtedness and we are unable to meet mortgage payments, the mortgagee could foreclose upon the property, appoint a receiver and receive an assignment of rents and leases or pursue other remedies, all with a consequent loss of our revenues and asset value. Foreclosures could also create taxable income without accompanying cash proceeds, thereby hindering our ability to meet the REIT distribution requirements of the Code.

Rising interest rates would increase the cost of our variable rate debt.

We have incurred and expect in the future to incur indebtedness that bears interest at variable rates. Accordingly, increases in interest rates would increase our interest costs, which could have a material adverse effect on us and our ability to make distributions to our shareholders and pay amounts due on our debt or cause us to be in default under certain debt instruments. In addition, an increase in market interest rates may lead holders of our shares of common stock to demand a higher yield on their shares from distributions by us, which could adversely affect the market price for our common stock.

We may incur additional debt in the future.

We currently fund the acquisition and development of multifamily apartment communities partially through borrowings (including our revolving credit facility) as well as from other sources such as sales of communities which no longer meet our investment criteria. Our organizational documents do not contain any limitation on the amount of indebtedness that we may incur. Accordingly, subject to limitations on indebtedness set forth in various loan agreements and the indentures governing our senior notes, we could become more highly leveraged, resulting in an increase in debt service, which could have a material adverse effect on us and our ability to make distributions to our shareholders and pay amounts due on our debt and in an increased risk of default on our obligations.

The restrictive terms of certain of our indebtedness may cause acceleration of debt payments.

At December 31, 2014, we had outstanding borrowings of approximately $3.52 billion. Our indebtedness contains financial covenants as to minimum net worth, interest coverage ratios, maximum secured debt, and total debt to capital, among others. In the event that an event of default occurs, our lenders may declare borrowings under the respective loan agreements to be due and payable immediately, which could have a material adverse effect on us and our ability to make distributions to our shareholders and pay amounts due on our debt.

A change in United States government policy with regard to Fannie Mae and Freddie Mac could impact our financial condition.

Fannie Mae and Freddie Mac are a major source of financing for multifamily real estate in the United States. We utilize loan programs sponsored by these entities as one source of capital to finance our growth and our operations. On February 11, 2011, the Obama Administration released a report to Congress which included options, among others, to gradually shrink and eventually shut down Fannie Mae and Freddie Mac. We do not know when or if Fannie Mae or Freddie Mac will restrict their support of lending to the multifamily industry or to us in particular. As of December 31, 2014, 12% of our outstanding debt was borrowed through credit facilities provided by or credit-enhanced by Fannie Mae with agency rate-based maturities ranging from 2015 through 2018. In 2014, we decreased the indebtedness outstanding on our Fannie Mae and Freddie Mac credit facilities from $651.8 million on December 31, 2013 to $436.9 million, including paying off all outstanding amounts on the Freddie Mac credit facilities, as of December 31, 2014 and added $395.8 million of unsecured senior notes. A decision by the U.S. government to eliminate or downscale Fannie Mae or Freddie Mac or to reduce government support for multifamily housing more generally may adversely affect interest rates, capital availability, development of multifamily communities and the value of multifamily residential real estate and, as a result, may adversely affect us and our growth and operations.

Failure to hedge effectively against interest rates may adversely affect results of operations.

From time-to-time we may seek to manage our exposure to interest rate volatility by using interest rate hedging arrangements, such as interest rate cap agreements and interest rate swap agreements. These agreements involve risks,

such as the risk that the counterparties may fail to honor their obligations under these arrangements, that these arrangements may not be effective in reducing our exposure to interest rate changes and that a court could rule that such an agreement is not legally enforceable. Hedging may reduce overall returns on our investments. Failure to hedge effectively against interest rate changes could have a material adverse effect on us and our ability to make distributions to our shareholders and pay amounts due on our debt.

A downgrade in our credit ratings could have a material adverse effect on our business, financial condition and results of operations.

We have a significant amount of debt outstanding. We are currently assigned corporate credit ratings from each of the three ratings agencies based on their evaluation of our creditworthiness. These ratings are based on a number of factors, which

included their assessment of our financial strength, liquidity, capital structure, asset quality, and sustainability of cash flow and earnings. If our credit ratings are downgraded or other negative action is taken, we could be required to pay additional interest and fees on our outstanding borrowings. In addition, a downgrade may adversely impact our ability to borrow secured and unsecured debt and otherwise limit our access to capital, which could adversely affect our business, financial condition and results of operations.

Issuances of additional debt or equity may adversely impact our financial condition.

Our capital requirements depend on numerous factors, including the occupancy and turnover rates of our apartment communities, development and capital expenditures, costs of operations and potential acquisitions. We cannot accurately predict the timing and amount of our capital requirements. If our capital requirements vary materially from our plans, we may require additional financing sooner than anticipated. Accordingly, we could become more leveraged, resulting in increased risk of default on our obligations and in an increase in our debt service requirements, both of which could adversely affect our financial condition and ability to access debt and equity capital markets in the future. If we issue additional equity securities to obtain additional financing, the interest of our existing shareholders could be diluted.

RISKS RELATED TO MAA'S ORGANIZATION AND OWNERSHIP OF ITS STOCK

MAA's ownership limit restricts the transferability of its capital stock.

MAA's charter limits ownership of its capital stock by any single shareholder to 9.9% of the value of all outstanding shares of its capital stock, both common and preferred, unless approved by its Board of Directors. The charter also prohibits anyone from buying shares if the purchase would result in it losing REIT status. This could happen if a share transaction results in fewer than 100 persons owning all of its shares or in five or fewer persons, applying certain broad attribution rules of the Code, owning 50% or more of its shares. If you acquire shares in excess of the ownership limit or in violation of the ownership requirements of the Code for REITs, MAA:

- will consider the transfer to be null and void;
- will not reflect the transaction on its books;
- may institute legal action to enjoin the transaction;
- will not pay dividends or other distributions with respect to those shares;
- will not recognize any voting rights for those shares;
- will consider the shares held in trust for its benefit; and
- will either direct you to sell the shares and turn over any profit to MAA, or MAA will redeem the shares. If MAA redeems the shares, you will be paid a price equal to the lesser of:
  - the principal price paid for the shares by the holder,
  - a price per share equal to the market price (as determined in the manner set forth in its charter) of the applicable capital stock,
  - the market price (as so determined) on the date such holder would, but for the restrictions on transfers set forth in its charter, be deemed to have acquired ownership of the shares and
  - the maximum price allowed under Tennessee Greenmail Act (such price being the average of the highest and lowest closing market price for the shares during the 30 trading days preceding the purchase of such shares or, if the holder of such shares has commenced a tender offer or has announced an intention to seek control of MAA, during the 30 trading days preceding the commencement of such tender offer or the making of such announcement).

The redemption price may be paid, at MAA's option, by delivering one common unit (subject to adjustment from time to time in the event of, among other things, stock splits, stock dividends, or recapitalizations affecting its common stock or certain mergers, consolidations or asset transfers by MAA) issued by the Operating Partnership for each

Excess Share being redeemed.

If you acquire shares in violation of the limits on ownership described above:

- you may lose your power to dispose of the shares;
- you may not recognize profit from the sale of such shares if the market price of the shares increases; and
- you may be required to recognize a loss from the sale of such shares if the market price decreases.

Provisions of MAA's charter and Tennessee law may limit the ability of a third party to acquire control of MAA.

Ownership Limit

The 9.9% ownership limit discussed above may have the effect of precluding acquisition of control of MAA by a third party without the consent of our Board of Directors.

Preferred Stock

MAA's charter authorizes our Board of Directors to issue up to 20,000,000 shares of preferred stock. The Board of Directors may establish the preferences and rights of any preferred shares issued. The issuance of preferred stock could have the effect of delaying or preventing someone from taking control of MAA, even if a change in control were in MAA shareholders' best interests. As of December 31, 2014, no shares of preferred stock were issued and outstanding.

Tennessee Anti-Takeover Statutes

As a Tennessee corporation, MAA is subject to various legislative acts, which impose restrictions on and require compliance with procedures designed to protect shareholders against unfair or coercive mergers and acquisitions. These statutes may delay or prevent offers to acquire MAA and increase the difficulty of consummating any such offers, even if MAA's acquisition would be in MAA shareholders' best interests.

Market interest rates and low trading volume may have an adverse effect on the market value of MAA's common stock.

The market price of shares of a REIT may be affected by the distribution rate on those shares, as a percentage of the price of the shares, relative to market interest rates. If market interest rates increase, prospective purchasers of MAA's shares may expect a higher annual distribution rate. Higher interest rates would not, however, result in more funds for MAA to distribute and, in fact, would likely increase MAA's borrowing costs and potentially decrease funds available for distribution. This could cause the market price of MAA's common stock to go down. In addition, although MAA's common stock are listed on The New York Stock Exchange, or NYSE, the daily trading volume of MAA's common stock may be lower than the trading volume for other industries. As a result, MAA's investors who desire to liquidate substantial holdings may find that they are unable to dispose of their shares in the market without causing a substantial decline in the market value of MAA's common stock.

Changes in market conditions or a failure to meet the market's expectations with regard to our results of operations and cash distributions could adversely affect the market price of MAA's common stock.

We believe that the market value of a REIT's equity securities is based primarily upon the market's perception of the REIT's growth potential and its current and potential future cash distributions, and is secondarily based upon the real estate market value of the underlying assets. For that reason, MAA's common stock may trade at prices that are higher or lower than the net asset value per share. To the extent we retain operating cash flow for investment purposes, working capital reserves or other purposes, these retained funds, while increasing the value of our underlying assets, may not correspondingly increase the market price of MAA's common stock. In addition, we are subject to the risk that our cash flow will be insufficient to pay distributions to MAA's shareholders. Our failure to meet the market's expectations with regard to future earnings and cash distributions would likely adversely affect the market price of MAA's stock.

The stock markets, including NYSE, on which MAA lists its common stock, have experienced significant price and volume fluctuations. As a result, the market price of MAA's common stock could be similarly volatile, and investors in MAA's common stock may experience a decrease in the value of their shares, including decreases unrelated to our operating performance or prospects. Among the market conditions that may affect the market price of MAA's publicly traded securities are the following:

- our financial condition and operating performance and the performance of other similar companies;
- actual or anticipated differences in our quarterly and annual operating results;
- changes in our revenues or earnings estimates or recommendations by securities analysts;
- publication of research reports about us or our industry by securities analysts;
- additions and departures of key personnel;
- inability to access the capital markets;
- strategic decisions by us or our competitors, such as acquisitions, dispositions, spin-offs, joint ventures, strategic investments or changes in business strategy;

- the issuance of additional shares of MAA's common stock, or the perception that such sales may occur, including under MAA's at-the-market offering programs;
- the reputation of REITs generally and the reputation of REITs with portfolios similar to ours;
- the attractiveness of the securities of REITs in comparison to securities issued by other entities (including securities issued by other real estate companies);
- an increase in market interest rates, which may lead prospective investors to demand a higher distribution rate in relation to the price paid for MAA's common stock;
- the passage of legislation or other regulatory developments that adversely affect us or our industry;
- speculation in the press or investment community;
- actions by institutional shareholders or hedge funds;
- changes in accounting principles;
- terrorist acts; and
- general market conditions, including factors unrelated to our performance.

In the past, securities class action litigation has often been instituted against companies following periods of volatility in their stock price. This type of litigation could result in substantial costs and divert our management’s attention and resources.

RISKS RELATED TO THE OPERATING PARTNERSHIP'S ORGANIZATION AND OWNERSHIP OF OP UNITS

The Operating Partnership's existing unitholders have limited approval rights, which may prevent the Operating Partnership's sole general partner, MAA, from completing a change of control transaction that may be in the best interests of all unitholders and of all the shareholders of MAA.

MAA may not engage in a sale or other disposition of all or substantially all of the assets of the Operating Partnership, dissolve the Operating Partnership or, upon the occurrence of certain triggering events, take any action that would result in any unitholder realizing taxable gain, without the approval of the holders of a majority of the outstanding OP Units held by holders other than MAA or its affiliates, or Class A OP Units. The right of the holders of our Class A OP Units to vote on these transactions could limit MAA's ability to complete a change of control transaction that might otherwise be in the best interest of all of our unitholders and all shareholders of MAA.

In certain circumstances, certain of the Operating Partnership's unitholders must approve the Operating Partnership's sale of certain properties contributed by the unitholders.

In certain circumstances as detailed in the partnership agreement of the Operating Partnership, the Operating Partnership may not sell or otherwise transfer certain properties unless a specified percentage of the limited partners who were partners in the limited partnership holding such properties at the time of its acquisition by us approves such sale or transfer. The exercise of these approval rights by the Operating Partnership's unitholders could delay or prevent the Operating Partnership from completing a transaction that may be in the best interest of all of the Operating Partnership's unitholders and all shareholders of MAA.

MAA, its officers and directors have substantial influence over the Operating Partnership's affairs.

MAA, as the Operating Partnership's sole general partner and acting through its officers and directors, has a substantial influence on the Operating Partnership's affairs. MAA, its officers and directors could exercise their influence in a manner that is not in the best interest of the Operating Partnership's unitholders. Also, MAA owns approximately 94.7% of the OP Units and as such, will have substantial influence on the outcome of substantially all matters submitted to the Operating Partnership's unitholders for approval.

Market interest rates and low trading volume may have an adverse effect on the market value of MAA's common stock, which would affect the redemption price of the OP Units.

The market price of shares of a REIT may be affected by the distribution rate on those shares, as a percentage of the price of the shares, relative to market interest rates. If market interest rates increase, prospective purchasers of MAA's common stock may expect a higher annual distribution rate. Higher interest rates would not, however, result in more funds for MAA to distribute and, in fact, would likely increase MAA's borrowing costs and potentially decrease funds available for distribution. This could cause the market price of MAA's common stock to go down, which would reduce the price received upon redemption of any OP Units, or if MAA so elects, the value of MAA's common stock received in lieu of cash upon redemption of such OP Units. In addition, although MAA's common stock is listed on the NYSE, the daily trading volume of MAA's shares may be lower than the trading volume for companies in other industries. As a result, MAA's investors who desire to liquidate

substantial holdings may find that they are unable to dispose of their shares in the market without causing a substantial decline in the market value of the shares.

Insufficient cash flow from operations or a decline in the market price of MAA's common stock may reduce the amount of cash available to the Operating Partnership to meet its obligations.

The Operating Partnership is subject to the risk that its cash flow will be insufficient to service its debt and to pay distributions to its unitholders, which may cause MAA to not have the funds to pay distributions to its shareholders. MAA's failure to meet the market's expectations with regard to future results of operations and cash distributions would likely adversely affect the market price of its shares and thus potentially reduce MAA's ability to contribute funds from issuances down to the Operating Partnership, resulting in a lower level of cash available for investment or to service our debt or to make distributions to the Operating Partnership's unitholders.

RISKS RELATED TO TAX LAWS

Failure to qualify as a REIT would cause us to be taxed as a corporation, which would significantly reduce funds available for distribution to shareholders.

If MAA fails to qualify as a REIT for federal income tax purposes, it will be subject to federal income tax on its taxable income at regular corporate rates (subject to any applicable alternative minimum tax). In addition, unless MAA is entitled to relief under applicable statutory provisions, it would be ineligible to make an election for treatment as a REIT for the four taxable years following the year in which MAA loses its qualification. The additional tax liability resulting from the failure to qualify as a REIT would significantly reduce or eliminate the amount of funds available for distribution to MAA's shareholders. Furthermore, MAA would no longer be required to make distributions to its shareholders. Thus, MAA's failure to qualify as a REIT could also impair its ability to expand its business and raise capital, and would adversely affect the value of its common stock.

MAA believes that it is organized and qualified as a REIT, and MAA intends to operate in a manner that will allow it to continue to qualify as a REIT. However, MAA cannot assure you that it is qualified as a REIT, or that MAA will remain qualified in the future. This is because qualification as a REIT involves the application of highly technical and complex provisions of the Code for which there are only limited judicial and administrative interpretations and involves the determination of a variety of factual matters and circumstances not entirely within MAA's control. In addition, future legislation, new regulations, administrative interpretations or court decisions may significantly change the tax laws or the application of the tax laws with respect to qualification as a REIT for federal income tax purposes or the federal income tax consequences of this qualification.

Even if MAA qualifies as a REIT, we will be subject to certain federal, state and local taxes on our income and property and on taxable income that MAA does not distribute to its shareholders. In addition, MAA may hold certain assets and engage in certain activities that a REIT could not engage in directly through its taxable REIT subsidiaries, or TRSs, and will be subject to federal income tax at regular corporate rates on the income of those subsidiaries.

We may incur adverse tax consequences if Colonial failed to qualify as a REIT for U.S. federal income tax purposes; and if that occurs, it may have a material adverse effect on our consolidated results of operations and financial condition.

Prior to the Merger, Colonial operated in a manner intended to allow it to qualify as a REIT for U.S. federal income tax purposes under the Code. As discussed in Exhibit 99.1 to our Current Report on Form 8-K filed with the SEC on September 16, 2013, qualification as a REIT involves the application of highly technical and complex Code provisions for which there are only limited judicial and administrative interpretations and Colonial's qualification as a

REIT prior to the Merger was generally subject to the same requirements, risks and uncertainties as described in such Exhibit 99.1. Moreover, the complexity of these provisions and of the applicable Treasury Regulations that have been promulgated under the Code is greater in the case of a REIT that holds its assets through a partnership (such as we do and Colonial did prior to the Merger). The determination of various factual matters and circumstances not entirely within a REIT's control may affect its ability to qualify as a REIT.

If Colonial is determined to have lost its REIT status at any time prior to the Merger, MAA will face serious tax consequences and material tax liabilities. Because MAA owns no material assets other than its ownership interest in the Operating Partnership, the Operating Partnership and its subsidiaries would likely be required to provide cash to MAA to satisfy any such tax liabilities, which would substantially reduce the Operating Partnership's available cash, including cash

available to pay its indebtedness or make distributions to its limited partners or MAA's shareholders because, among other things:

- MAA would be required to pay U.S. federal income tax on Colonial's prior net income at regular corporate rates for the years it did not qualify for taxation as a REIT (and, for such years, Colonial would not be allowed a deduction for dividends paid to its former shareholders in computing its taxable income);
- Colonial could be subject to the federal alternative minimum tax and possibly increased state and local taxes for such periods; and
- Unless Colonial is entitled to relief under applicable statutory provisions, neither it nor any "successor" company could elect to be taxed as a REIT until the fifth taxable year following the year during which it was disqualified.

MAA is liable for any taxes payable by Colonial for any periods prior to the Merger. In addition, if Colonial failed to qualify as a REIT but we nonetheless qualified as a REIT, in the event of a taxable disposition of a former Colonial asset during the ten years following the Merger we would be subject to corporate tax with respect to any built-in gain inherent in such asset as of the date of the Merger. In addition, under the "investment company" rules under Section 368 of the Code, if both MAA and Colonial were "investment companies" under such rules, the failure of either Colonial or us to have qualified as a REIT could cause the Merger to be taxable to us and our shareholders. As a result of all these factors, Colonial's failure to have qualified as a REIT could jeopardize our qualification as a REIT and require our Operating Partnership to provide material amounts of cash to us to satisfy our additional tax liabilities and therefore have a material adverse effect on our financial condition, results of operations, business and prospects and our ability to make payments on our indebtedness or distributions to our shareholders.

The Operating Partnership may fail to be treated as a partnership for federal income tax purposes.

We believe that the Operating Partnership qualifies, and has so qualified since its formation, as a partnership for federal income tax purposes and not as a publicly traded partnership taxable as a corporation. No assurance can be provided, however, that the Internal Revenue Service, or IRS, will not challenge the treatment of the Operating Partnership as a partnership for federal income tax purposes or that a court would not sustain such a challenge. If the IRS were successful in treating the Operating Partnership as a corporation for federal income tax purposes, then the taxable income of the Operating Partnership would be taxable at regular corporate income tax rates. In addition, the treatment of the Operating Partnership as a corporation would cause MAA to fail to qualify as a REIT. See "Failure to qualify as a REIT would cause us to be taxed as a corporation, which would significantly reduce funds available for distribution to shareholders" above.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

We seek to acquire newer apartment communities and those with opportunities for repositioning through capital additions and management improvement located in the Sunbelt region of the United States that are primarily appealing to middle income residents with the potential for above average growth and return on investment. Approximately 67% of our apartment units are located in the Florida, Georgia, North Carolina, and Texas markets. Our strategic focus is to provide our residents high quality apartment units in attractive community settings, characterized by extensive landscaping and attention to aesthetic detail. We utilize our experience and expertise in maintenance, landscaping, marketing and management to effectively reposition many of the apartment communities we acquire to raise occupancy levels and per unit average rents.

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The following table sets forth certain historical information for the apartment communities we owned at December 31, 2014:

Property	Location	Year Complete	Year Manage-ment Commenced	Report-able Seg-ment	Number of Units	Approx-imate Rentable Area (Square Footage)	Aver-age Unit Size (Square Foot-age)	Monthly Average Rent per Unit at December 31, 2014 (1)	Average Occupancy Percent at December 31, 2014 (2)	Monthly Effective Rent per Unit at December 31, 2014 (3)
Birchall at Ross Bridge	Birmingham, AL	2009	2011	(5)	240	283,680	1,182	$1,194.01	95.83%	$1,130.84
CG at Riverchase Trails	Birmingham, AL	1996	2013	(6)	346	328,008	948	$839.54	95.38%	$829.91
CV at Trussville	Birmingham, AL	1996	2013	(6)	376	410,216	1,091	$826.94	93.62%	$806.65
Eagle Ridge	Birmingham, AL	1986	1998	(5)	200	181,600	908	$787.66	95.50%	$787.61
CG at Traditions	Gulf Shores, AL	2008	2013	(6)	324	321,732	993	$766.13	93.52%	$751.43
Abbington Place	Huntsville, AL	1987	1998	(5)	152	162,792	1,071	$641.61	96.05%	$635.06
CG at Edgewater	Huntsville, AL	1990/99	2013	(6)	500	543,000	1,086	$738.29	95.40%	$723.02
TPC at Providence	Huntsville, AL	1989/98	1997	(5)	392	441,000	1,125	$751.54	93.11%	$738.69
CG at Madison	Madison, AL	1999	2013	(6)	336	354,480	1,055	$800.29	96.43%	$789.91
TPC Montgomery	Montgomery, AL	1999	1998	(5)	208	246,272	1,184	$813.36	94.71%	$809.74
Cypress Village	Orange Beach, AL	2008	2013	(6)	96	206,016	2,146	$1,455.90	95.83%	$1,429.06
CG at Liberty Park	Vestavia Hills, AL	2000	2013	(6)	300	338,700	1,129	$1,108.87	92.33%	$1,065.37
Subtotal Alabama					3,470	3,817,496	1,100	$854.61	94.64%	$836.05
Sky View Ranch	Gilbert, AZ	2007	2009	(4)	232	225,272	971	$904.91	96.55%	$887.01
CG at Inverness Commons	Mesa, AZ	2002	2013	(6)	300	306,000	1,020	$857.72	95.00%	$842.09
Edge at Lyon's Gate	Phoenix, AZ	2007	2008	(4)	312	299,208	959	$893.72	94.87%	$884.81
Talus Ranch at Sonoran Foothills	Phoenix, AZ	2005	2006	(4)	480	437,280	911	$775.80	95.42%	$769.21
		1999	2013	(6)	180	201,600	1,120	$1,092.31	98.89%	$1,090.61

CG at Scottsdale	Scottsdale, AZ									
CG at OldTown Scottsdale	Scottsdale, AZ	1995	2013	(6)	472	470,584	997	$1,017.14	95.34%	$1,007.99
South Subtotal Arizona					1,976	1,939,944	982	$908.49	95.70%	$898.67
Calais Forest	Little Rock, AR	1987	1994	(5)	260	195,000	750	$734.10	95.38%	$708.32
Napa Valley Apartments	Little Rock, AR	1984	1996	(5)	240	183,120	763	$685.47	95.00%	$682.00
Palisades at Chenal Valley	Little Rock, AR	2006	2011	(5)	248	319,672	1,289	$1,150.35	91.53%	$1,114.45
Ridge at Chenal Valley	Little Rock, AR	2012	2011	(6)	312	340,080	1,090	$1,067.50	93.91%	$1,056.88
Westside Creek	Little Rock, AR	1984/86	1997	(5)	308	304,612	989	$793.49	95.45%	$782.38
Subtotal Arkansas					1,368	1,342,484	981	$890.44	94.30%	$873.50
Tiffany Oaks	Altamonte Springs, FL	1985	1996	(4)	288	232,704	808	$848.47	97.92%	$847.92
Indigo Point	Brandon, FL	1989	2000	(4)	240	194,640	811	$886.80	97.92%	$883.04
TPC Brandon	Brandon, FL	1998	1997	(4)	440	528,440	1,201	$1,022.19	94.55%	$1,011.90
CG at Lakewood Ranch	Bradenton, FL	1999	2013	(6)	288	301,536	1,047	$1,266.94	99.31%	$1,259.89
Preserve at Coral Square	Coral Springs, FL	1996	2004	(4)	480	570,720	1,189	$1,488.31	95.21%	$1,478.11
Anatole	Daytona Beach, FL	1986	1995	(5)	208	150,384	723	$837.24	99.52%	$831.33
TPC Gainesville	Gainesville, FL	1999	1998	(5)	264	326,304	1,236	$960.44	95.08%	$949.43
The Retreat at Magnolia Parke	Gainesville, FL	2009	2011	(5)	204	206,244	1,011	$1,019.34	95.59%	$1,002.78
CG at Heathrow	Heathrow, FL	1997	2013	(6)	312	353,184	1,132	$1,071.95	99.68%	$1,069.40
Atlantic Crossing	Jacksonville, FL	2008	2011	(5)	200	248,200	1,241	$1,231.24	95.50%	$1,228.74
Coopers Hawk	Jacksonville, FL	1987	1995	(5)	208	218,400	1,050	$899.20	95.19%	$894.62
Hunters Ridge Deerwood	Jacksonville, FL	1987	1997	(5)	336	295,008	878	$860.04	95.24%	$848.76
Lakeside Apartments	Jacksonville, FL	1985	1996	(5)	416	346,112	832	$774.34	98.80%	$771.88
Lighthouse at Fleming Island	Jacksonville, FL	2003	2003	(5)	501	556,110	1,110	$999.72	95.41%	$996.16

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Property	Location	Year Complete	Year Manage-ment Commenced	Report-able Seg-ment	Number of Units	Approx-imate Rentable Area (Square Footage)	Aver-age Unit Size (Square Foot-age)	Monthly Average Rent per Unit at December 31, 2014 (1)	Average Occupancy Percent at December 31, 2014 (2)	Monthly Effective Rent per Unit at December 31, 2014 (3)
TPC Mandarin	Jacksonville, FL	1998	1998	(5)	288	334,656	1,162	$969.98	96.53%	$960.36
St. Augustine at the Lake I	Jacksonville, FL	1987	1995	(5)	400	319,600	799	$778.68	99.00%	$778.27
St. Augustine at the Lake II	Jacksonville, FL	2008	1995	(5)	124	118,544	956	$1,004.84	99.19%	$1,004.84
Tattersall at Tapestry Park	Jacksonville, FL	2009	2011	(5)	279	307,458	1,102	$1,226.67	96.06%	$1,198.86
Woodhollow	Jacksonville, FL	1986	1997	(5)	450	379,350	843	$805.44	96.22%	$803.71
TPC Lakeland	Lakeland, FL	1988/90	1997	(5)	464	502,048	1,082	$800.03	95.47%	$791.55
CG at Town Park	Lake Mary, FL	2002	2013	(6)	456	535,344	1,174	$1,105.96	96.49%	$1,097.95
CG at TownPark Reserve	Lake Mary, FL	2004	2013	(6)	80	77,440	968	$1,235.16	96.25%	$1,223.96
CG at Lake Mary	Lake Mary, FL	2012	2013	(6)	232	236,640	1,020	$1,181.45	98.28%	$1,170.10
CG at Lake Mary II	Lake Mary, FL	2013	2013	(6)	108	111,780	1,035	$1,239.58	94.44%	$1,227.71
CG at Lake Mary III	Lake Mary, FL	2014	2013	(6)	132	139,920	1,060	$1,220.27	99.24%	$1,203.92
Paddock Park	Ocala, FL	1986/88	1997	(5)	480	493,440	1,028	$752.02	96.46%	$750.35
Retreat at Lake Nona	Orlando, FL	2006	2012	(4)	394	421,186	1,069	$1,088.55	95.69%	$1,087.79
CG at Heather Glen	Orlando, FL	2000	2013	(6)	448	523,264	1,168	$1,171.88	95.98%	$1,168.59
CG at Randal Lakes	Orlando, FL	2014	2013	(6)	462	435,666	943	$1,154.93	95.67%	$1,133.83
Park Crest at Innisbrook	Palm Harbor, FL	2000	2009	(4)	432	461,808	1,069	$1,056.98	96.76%	$1,047.28
The Club at Panama Beach	Panama City, FL	2000	1998	(5)	254	283,718	1,117	$1,065.29	95.28%	$1,048.36
CV at Twin Lakes	Sanford, FL	2005	2013	(6)	460	417,680	908	$909.65	97.39%	$907.62
TPC Tallahassee	Tallahassee, FL	1992	1997	(5)	304	329,536	1,084	$899.86	96.38%	$894.73
Verandas at Southwood	Tallahassee, FL	2003	2011	(6)	300	341,700	1,139	$1,054.13	94.00%	$1,039.03

Belmere	Tampa, FL	1984	1994	(4)	210	202,440	964	$903.29	96.19%	$901.08
Links at Carrollwood	Tampa, FL	1980	1998	(4)	230	213,210	927	$958.48	98.26%	$955.87
Village Oaks	Tampa, FL	2005	2008	(6)	234	279,864	1,196	$1,115.03	98.72%	$1,114.61
CG at Hampton Preserve	Tampa, FL	2012	2013	(6)	486	515,160	1,060	$1,101.82	96.71%	$1,097.54
CG at Seven Oaks	Wesley Chapel, FL	2004	2013	(6)	318	301,782	949	$1,003.57	94.03%	$991.38
CG at Windermere	Windermere, FL	2009	2013	(6)	280	283,920	1,014	$1,204.60	98.57%	$1,204.15
Subtotal Florida					12,690	13,095,140	1,032	$1,017.49	96.58%	$1,010.40
Allure at Brookwood	Atlanta, GA	2008	2012	(4)	349	344,463	987	$1,379.88	92.55%	$1,311.03
Allure in Buckhead	Atlanta, GA	2002	2012	(4)	228	223,212	979	$1,345.11	95.18%	$1,320.75
Village Sanctuary at Oglethorpe	Atlanta, GA	1994	2008	(4)	250	287,500	1,150	$1,577.79	96.40%	$1,553.93
Bradford Pointe	Augusta, GA	1986	1997	(5)	192	156,288	814	$753.66	97.92%	$752.07
Westbury Creek	Augusta, GA	1984	1997	(5)	120	107,160	893	$680.96	94.17%	$680.96
Fountain Lake	Brunswick, GA	1983	1997	(5)	113	128,820	1,140	$805.85	93.81%	$805.85
Whisperwood	Columbus, GA	1986	1997	(5)	1,008	1,188,432	1,179	$802.15	95.83%	$780.56
Terraces at Fieldstone	Conyers, GA	1999	1998	(4)	316	375,092	1,187	$892.41	94.62%	$858.78
Prescott	Duluth, GA	2001	2004	(4)	384	411,648	1,072	$909.40	95.31%	$907.58
CG at Berkeley Lake	Duluth, GA	1998	2013	(6)	180	244,260	1,357	$1,096.01	95.56%	$1,082.84
CG at River Oaks	Duluth, GA	1992	2013	(6)	216	276,264	1,279	$1,018.98	98.61%	$1,011.85
CG at River Plantation	Duluth, GA	1994	2013	(6)	232	310,416	1,338	$1,023.56	96.98%	$1,005.45
CG at McDaniel Farm	Duluth, GA	1997	2013	(6)	425	450,925	1,061	$920.41	96.24%	$916.64
CG at Pleasant Hill	Duluth, GA	1996	2013	(6)	502	502,000	1,000	$836.40	95.02%	$831.15
CG at Mount Vernon	Dunwoody, GA	1997	2013	(6)	213	257,091	1,207	$1,261.84	95.77%	$1,255.88
Lake Lanier Club I	Gainesville, GA	1998	2005	(4)	344	396,288	1,152	$941.34	95.64%	$924.57
Lake Lanier Club II	Gainesville, GA	2001	2005	(4)	313	359,950	1,150	$867.33	97.12%	$855.51

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CG at Shiloh	Kennesaw, GA	2002	2013	(6)	498	533,358	1,071	$905.51	95.78%	$901.80
Milstead Village	Kennesaw, GA	1998	2008	(6)	310	356,190	1,149	$1,007.78	97.10%	$1,000.52
Austin Chase	Macon, GA	1996	1997	(5)	256	293,120	1,145	$805.71	95.70%	$794.60
Vistas	Macon, GA	1985	1997	(5)	144	153,792	1,068	$682.56	98.61%	$653.92
CG at Barrett Creek	Marietta, GA	1999	2013	(6)	332	310,088	934	$890.63	98.19%	$888.10
CG at Godley Station	Pooler, GA	2005	2013	(6)	312	337,272	1,081	$985.04	93.27%	$977.69
CG at Godley Lake	Pooler, GA	2008	2013	(6)	288	269,568	936	$940.51	96.18%	$936.00
Avala at Savannah Quarters	Savannah, GA	2009	2011	(5)	256	278,016	1,086	$1,002.92	96.09%	$999.60
Georgetown Grove	Savannah, GA	1997	1998	(5)	220	239,800	1,090	$960.91	94.55%	$956.37
CG at Hammocks	Savannah, GA	1997	2013	(6)	308	323,708	1,051	$1,105.97	96.10%	$1,101.09
CV at Greentree	Savannah, GA	1984	2013	(6)	194	165,288	852	$758.98	94.33%	$748.06
CV at Huntington	Savannah, GA	1986	2013	(6)	147	121,128	824	$846.00	99.32%	$843.57
CV at Marsh Cove	Savannah, GA	1983	2013	(6)	188	197,212	1,049	$852.20	93.09%	$844.02
The Oaks at Wilmington Island	Savannah, GA	1999	2006	(5)	306	333,846	1,091	$1,041.93	96.41%	$1,036.37
Highlands of West Village I	Smyrna, GA	2006	2014	(6)	292	368,504	1,262	$1,414.79	92.81%	$1,388.31
Highlands of West Village II	Smyrna, GA	2012	2014	(6)	188	188,000	1,000	$1,420.55	89.36%	$1,401.44
Huntington Chase	Warner Robins, GA	1997	2000	(5)	200	221,400	1,107	$804.68	98.00%	$771.97
		1988	1997	(5)	304	355,984	1,171	$732.60	95.39%	$713.71

Southland Station	Warner Robins, GA									
Terraces at Towne Lake	Woodstock, GA	1999	1998	(4)	502	568,264	1,132	$850.38	94.02%	$839.85
Subtotal Georgia					10,630	11,634,347	1,094	$965.37	95.55%	$951.68
Fairways at Hartland	Bowling Green, KY	1996	1997	(5)	240	251,040	1,046	$812.65	96.67%	$808.79
Grand Reserve at Pinnacle	Lexington, KY	2000	1999	(5)	370	432,900	1,170	$990.99	94.59%	$970.37
Lakepointe	Lexington, KY	1986	1994	(5)	118	90,742	769	$695.97	98.31%	$695.97
The Mansion	Lexington, KY	1989	1994	(5)	184	138,736	754	$707.26	96.74%	$704.54
The Village	Lexington, KY	1989	1994	(5)	252	182,700	725	$698.30	96.03%	$688.27
Stonemill Village	Louisville, KY	1985	1994	(5)	384	324,864	846	$768.28	94.79%	$762.63
Subtotal Kentucky					1,548	1,420,982	918	$804.23	95.74%	$795.35
Crosswinds	Jackson, MS	1989	1996	(5)	360	443,160	1,231	$856.86	94.17%	$847.46
Pear Orchard	Jackson, MS	1985	1994	(5)	389	337,263	867	$844.39	97.94%	$844.39
Reflection Pointe	Jackson, MS	1986	1988	(5)	296	248,344	839	$877.77	95.27%	$877.77
Lakeshore Landing	Ridgeland, MS	1974	1994	(5)	196	174,244	889	$772.50	96.43%	$770.33
Savannah Creek	Southaven, MS	1989	1996	(6)	204	237,252	1,163	$848.26	90.69%	$799.16
Sutton Place	Southaven, MS	1991	1996	(5)	253	268,180	1,060	$777.47	96.84%	$774.06
Subtotal Mississippi					1,698	1,708,443	1,006	$835.05	95.47%	$826.40
Market Station	Kansas City, MO	2010	2012	(5)	323	314,925	975	$1,247.28	91.95%	$1,237.66
Subtotal Missouri					323	314,925	975	$1,247.28	91.95%	$1,237.66
CG at Desert Vista	North Las Vegas, NV	2009	2013	(6)	380	338,200	890	$808.94	93.95%	$771.49
CG at Palm Vista	North Las Vegas, NV	2007	2013	(6)	341	349,184	1,024	$841.22	95.31%	$767.29
Subtotal Nevada					721	687,384	953	$824.21	94.59%	$769.50
CV at Beaver Creek	Apex, NC	2007	2013	(6)	316	308,732	977	$901.62	94.94%	$899.52
Hermitage at Beechtree	Cary, NC	1988	1997	(4)	194	169,750	875	$841.85	97.94%	$838.82
Waterford Forest	Cary, NC	1996	2005	(4)	384	377,472	983	$830.91	95.83%	$825.38
1225 South Church I	Charlotte, NC	2010	2010	(6)	196	158,956	811	$1,193.01	95.41%	$1,183.49
1225 South Church II	Charlotte, NC	2013	2010	(6)	210	175,140	834	$1,270.54	96.67%	$1,270.54

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CG at Ayrsley I	Charlotte, NC	2008	2013	(6)	368	371,680	1,010	$945.60	96.74%	$943.90
CG at Ayrsley II	Charlotte, NC	2013	2013	(6)	81	79,866	986	$999.74	93.83%	$991.49
CG at Beverly Crest	Charlotte, NC	1996	2013	(6)	300	279,900	933	$904.07	94.33%	$869.00
CG at Legacy Park	Charlotte, NC	2001	2013	(6)	288	300,672	1,044	$868.79	99.65%	$868.54
CG at Mallard Creek	Charlotte, NC	2005	2013	(6)	252	232,596	923	$896.05	94.44%	$892.15
CG at Mallard Lake	Charlotte, NC	1998	2013	(6)	302	300,792	996	$921.33	97.68%	$920.93
CG at University Center	Charlotte, NC	2005	2013	(6)	156	167,076	1,071	$888.21	96.15%	$888.01
CR at South End	Charlotte, NC	2014	2013	(6)	353	304,639	863	$1,230.16	94.90%	$1,203.66
CV at Chancellor Park	Charlotte, NC	1999	2013	(6)	340	326,740	961	$817.16	94.41%	$796.36
CV at Greystone	Charlotte, NC	1998/2000	2013	(6)	408	387,192	949	$722.96	96.81%	$703.96
CV at South Tryon	Charlotte, NC	2002	2013	(6)	216	236,088	1,093	$880.82	98.15%	$874.34
CV at Stone Point	Charlotte, NC	1986	2013	(6)	192	172,992	901	$779.29	97.92%	$778.35
CV at Timber Crest	Charlotte, NC	2000	2013	(6)	282	273,540	970	$770.21	95.74%	$769.74
Enclave	Charlotte, NC	2008	2013	(6)	85	107,695	1,267	$1,794.07	97.65%	$1,772.31
CG at Cornelius	Cornelius, NC	2009	2013	(6)	236	252,048	1,068	$949.70	92.37%	$926.09
CG at Patterson Place	Durham, NC	1997	2013	(6)	252	238,644	947	$895.67	93.65%	$878.93
CV at Woodlake	Durham, NC	1996	2013	(6)	266	255,094	959	$766.58	94.74%	$756.34
	Durham, NC	1985	2013	(6)	204	198,084	971	$852.71	94.61%	$829.99

CV at Deerfield										
CG at Research Park	Durham, NC	2002	2013	(6)	370	384,430	1,039	$910.55	95.68%	$901.39
CG at Autumn Park	Greensboro, NC	2001/04	2013	(6)	402	410,040	1,020	$772.89	94.53%	$769.48
CG at Huntersville	Huntersville, NC	2008	2013	(6)	250	248,000	992	$969.76	94.00%	$968.69
CV at Matthews	Matthews, NC	1990	2013	(6)	270	255,690	947	$883.67	94.81%	$877.44
CG at Matthews Commons	Matthews, NC	2008	2013	(6)	216	203,256	941	$1,030.11	93.98%	$1,017.64
CG at Arringdon	Morrisville, NC	2003	2013	(6)	320	311,360	973	$893.14	94.38%	$885.61
CG at Brier Creek	Raleigh, NC	2009	2013	(6)	364	401,128	1,102	$991.16	95.88%	$977.98
CG at Brier Falls	Raleigh, NC	2008	2013	(6)	350	381,850	1,091	$1,004.84	94.00%	$989.29
CG at Crabtree	Raleigh, NC	1997	2013	(6)	210	209,580	998	$837.80	98.57%	$835.09
Hue	Raleigh, NC	2009	2010	(4)	208	185,744	893	$1,455.90	96.63%	$1,444.91
CG at Trinity Commons	Raleigh, NC	2000/02	2013	(6)	462	484,176	1,048	$898.48	94.81%	$886.99
Preserve at Brier Creek	Raleigh, NC	2004	2006	(4)	450	519,300	1,154	$1,031.30	93.56%	$1,024.53
Providence at Brier Creek	Raleigh, NC	2007	2008	(4)	313	297,037	949	$914.05	96.49%	$882.63
CG at Wilmington	Wilmington, NC	1998/2002	2013	(6)	390	356,070	913	$782.83	94.10%	$776.63
Corners at Crystal Lake	Winston-Salem, NC	1982	1993	(6)	240	173,520	723	$629.63	92.08%	$605.54
CV at Glen Eagles	Winston-Salem, NC	1990/2000	2013	(6)	310	312,170	1,007	$669.33	95.48%	$663.21
CV at Mill Creek	Winston-Salem, NC	1984	2013	(6)	220	209,660	953	$625.95	96.82%	$613.77
Subtotal North Carolina					11,226	11,018,399	982	$908.64	95.40%	$898.03
Colony at South Park	Aiken, SC	1989/91	1997	(5)	184	174,800	950	$778.52	96.74%	$778.52
Woodwinds	Aiken, SC	1988	1997	(5)	144	165,168	1,147	$755.66	94.44%	$753.58
Tanglewood	Anderson, SC	1980	1994	(5)	168	146,664	873	$686.96	91.67%	$684.89
CG at Cypress Cove	Charleston, SC	2001	2013	(6)	264	304,128	1,152	$1,051.28	96.59%	$1,041.64
CV at Hampton Pointe	Charleston, SC	1986	2013	(6)	304	314,640	1,035	$904.37	98.03%	$902.12

CG at Quarterdeck	Charleston, SC	1987	2013	(6)	230	218,960	952	$1,125.83	93.04%	$1,121.57
CV at Westchase	Charleston, SC	1985	2013	(6)	352	258,016	733	$764.22	94.03%	$760.92
River's Walk	Charleston, SC	2013	2013	(6)	270	248,400	920	$1,559.87	92.96%	$1,546.37

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The Fairways	Columbia, SC	1992	1994	(5)	240	213,840	891	$720.30	95.00%	$707.56
TPC Columbia	Columbia, SC	1991	1997	(5)	336	378,672	1,127	$792.59	93.45%	$775.57
CV at Windsor Place	Goose Creek, SC	1985	2013	(6)	224	213,472	953	$816.89	96.88%	$814.70
Highland Ridge	Greenville, SC	1984	1995	(5)	168	134,904	803	$645.24	94.64%	$644.64
Howell Commons	Greenville, SC	1987	1997	(5)	348	275,616	792	$662.37	96.26%	$660.65
TPC Greenville	Greenville, SC	1996	1997	(5)	208	231,504	1,113	$823.15	97.60%	$823.03
Park Haywood	Greenville, SC	1983	1993	(5)	208	158,704	763	$674.40	96.15%	$674.88
Spring Creek	Greenville, SC	1985	1995	(5)	208	179,504	863	$715.08	95.67%	$711.51
Runaway Bay	Mt. Pleasant, SC	1988	1995	(5)	208	177,840	855	$1,180.91	94.71%	$1,147.83
CG at Commerce Park	North Charleston, SC	2008	2013	(6)	312	306,384	982	$900.59	95.83%	$877.74
535 Brookwood	Simpsonville, SC	2008	2010	(5)	256	254,464	994	$940.39	94.14%	$940.39
Park Place	Spartanburg, SC	1987	1997	(5)	184	195,224	1,061	$728.53	94.57%	$729.95
Farmington Village	Summerville, SC	2007	2007	(5)	280	309,120	1,104	$983.92	94.64%	$983.92
CV at Waters Edge	Summerville, SC	1985	2013	(6)	204	187,680	920	$801.88	92.65%	$794.91
Subtotal South Carolina					5,300	5,047,704	952	$873.74	95.04%	$867.05
Hamilton Pointe	Chattanooga, TN	1989	1992	(5)	361	256,310	710	$689.36	96.95%	$678.26
Hidden Creek	Chattanooga, TN	1987	1988	(5)	300	260,400	868	$659.08	97.33%	$658.41
Steeplechase	Chattanooga, TN	1986	1991	(5)	108	98,712	914	$798.52	96.30%	$793.60
Windridge	Chattanooga, TN	1984	1997	(5)	174	238,728	1,372	$987.06	92.53%	$965.85
Bradford Chase	Jackson, TN	1987	1994	(5)	148	121,360	820	$654.72	95.95%	$653.13
The Oaks	Jackson, TN	1978	1993	(5)	100	87,500	875	$644.54	93.00%	$638.54

Post House Jackson	Jackson, TN	1987	1989	(5)	150	161,700	1,078	$694.25	93.33%	$679.33
Post House North	Jackson, TN	1987	1989	(5)	145	141,375	975	$679.22	93.79%	$678.26
Woods of Post House	Jackson, TN	1997	1995	(5)	122	118,706	973	$752.07	95.90%	$739.87
Kirby Station	Memphis, TN	1978	1994	(5)	371	309,043	833	$813.03	95.42%	$792.87
Lincoln on the Green	Memphis, TN	1992	1994	(5)	618	540,132	874	$778.92	89.64%	$760.56
Park Estate	Memphis, TN	1974	1977	(5)	82	106,764	1,302	$1,141.38	95.12%	$1,141.38
Reserve at Dexter Lake	Memphis, TN	2000	1998	(5)	740	807,340	1,091	$914.14	93.92%	$892.75
TPC Murfreesboro	Murfreesboro, TN	1999	1998	(4)	240	281,760	1,174	$994.05	90.83%	$966.07
Aventura at Indian Lake Village	Nashville, TN	2010	2011	(4)	300	291,000	970	$1,075.38	93.33%	$1,070.53
Avondale at Kennesaw Farms	Nashville, TN	2008	2010	(4)	288	283,392	984	$1,008.08	96.18%	$998.55
Brentwood Downs	Nashville, TN	1986	1994	(4)	286	220,220	770	$961.49	96.85%	$961.49
CG at Bellevue	Nashville, TN	1996	2013	(6)	349	344,812	988	$1,053.29	95.99%	$1,050.25
Grand View	Nashville, TN	2001	1999	(4)	433	523,497	1,209	$1,163.49	96.30%	$1,148.80
Monthaven Park	Nashville, TN	2000	2004	(4)	456	427,728	938	$938.29	95.83%	$933.64
Park at Hermitage	Nashville, TN	1987	1995	(4)	440	392,480	892	$801.21	94.09%	$800.64
Venue at Cool Springs	Nashville, TN	2012	2010	(6)	428	457,104	1,068	$1,482.46	91.59%	$1,452.64
Verandas at Sam Ridley	Nashville, TN	2009	2010	(4)	336	391,104	1,164	$1,017.75	92.56%	$994.74
Subtotal Tennessee					6,975	6,861,167	984	$927.33	94.25%	$914.57
Northwood Place	Arlington, TX	1980	1998	(4)	270	224,100	830	$729.89	95.19%	$729.15
Balcones Woods	Austin, TX	1983	1997	(4)	384	313,728	817	$939.79	94.53%	$928.12
CG at Canyon Creek	Austin, TX	2007	2013	(6)	336	349,104	1,039	$1,006.51	94.64%	$1,004.74
CG at Canyon Pointe	Austin, TX	2003	2013	(6)	272	262,208	964	$946.10	92.65%	$944.55
CG at Double Creek	Austin, TX	2013	2013	(6)	296	277,944	939	$1,110.97	94.59%	$1,101.92

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CG at Onion Creek	Austin, TX	2009	2013	(6)	300	312,600	1,042	$1,079.66	98.33 %	$1,078.56
Grand Reserve at Sunset Valley	Austin, TX	1996	2004	(4)	210	194,460	926	$1,178.71	95.24 %	$1,169.79
CV at Quarry Oaks	Austin, TX	1996	2013	(6)	533	459,979	863	$898.89	96.06 %	$894.52
CG at Wells Branch	Austin, TX	2008	2013	(6)	336	321,888	958	$987.83	97.02 %	$985.90
Legacy at Western Oaks	Austin, TX	2002	2009	(4)	479	467,504	976	$1,228.51	94.99 %	$1,194.74
Silverado at Brushy Creek	Austin, TX	2003	2006	(4)	312	303,264	972	$1,071.36	94.87 %	$1,070.23
Stassney Woods	Austin, TX	1985	1995	(4)	288	248,832	864	$871.46	96.88 %	$871.38
Travis Station	Austin, TX	1987	1995	(4)	304	244,720	805	$782.61	93.09 %	$780.71
The Woods on Barton Skyway	Austin, TX	1977	1997	(4)	278	214,060	770	$1,170.83	96.40 %	$1,143.67
CV at Shoal Creek	Bedford, TX	1996	2013	(6)	408	381,888	936	$871.41	96.08 %	$870.65
CV at Willow Creek	Bedford, TX	1996	2013	(6)	478	426,854	893	$828.21	97.07 %	$827.87
CG at Hebron	Carrollton, TX	2011	2013	(6)	312	352,248	1,129	$1,183.03	96.15 %	$1,176.11
CG at Silverado	Cedar Park, TX	2005	2013	(6)	238	239,666	1,007	$1,022.77	92.86 %	$1,017.73
CG at Silverado Reserve	Cedar Park, TX	2006	2013	(6)	256	266,240	1,040	$1,115.73	92.58 %	$1,103.13
Grand Cypress	Cypress, TX	2008	2010	(6)	312	280,488	899	$1,137.61	94.55 %	$1,134.47
Courtyards at Campbell	Dallas, TX	1986	1998	(4)	232	168,664	727	$867.80	93.97 %	$866.02
Deer Run	Dallas, TX	1985	1998	(4)	304	206,720	680	$763.74	93.75 %	$762.05
Grand Courtyards	Dallas, TX	2000	2006	(4)	390	343,980	882	$955.07	97.18 %	$955.07
Legends at Lowes Farm	Dallas, TX	2008	2011	(4)	456	425,904	934	$1,155.98	94.30 %	$1,155.43
CR at Medical	Dallas, TX	2007	2013	(6)	278	241,582	869	$1,193.45	95.68 %	$1,185.79

District Watermark	Dallas, TX	2002	2004	(4)	240	199,200	830	$967.60	97.50%	$955.96
CV at Main Park	Duncanville, TX	1984	2013	(6)	192	180,288	939	$834.41	95.83%	$834.14
CG at Bear Creek	Euless, TX	1998	2013	(6)	436	395,016	906	$954.16	95.87%	$952.71
CG at Fairview	Fairview, TX	2012	2013	(6)	256	258,048	1,008	$1,132.60	94.53%	$1,101.58
La Valencia at Starwood	Frisco, TX	2009	2010	(4)	270	267,840	992	$1,277.54	95.19%	$1,266.26
CR at Frisco Bridges	Frisco, TX	2013	2013	(6)	252	210,420	835	$1,174.94	96.83%	$1,173.50
CV at Grapevine	Grapevine, TX	1985	2013	(6)	450	387,450	861	$826.27	97.56%	$825.50
Greenwood Forest	Houston, TX	1994	2008	(6)	316	310,944	984	$962.87	96.84%	$958.70
Legacy Pines	Houston, TX	2000	2003	(4)	308	283,360	920	$1,020.64	94.48%	$1,020.64
Park Place Houston	Houston, TX	1996	2007	(4)	229	207,016	904	$1,124.85	96.07%	$1,124.85
Ranchstone	Houston, TX	1996	2007	(4)	220	193,160	878	$990.16	94.09%	$990.16
Reserve at Woodwind Lakes	Houston, TX	1999	2006	(4)	328	316,192	964	$1,021.31	93.60%	$1,015.10
Retreat at Vintage Park	Houston, TX	2014	2014	(6)	323	296,514	918	$1,327.15	94.74%	$1,322.53
Cascade at Fall Creek	Humble, TX	2007	2008	(4)	246	227,796	926	$1,054.58	92.68%	$1,048.20
Chalet at Fall Creek	Humble, TX	2006	2007	(4)	268	260,228	971	$1,030.54	97.39%	$1,026.88
Bella Casita	Irving, TX	2007	2010	(4)	268	258,352	964	$1,140.30	95.90%	$1,140.30
Remington Hills at Las Colinas	Irving, TX	1984	2013	(6)	362	346,434	957	$857.07	97.24%	$856.84
CR at Las Colinas	Irving, TX	2006	2013	(6)	306	277,848	908	$1,173.80	92.16%	$1,173.58
CG at Valley Ranch	Irving, TX	1997	2013	(6)	396	462,132	1,167	$1,209.15	97.22%	$1,207.63
Lane at Towne Crossing	Mesquite, TX	1983	1994	(4)	384	277,632	723	$701.38	96.88%	$701.38
CV at Oak Bend	Lewisville, TX	1997	2013	(6)	426	382,974	899	$867.38	96.24%	$866.51
Times Square at Craig Ranch	McKinney, TX	2009	2010	(4)	313	320,512	1,024	$1,204.35	96.49%	$1,192.70
Venue at Stonebridge Ranch	McKinney, TX	2000	2010	(6)	250	214,000	856	$959.78	98.80%	$956.22
	Plano, TX	2013	2014	(6)	454	381,360	840	$1,232.50	95.81%	$1,173.81

Cityscape at Market Center	29

Property	Location	Year Complete	Year Manage-ment Commenced	Report-able Seg-ment	Number of Units	Approx-imate Rentable Area (Square Footage)	Aver-age Unit Size (Square Foot-age)	Monthly Average Rent per Unit at December 31, 2014 (1)	Average Occupancy Percent at December 31, 2014 (2)	Monthly Effective Rent per Unit at December 31, 2014 (3)
Highwood	Plano, TX	1983	1998	(4)	196	156,212	797	$919.65	99.49%	$919.65
Los Rios	Plano, TX	2000	2003	(4)	498	470,112	944	$977.34	94.38%	$975.02
Boulder Ridge	Roanoke, TX	1999/2008	2005	(4)	494	442,624	896	$982.62	94.13%	$977.70
Copper Ridge	Roanoke, TX	2009	2008	(4)	245	230,055	939	$1,093.57	95.10%	$1,093.57
CG at Ashton Oaks	Round Rock, TX	2009	2013	(6)	362	307,338	849	$945.04	96.41%	$932.59
CG at Round Rock	Round Rock, TX	2007	2013	(6)	422	429,596	1,018	$1,018.59	97.16%	$1,017.41
CV at Sierra Vista	Round Rock, TX	1999	2013	(6)	232	205,552	886	$877.07	95.26%	$875.30
Alamo Ranch	San Antonio, TX	2009	2011	(5)	340	270,640	796	$903.21	93.24%	$870.48
Bulverde Oaks	San Antonio, TX	2014	2014	(6)	328	300,776	917	$1,132.89	94.51%	$1,128.22
Haven at Blanco	San Antonio, TX	2010	2012	(5)	436	463,468	1,063	$1,156.65	95.41%	$1,136.05
Stone Ranch at Westover Hills	San Antonio, TX	2008	2009	(5)	400	334,400	836	$956.80	97.75%	$953.92
Cypresswood Court	Spring, TX	1984	1994	(4)	208	160,576	772	$766.23	97.12%	$757.56
Villages of Kirkwood	Stafford, TX	1996	2004	(4)	274	244,682	893	$1,057.98	96.72%	$1,051.07
Green Tree Place	Woodlands, TX	1984	1994	(4)	200	152,200	761	$845.20	98.00%	$845.20
Subtotal Texas					20,390	18,611,572	913	$1,011.51	95.62%	$1,004.65
Stonefield Commons	Charlottesville, VA	2013	2014	(6)	251	209,585	835	$1,372.80	99.20%	$1,334.86
Adalay Bay	Chesapeake, VA	2002	2012	(5)	240	246,240	1,026	$1,250.13	95.00%	$1,245.13
CV at Greenbrier	Fredericksburg, VA	1980	2013	(6)	258	216,720	840	$967.00	95.74%	$965.76
Seasons at Celebrate Virginia I	Fredericksburg, VA	2011	2011	(6)	232	233,160	1,005	$1,301.57	92.67%	$1,301.57
Seasons at Celebrate Virginia II	Fredericksburg, VA	2013	2013	(6)	251	248,239	989	$1,324.13	96.41%	$1,323.56
		2012	2013	(6)	260	268,580	1,033	$1,328.58	93.46%	$1,215.19

Station Square at Cosner's Corner	Fredericksburg, VA									
CV at Hampton Glen	Glen Allen, VA	1986	2013	(6)	232	177,712	766	$904.07	96.55%	$901.03
CV at West End	Glen Allen, VA	1987	2013	(6)	224	156,352	698	$824.80	96.43%	$821.63
Township in Hampton Woods	Hampton, VA	1987	1995	(5)	296	248,048	838	$936.86	95.95%	$897.51
CV at Tradewinds	Hampton, VA	1988	2013	(6)	284	280,024	986	$856.27	93.31%	$843.40
CV at Waterford	Midlothian, VA	1989	2013	(6)	312	288,912	926	$944.82	95.19%	$940.06
Ashley Park	Richmond, VA	1988	2013	(5)	272	194,480	715	$739.13	97.79%	$735.38
CV at Chase Gayton	Richmond, VA	1984	2013	(6)	328	311,272	949	$900.99	95.12%	$899.04
The Hamptons at Hunton Park	Richmond, VA	2003	2011	(5)	300	309,600	1,032	$1,267.25	95.67%	$1,230.99
CV at Harbour Club	Virginia Beach, VA	1988	2013	(6)	213	193,191	907	$905.05	91.55%	$857.94
Subtotal Virginia					3,953	3,582,115	906	$1,050.63	95.37%	$1,030.03
Total					82,268	81,082,102	986	$958.94	95.48%	$948.26

(1) Monthly average rent per unit represents the average of gross monthly rent amounts charged for occupied units plus prevalent market rents asked for unoccupied units in the property, divided by the total number of units in the property. This information is provided to represent average pricing for the period and does not represent actual rental revenue collected per unit.

(2) Average Occupancy is calculated by dividing the number of units occupied at each property by the total number of units at each property.

(3) Effective rent per unit is equal to the average of gross rent amounts after the effect of leasing concessions for occupied units plus prevalent market rates asked for unoccupied units in the property, divided by the total number of units in the property. Leasing concessions represent discounts to the current market rate. These discounts may be offered from time-to-time by a property for various reasons, including to assist with the initial lease-up of a newly developed property or as a response to a property's local market economics. Concessions are not part of our standard rent offering. Concessions for the year ended December 31, 2014 were $10.5 million. As of December 31, 2014, approximately 19.9% of total leases were subject to concessions. Effective rent is provided to represent average pricing for the period and does not represent actual rental revenue collected per unit.

(4) Large market same store reportable segment.

(5) Secondary market same store reportable segment.

(6) Non-same store reportable segment.

Mortgage/Bond Financing

As of December 31, 2014, we had approximately $1.1 billion of indebtedness collateralized, secured, and outstanding as set forth below:

Property	Location	Encumbrances at December 31, 2014 Mortgage/Bond Principal (000's)		Interest Rate		Maturity Date	
Eagle Ridge	Birmingham, AL	$—	(1)		(1)		(1)
Abbington Place	Huntsville, AL	—	(1)		(1)		(1)
CG at Edgewater	Huntsville, AL	28,092		3.750 %		6/1/2019	
CG at Madison	Madison, AL	22,801		3.750 %		6/1/2019	
TPC Montgomery	Montgomery, AL	—	(1)		(1)		(1)
CG at Liberty Park	Vestavia Hills, AL	18,177		3.700 %		2/27/2019	
Tiffany Oaks	Altamonte Springs, FL	—	(1)		(1)		(1)
Indigo Point	Brandon, FL	—	(1)		(1)		(1)
Anatole	Daytona Beach, FL	6,900	(5)	0.872 %	(5)	5/20/2031	(5)
CG at Heathrow	Heathrow, FL	21,003		3.700 %		2/27/2019	
Lighthouse at Fleming Island	Jacksonville, FL	—	(1)		(1)		(1)
St. Augustine	Jacksonville, FL	13,235	(15)	0.867 %	(15)	5/20/2031	(15)
St. Augustine II	Jacksonville, FL	—	(1)		(1)		(1)
Woodhollow	Jacksonville, FL	—	(1)		(1)		(1)
TPC Lakeland	Lakeland, FL	—	(1)		(1)		(1)
CG at Town Park	Lake Mary, FL	33,378		3.750 %		6/1/2019	
Paddock Park	Ocala, FL	6,805	(2)	0.867 %	(2)	5/20/2031	(2)
Park Crest at Innisbrook	Palm Harbor, FL	29,009		4.430 %		10/1/2020	
CV at Twin Lakes	Sanford, FL	25,654		4.065 %		7/1/2020	
Verandas at Southwood	Tallahassee, FL	21,448		2.060 %		3/1/2016	
Belmere	Tampa, FL	—	(1)		(1)		(1)
CG at Seven Oaks	Wesley Chapel, FL	20,997		3.750 %		6/1/2019	
Sanctuary at Oglethorpe	Atlanta, GA	23,500		6.210 %		12/1/2015	
Westbury Creek	Augusta, GA	3,380	(10)	0.872 %	(10)	5/20/2033	(10)
Prescott	Duluth, GA	—	(3)		(3)		(3)
CG at River Oaks	Duluth, GA	11,836		3.750 %		6/1/2019	
CG at Mount Vernon	Dunwoody, GA	15,632		3.700 %		2/27/2019	
Lake Lanier Club II	Gainesville, GA	—	(3)		(3)		(3)
CG at Shiloh	Kennesaw, GA	31,059		3.700 %		2/27/2019	
CG at Barrett Creek	Marietta, GA	19,514		3.750 %		6/1/2019	
CG at Godley Station	Pooler, GA	13,788		5.000 %		6/1/2025	
Highlands of West Village I	Smyrna, GA	42,869		3.000 %		5/1/2018	
Grand Reserve at Pinnacle	Lexington, KY	—	(1)		(1)		(1)
Mansion, The	Lexington, KY	—	(1)		(1)		(1)

Village, The	Lexington, KY	—	(1)	(1)	(1)
Crosswinds	Jackson, MS	—	(1)	(1)	(1)
Pear Orchard	Jackson, MS	—	(1)	(1)	(1)

Property	Location	Encumbrances at December 31, 2014 Mortgage/Bond Principal (000's)		Interest Rate			Maturity Date	
Reflection Pointe	Jackson, MS	5,880	(6)	0.872	%	(6)	5/20/2031	(6)
Savannah Creek	Southaven, MS	—	(1)			(1)		(1)
Hermitage at Beechtree	Cary, NC	—	(1)			(1)		(1)
CG at Beverly Crest	Charlotte, NC	15,804		3.700	%		2/27/2019	
CG at Mallard Creek	Charlotte, NC	15,940		3.700	%		2/27/2019	
CG at Mallard Lake	Charlotte, NC	17,992		3.700	%		2/27/2019	
CV at Greystone	Charlotte, NC	14,369		3.750	%		6/1/2019	
CV at Timber Crest	Charlotte, NC	11,813		3.074	%		8/15/2015	
CG at Patterson Place	Durham, NC	15,666		3.700	%		2/27/2019	
CG at Huntersville	Huntersville, NC	15,041		3.750	%		6/1/2019	
CV at Matthews	Matthews, NC	14,262		2.630	%		3/29/2016	
CG at Arringdon	Morrisville, NC	19,703		3.700	%		2/27/2019	
CG at Brier Creek	Raleigh, NC	25,996		3.700	%		2/27/2019	
CG at Crabtree Valley	Raleigh, NC	10,741		3.700	%		2/27/2019	
CG at Trinity Commons	Raleigh, NC	30,760		3.400	%		4/1/2018	
CG at Wilmington	Wilmington, NC	25,912		2.330	%		4/1/2015	
Colony at South Park	Aiken, SC	—	(1)			(1)		(1)
Fairways, The	Columbia, SC	7,735	(7)	0.872	%	(7)	5/20/2031	(7)
TPC Columbia	Columbia, SC	—	(1)			(1)		(1)
Howell Commons	Greenville, SC	—	(1)			(1)		(1)
TPC Greenville	Greenville, SC	—	(1)			(1)		(1)
Park Haywood	Greenville, SC	—	(1)			(1)		(1)
Runaway Bay	Mt. Pleasant, SC	8,365	(4)	0.872	%	(4)	5/20/2031	(4)
535 Brookwood	Simpsonville, SC	13,156		4.430	%		10/1/2020	
Farmington Village	Summerville, SC	15,200		3.674	%		1/1/2016	
Hamilton Pointe	Chattanooga, TN	—	(1)			(1)		(1)
Hidden Creek	Chattanooga, TN	—	(1)			(1)		(1)
Steeplechase	Chattanooga, TN	—	(1)			(1)		(1)
Windridge	Chattanooga, TN	5,265	(11)	0.872	%	(11)	5/20/2033	(11)
Post House Jackson	Jackson, TN	5,095	(16)	0.872	%	(16)	5/20/2031	(16)
Post House North	Jackson, TN	3,375	(8)	0.872	%	(8)	5/20/2031	(8)
Kirby Station	Memphis, TN	—	(1)			(1)		(1)
Lincoln on the Green	Memphis, TN	—	(1)			(1)		(1)
Avondale at Kennesaw	Nashville, TN	18,131		4.430	%		10/1/2020	
CG at Bellevue	Nashville, TN	22,623		4.065	%		7/1/2020	
Park at Hermitage	Nashville, TN	6,645	(12)	0.872	%	(12)	5/20/2031	(12)
Verandas at Sam Ridley	Nashville, TN	22,315		4.430	%		10/1/2020	
CG at Canyon Creek	Austin, TX	15,667		3.750	%		9/14/2019	
CV at Quarry Oaks	Austin, TX	27,365		3.700	%		2/27/2019	
Legacy at Western Oaks	Austin, TX	30,643		3.510	%		2/1/2017	
Stassney Woods	Austin, TX	4,050	(13)	0.872	%	(13)	5/20/2031	(13)
Travis Station	Austin, TX	3,585	(14)	0.872	%	(14)	5/20/2031	(14)
CV at Shoal Creek	Bedford, TX	23,260		3.700	%		2/27/2019	

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Property	Location	Encumbrances at December 31, 2014 Mortgage/Bond Principal (000's)		Interest Rate			Maturity Date	
CV at Willow Creek	Bedford, TX	26,954		3.700	%		2/27/2019	
Grand Cypress	Cypress, TX	17,182		3.400	%		8/5/2017	
Watermark	Dallas, TX	—	(3)			(3)		(3)
CG at Bear Creek	Euless, TX	24,560		3.700	%		2/27/2019	
La Valencia at Starwood	Frisco, TX	21,334		4.590	%		3/10/2018	
Legacy Pines	Houston, TX	—	(3)			(3)		(3)
Reserve at Woodwind Lakes	Houston, TX	10,445		5.930	%		6/15/2015	
Bella Casita at Las Colinas	Irving, TX	—	(3)			(3)		(3)
CG at Valley Ranch	Irving, TX	25,654		4.065	%		7/1/2020	
CV at Oakbend	Lewisville, TX	22,097		3.700	%		2/27/2019	
Venue at Stonebridge Ranch	McKinney, TX	15,214		3.250	%		12/10/2017	
CG at Round Rock	Round Rock, TX	24,970		3.700	%		2/27/2019	
CV at Sierra Vista	Round Rock, TX	11,117		3.700	%		2/27/2019	
Stone Ranch at Westover Hills	San Antonio, TX	18,788		5.490	%		3/1/2020	
Cypresswood Court	Spring, TX	—	(3)			(3)		(3)
Green Tree Place	Woodlands, TX	—	(3)			(3)		(3)
CV at West End	Glen Allen, VA	12,861		3.700	%		2/27/2019	
Township	Hampton, VA	10,800	(9)	0.872	%	(9)	5/20/2031	(9)
Total		$1,123,407						

(1) Encumbered by a $360.0 million FNMA facility, with $345.8 million available and $345.8 million outstanding with a variable interest rate of 1.29% on which there exist two interest rate swap agreements totaling $75 million at an average rate of 4.14% and six interest rate caps totaling $165 million at an average rate of 4.58% at December 31, 2014.

(2) Encumbered by $6.8 million in bonds on which there exists a $6.8 million interest rate cap of 6.00% which terminates on October 24, 2017.

(3) Encumbered by a $128 million loan with an outstanding balance of $128 million and a fixed interest rate of 5.08% which matures on June 10, 2021.

(4) Encumbered by $8.4 million in bonds on which there exists a $8.4 million interest rate cap of 6.00% which terminates on March 1, 2019.

(5) Encumbered by $6.9 million in bonds on which there exists a $6.9 million interest rate cap of 6.00% and maturing on October 15, 2017.

(6) Encumbered by $5.9 million in bonds on which there exists a $5.9 million interest rate cap of 6.00% which terminates on October 31, 2017.

(7) Encumbered by $7.7 million in bonds on which there exists a $7.7 million interest rate cap of 6.00% which terminates on October 31, 2017.

(8) Encumbered by $3.4 million in bonds on which there exists a $3.4 million interest rate cap of 6.00% which terminates on October 31, 2017.

(9) Encumbered by $10.8 million in bonds on which there exists a $10.8 million interest rate cap of 6.00% which matures on October 15, 2017.

(10)

(11) Encumbered by $5.3 million in bonds with $0.4 million having a variable rate of 0.909% and $4.9 million with a variable rate of 0.872% on which there exists a $4.9 million interest rate cap of 6.00% which terminates on May 31, 2018.

(12) Encumbered by $6.6 million in bonds on which there exists a $6.6 million interest rate cap of 6.00% which terminates on November 15, 2016.

(13) Encumbered by $4.1 million in bonds on which there exists a $4.1 million interest rate cap of 6.00% which terminates on November 15, 2016.

(14) Encumbered by $3.6 million in bonds on which there exists a $3.6 million interest rate cap of 6.00% which terminates on November 15, 2016.

(15) Encumbered by $13.2 million in bonds on which there exists a $13.2 million interest rate cap of 6.00% which terminates on March 1, 2019.

(16) Encumbered by $5.1 million in bonds on which there exists a $5.1 million interest rate cap of 6.00% which terminates on March 1, 2019.

ITEM 3. LEGAL PROCEEDINGS.

The Company (by virtue of its merger with Colonial) and Colonial LP along with multiple other parties, are named defendants in lawsuits arising out of alleged construction deficiencies with respect to condominium units at Regatta at James Island in Charleston, South Carolina. Regatta at James Island property was developed by certain of the Company's subsidiaries prior to MAA's merger with Colonial and constructed by Colonial Construction Services, LLC. The condominiums were constructed in 2006 and all 212 units were sold. The lawsuits, one filed on behalf of Regatta at James Island Owners Association, the condominium homeowners association, and one filed by Laura Dunlap et al., three of the unit owners (purportedly on behalf of all unit owners), were filed in the Court of Common Pleas for the North Judicial Circuit in Charleston, South Carolina in August 2012, against various parties involved in the development and construction of the Regatta at James Island property, including the contractors, subcontractors, architect, developer, and product manufacturers. The plaintiffs are seeking damages resulting primarily from alleged construction deficiencies, but the amount plaintiffs seek to recover has not been disclosed. The lawsuits are currently in discovery. The Company is continuing to investigate the matter and evaluate its options and intends to vigorously defend itself against these claims. No assurance can be given that the matter will be resolved favorably to the Company. The Company has included in its loss contingency an estimate of probable loss in connection with this matter, but currently cannot reasonably estimate any further possible loss, or any further range of reasonably possible loss, in connection with this matter.

In addition, the Company is subject to various other legal proceedings and claims that arise in the ordinary course of its business operations. Matters which arise out of allegations of bodily injury, property damage, and employment practices are generally covered by insurance. While the resolution of these other matters cannot be predicted with certainty, management currently believes the final outcome of such matters will not have a material adverse effect on the financial position, results of operations or cash flows of the Company.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Mid-America Apartment Communities, Inc.

MAA's common stock has been listed and traded on the NYSE under the symbol "MAA" since its initial public offering in February 1994. On February 19, 2015, the reported last sale price of our common stock on the NYSE was $73.70 per share, and there were approximately 2,400 holders of record of the common stock. MAA believes it has a significantly larger number of beneficial owners of its common stock. The following table sets forth the quarterly high and low intra-day sales prices of MAA's common stock and the dividends declared by MAA with respect to the periods indicated.

	Sales Prices		Dividends	Dividends	
	High	Low	Paid	Declared	
2014:					
First Quarter	$69.32	$60.47	$0.7300	$0.7300	
Second Quarter	$73.49	$67.10	$0.7300	$0.7300	
Third Quarter	$75.09	$65.05	$0.7300	$0.7300	
Fourth Quarter	$76.83	$65.54	$0.7300	$0.7700	(1)
2013:					
First Quarter	$70.84	$64.54	$0.6950	$0.6950	
Second Quarter	$74.94	$60.88	$0.6950	$0.6950	
Third Quarter	$69.99	$60.19	$0.6950	$0.6950	
Fourth Quarter	$67.63	$59.23	$0.6950	$0.7300	

(1) Generally, MAA's Board of Directors declares dividends prior to the quarter in which they are paid. The dividend of $0.7700 per share declared in the fourth quarter of 2014 was paid on January 30, 2015 to shareholders of record on January 15, 2015.

MAA's quarterly dividend rate is currently $0.7700 per common share. MAA's Board of Directors reviews and declares the dividend rate quarterly. Actual dividends made by MAA will be affected by a number of factors, including, but not limited to, the gross revenues received from the apartment communities, our operating expenses, the interest expense incurred on borrowings and unanticipated capital expenditures.

MAA expects to make future quarterly distributions to shareholders; however, future distributions by MAA will be at the discretion of its Board of Directors and will depend on our actual funds from operations, our financial condition, capital requirements, the annual distribution requirements under the REIT provisions of the Code and such other factors as MAA's Board of Directors deems relevant.

Direct Stock Purchase and Distribution Reinvestment Plan

We have established the DRSPP, under which holders of common stock, preferred stock and limited partnership interests in the Operating Partnership can elect to automatically reinvest their distributions in shares of MAA common stock. The DRSPP also allows for the optional purchase of MAA common stock of at least $250, but not more than $5,000 in any given month, free of brokerage commissions and charges. In our absolute discretion, we may grant waivers to allow for optional cash payments in excess of $5,000. To fulfill our obligations under the DRSPP, we may

either issue additional shares of common stock or repurchase common stock in the open market. We may elect to sell shares under the DRSPP at up to a 5% discount.

In 2014, 2013, and 2012, we had the following issuances through our DRSPP:

	2014	2013	2012	
Shares	9,055	10,924	14,260	
Discount	—	%—	%—	%

The following table provides information with respect to compensation plans under which our equity securities are authorized for issuance as of December 31, 2014:

	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights (a)(1)	Weighted Average Exercise Price of Outstanding Options Warrants and Rights (b)(1)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (excluding securities reflected in column (a)) (c)(2)
Equity compensation plans approved by security holders	74,454	$82.23	587,363
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	74,454	$82.23	587,363

(1) Columns (a) and (b) above do not include 145,049 shares of restricted stock that are subject to vesting requirements which were issued through our 2004 Stock Plan or 2013 Stock Incentive Plan or 102,659 shares of common stock that have been purchased by employees through the Employee Stock Purchase Plan.

(2) Column (c) above includes 540,022 shares available to be issued under our 2013 Stock Plan and 47,341 shares available to be issued under our Employee Stock Purchase Plan.

The outstanding options noted in the chart above were issued in exchange for outstanding Colonial options in connection with the Colonial Merger.

Mid-America Apartments, L.P.

Operating Partnership Units

There is no established public trading market for Mid-America Apartments, L.P.'s OP Units. From time-to-time, we issue shares of our common stock in exchange for OP Units tendered to the Operating Partnership for redemption in accordance with the provisions of the Operating Partnership's limited partnership agreement. At December 31, 2014, there were 79,458,827 OP Units outstanding in the Operating Partnership, of which 75,267,675 OP Units, or 94.7%, were owned by MAA and 4,191,152 OP Units, or 5.3% were owned by limited partners. Under the terms of the Operating Partnership's limited partnership agreement, the limited partner holders of OP Units have the right to require the Operating Partnership to redeem all or a portion of the OP Units held by the holder in exchange for one share of common stock in MAA per one OP Unit or a cash payment based on the market value of our common stock at the time of redemption, at the option of MAA. During the year ended December 31, 2014, we issued a total of 36,232

shares of common stock upon redemption of OP Units.

Comparison of Five-year Cumulative Total Returns

The following graph compares the cumulative total returns of the shareholders of MAA since December 31, 2009 with the S&P 500 Index and the FTSE NAREIT Equity REIT Index prepared by the National Association of Real Estate Investment Trusts, or NAREIT. The graph assumes that the base share price for our common stock and each index is $100 and that all dividends are reinvested. The performance graph is not necessarily indicative of future investment performance.

	Dec '09	Dec '10	Dec '11	Dec '12	Dec '13	Dec '14
MAA	$100.00	$137.69	$141.14	$152.20	$148.86	$191.17
S&P 500	$100.00	$115.06	$117.49	$136.30	$180.44	$205.14
FTSE NAREIT Equity REIT Index	$100.00	$127.96	$138.57	$163.60	$167.63	$218.16

Purchases of Equity Securities

The following chart shows our repurchases of shares for the three-month period ended December 31, 2014:

MAA Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet be Purchased Under the Plans or Programs (1)
October 1, 2014 - October 31, 2014	—	$—	—	2,138,000
November 1, 2014 - November 30, 2014	—	$—	—	2,138,000
December 1, 2014 - December 31, 2014	—	$—	—	2,138,000
Total	—	$—	—	2,138,000

(1) This number reflects the amount of shares of MAA's common stock that were available for purchase under our 4,000,000 share repurchase program authorized by our Board of Directors in 1999.

ITEM 6. SELECTED FINANCIAL DATA.

The following tables set forth selected financial data on a historical basis for Mid-America Apartment Communities, Inc. and Mid-America Apartments, L.P. As previously discussed, the assets, liabilities, and results of operations of Colonial are included in both MAA and the Operating Partnership's selected financial data from the closing date of the Merger, October 1, 2013, through the end of our fiscal year, December 31, 2014. This data should be read in conjunction with the consolidated financial statements and notes thereto and “Management's Discussion and Analysis of Financial Condition and Results of Operations” included elsewhere in this Annual Report on Form 10-K.

Mid-America Apartment Communities, Inc.
Selected Financial Data
(Dollars in thousands, except per share data)

	Year Ended December 31,				
	2014	2013	2012	2011	2010
Operating Data:					
Total operating revenues	$989,296	$634,734	$475,888	$409,782	$359,582
Expenses:					
Property operating expenses	392,329	253,314	194,149	173,563	154,885
Depreciation and amortization	301,811	186,979	121,211	106,009	93,592
Acquisition expense	2,388	1,393	1,581	3,319	2,512
Property management and general and administrative expenses	53,004	38,652	35,043	38,096	29,766
Merger related expenses	3,152	32,403	—	—	—
Integration related expenses	8,395	5,102	—	—	—
Income from continuing operations before non-operating items	228,217	116,891	123,904	88,795	78,827
Interest and other non-property income	908	488	430	802	903
Interest expense	(119,464)	(75,915)	(57,937)	(56,383)	(53,564)
Loss on debt extinguishment/modification	(2,586)	(426)	(654)	(755)	—
Amortization of deferred financing costs	(4,489)	(3,063)	(3,552)	(2,902)	(2,627)
Net casualty (loss) gain after insurance and other settlement proceeds	(476)	(143)	(6)	(619)	314
Gain on sale of depreciable real estate assets excluded from discontinued operations	42,649	—	—	—	—
Gain on sale of non-depreciable real estate assets	350	—	45	1,084	—
Gain on properties acquired from joint ventures	—	—	—	—	752
Income before income tax expense	145,109	37,832	62,230	30,022	24,605
Income tax expense	(2,050)	(893)	(803)	(727)	(623)
Income from continuing operations before joint venture activity	143,059	36,939	61,427	29,295	23,982
Gain (loss) from real estate joint ventures	6,009	338	(223)	(593)	(1,149)
Income from continuing operations	149,068	37,277	61,204	28,702	22,833
Discontinued operations:					
Income from discontinued operations before gain (loss) on sale	1,815	5,158	6,986	9,730	8,044
Gain (loss) on sale of discontinued operations	5,394	76,844	41,635	12,799	(2)
Consolidated net income	156,277	119,279	109,825	51,231	30,875
Net income attributable to noncontrolling interests	8,297	3,998	4,602	2,410	1,114
Net income attributable to MAA	147,980	115,281	105,223	48,821	29,761
Preferred dividend distributions	—	—	—	—	6,549
Premiums and original issuance costs associated with the redemption of preferred stock	—	—	—	—	5,149
	$147,980	$115,281	$105,223	$48,821	$18,063

Net income available for MAA common shareholders					
Per Share Data:					
Weighted average shares outstanding (in thousands):					
Basic	74,982	50,677	41,039	36,995	31,856
Effect of dilutive stock options and partnership units (1)	—	2,439	1,898	2,092	2,363
Diluted	74,982	53,116	42,937	39,087	34,219
Calculation of Earnings per share - basic:					
Income from continuing operations, adjusted	$140,880	$36,112	$58,737	$27,413	$10,551
Income from discontinued operations, adjusted	6,812	79,061	46,392	21,375	7,545
Net income attributable to common shareholders, adjusted	$147,692	$115,173	$105,129	$48,788	$18,096
Earnings per share - basic:					
Income from continuing operations available for common shareholders	$1.88	$0.71	$1.43	$0.74	$0.33
Discontinued property operations	0.09	1.56	1.13	0.58	0.24
Net income available for common shareholders	$1.97	$2.27	$2.56	$1.32	$0.57
Calculation of Earnings per share - diluted:					
Income from continuing operations, adjusted	$140,880	$37,277	$61,204	$28,702	$11,135
Income from discontinued operations, adjusted	6,812	82,002	48,621	22,529	8,042
Net income attributable to common shareholders, adjusted	$147,692	$119,279	$109,825	$51,231	$19,177
Earnings per share - diluted:					
Income from continuing operations available for common shareholders	$1.88	$0.70	$1.43	$0.73	$0.33
Discontinued property operations	0.09	1.55	1.13	0.58	0.23
Net income available for common shareholders	$1.97	$2.25	$2.56	$1.31	$0.56
Dividends declared (2)	$2.9600	$2.8150	$2.6750	$2.5425	$2.4725
Balance Sheet Data:					
Real estate owned, at cost	$8,037,498	$7,694,618	$3,734,544	$3,396,934	$2,958,765
Real estate assets, net	$6,663,820	$6,556,303	$2,694,071	$2,423,808	$2,084,863
Total assets	$6,831,028	$6,841,925	$2,751,068	$2,530,468	$2,176,048
Total debt	$3,524,515	$3,472,718	$1,673,848	$1,649,755	$1,500,193
Noncontrolling interest	$161,287	$166,726	$31,058	$25,131	$22,125
Total MAA shareholders' equity and redeemable stock	$2,896,435	$2,951,861	$918,765	$722,368	$522,267

Other Data (at end of period):					
Market capitalization (shares and units) (3)	$5,933,985	$4,801,990	$2,852,113	$2,558,107	$2,353,115
Ratio of total debt to total capitalization (4)	37.3 %	42.0 %	37.0 %	39.2 %	38.9 %
Number of communities, including joint venture ownership interest (5)	268	275	166	167	157
Number of apartment units, including joint venture ownership interest (5)	82,316	83,641	49,591	49,133	46,310

(1) See Earnings per common share of MAA note in Item 8. Financial Statements and Supplementary Data - Notes to Consolidated Financial Statements, Note 3 of this Report.
(2) Beginning in 2006, at their regularly scheduled meetings, our Board of Directors began routinely declaring dividends for payment in the following quarter. This can result in dividends declared during a calendar year being different from dividends paid during a calendar year.
(3) Market capitalization includes all series of preferred shares (value based on $25 per share liquidation preference) and common shares, regardless of classification on balance sheet, as well as partnership units (value based on common stock equivalency).
(4) Total capitalization is market capitalization plus total debt.
(5) Property and apartment unit totals have not been adjusted to exclude properties held for sale.

Mid-America Apartments, L.P.
Selected Financial Data
(Dollars in thousands, except per unit data)

	Year Ended December 31,				
	2014	2013	2012	2011	2010
Operating Data:					
Total operating revenues	$989,296	$634,734	$475,888	$409,782	$359,582
Expenses:					
Property operating expenses	392,329	253,314	194,149	173,563	154,885
Depreciation and amortization	301,811	186,979	121,211	106,009	93,592
Acquisition expense	2,388	1,393	1,581	3,319	2,512
Property management and general and administrative expenses	53,004	38,652	35,043	38,096	29,766
Merger related expenses	3,152	32,403	—	—	—
Integration related expenses	8,395	5,102	—	—	—
Income from continuing operations before non-operating items	228,217	116,891	123,904	88,795	78,827
Interest and other non-property income	908	488	430	802	903
Interest expense	(119,464)	(75,915)	(57,937)	(56,383)	(53,564)
Loss on debt extinguishment/modification	(2,586)	(426)	(654)	(755)	—
Amortization of deferred financing costs	(4,489)	(3,063)	(3,552)	(2,902)	(2,627)
Net casualty (loss) gain after insurance and other settlement proceeds	(476)	(143)	(6)	(619)	314
Gain on sale of depreciable real estate assets excluded from discontinued operations	42,649	—	—	—	—
Gain on sale of non-depreciable real estate assets	350	—	45	1,084	—
Gain on properties acquired from joint ventures	—	—	—	—	752
Income before income tax expense	145,109	37,832	62,230	30,022	24,605
Income tax expense	(2,050)	(893)	(803)	(727)	(623)
Income from continuing operations before joint venture activity	143,059	36,939	61,427	29,295	23,982
Gain (loss) from real estate joint ventures	6,009	338	(223)	(593)	(1,149)
Income from continuing operations	149,068	37,277	61,204	28,702	22,833
Discontinued operations:					
Income from discontinued operations before gain (loss) on sale	1,815	4,747	6,201	9,087	7,460
Gain (loss) on sale of discontinued operations	5,394	76,844	41,635	12,799	(2)
Net income attributable to Mid-America Apartments, L.P.	156,277	107,544	109,040	50,588	30,291
Preferred distributions	—	—	—	—	6,549
Premiums and original issuance costs associated with the redemption of preferred units	—	—	—	—	5,149
Net income available for Mid-America Apartments, L.P. common unitholders	$156,277	$107,544	$109,040	$50,588	$18,593
Per Unit Data:					
Weighted average units outstanding (in thousands):					
Basic	79,188	53,075	42,911	39,051	34,186

Effect of dilutive stock options and partnership units (1)	—	88	64	100	121
Diluted	79,188	53,163	42,975	39,151	34,307
Calculation of Earnings per unit - basic:					
Income from continuing operations, adjusted	$148,793	$37,244	$61,151	$28,681	$11,148
Income from discontinued operations, adjusted	7,196	70,205	47,795	21,876	7,480
Net income available for common unitholders	$155,989	$107,449	$108,946	$50,557	$18,628
Earnings per unit - basic:					
Income from continuing operations available for common unitholders	$1.88	$0.70	$1.43	$0.73	$0.33
Income from discontinued property operations available for common unitholders	0.09	1.32	1.11	0.56	0.21
Net income available for common unitholders	$1.97	$2.02	$2.54	$1.29	$0.54
Calculation of Earnings per unit - diluted:					
Income from continuing operations, adjusted	$148,793	$37,277	$61,204	$28,702	$11,135
Income from discontinued operations, adjusted	7,196	70,267	47,836	21,886	7,458
Net income available for common unitholders	$155,989	$107,544	$109,040	$50,588	$18,593
Earnings per unit - diluted:					
Income from continuing operations available for common unitholders	$1.88	$0.70	$1.43	$0.73	$0.33
Discontinued property operations	0.09	1.32	1.11	0.56	0.21
Net income available for common unitholders	$1.97	$2.02	$2.54	$1.29	$0.54
Distributions declared, per unit (2)	$2.9600	$2.8150	$2.6750	$2.5425	$2.4725
Balance Sheet Data:					
Real estate owned, at cost	$8,037,498	$7,694,618	$3,721,028	$3,383,883	$2,946,009
Real estate assets, net	$6,663,820	$6,556,303	$2,688,549	$2,418,198	$2,078,984
Total assets	$6,831,028	$6,841,925	$2,745,278	$2,524,792	$2,170,097
Total debt	$3,524,515	$3,472,718	$1,673,848	$1,649,755	$1,500,193
Total Operating Partnership capital and redeemable units	$3,057,703	$3,118,568	$943,720	$709,871	$510,510
Other Data (at end of period):					
Number of communities, including joint venture ownership interest (3)	268	275	165	166	156
Number of apartment units, including joint venture ownership interest (3)	82,316	83,641	49,335	48,877	46,054

(1) See Earnings Per OP Unit of MAALP note in Item 8. Financial Statements and Supplementary Data - Notes to Consolidated Financial Statements, Note 4 of this Report.
(2) Beginning in 2006, at their regularly scheduled meetings, the Board of Directors began routinely declaring distributions for payment in the following quarter. This can result in distributions declared during a calendar year being different from distributions paid during a calendar year.
(3) Property and apartment unit totals have not been adjusted to exclude properties held for sale.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion analyzes the financial condition and results of operations of both MAA and the Operating Partnership, of which the MAA is the sole general partner and in which MAA owned a 94.7% limited partner interest as of December 31, 2014. MAA conducts all of its business through the Operating Partnership and the Operating Partnership’s various subsidiaries.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

A critical accounting policy is one that is both important to our financial condition and results of operations and that involves some degree of uncertainty. The following discussion and analysis of financial condition and results of operations are based upon our consolidated financial statements and the notes thereto, which have been prepared in accordance with United States generally accepted accounting principles, or GAAP. The preparation of financial statements in conformity with GAAP requires management to make a number of estimates and assumptions that affect the reported amounts and disclosures in the consolidated financial statements. On an ongoing basis, we evaluate our estimates and assumptions based upon historical experience and various other factors and circumstances. We believe that our estimates and assumptions are reasonable under the circumstances; however, actual results may differ from these estimates and assumptions.

We believe that the estimates and assumptions listed below are most important to the portrayal of our financial condition and results of operations because they require the greatest subjective determinations and form the basis of accounting policies deemed to be most critical.

Acquisition of real estate assets

We account for our acquisitions of investments in real estate in accordance with ASC 805-10, Business Combinations, which requires the fair value of the real estate acquired to be allocated to the acquired tangible assets, consisting of land, building and furniture, fixtures and equipment, and identified intangible assets, consisting of the value of in-place leases and other contracts. In calculating the fair value of acquired tangible assets, management divides forecasted net operating income (NOI) by a market capitalization rate. Management analyzed historical stabilized NOI to determine its estimate for forecasted NOI. Management estimates the market capitalization rate by analyzing the market capitalization rates for properties with comparable ages in similar sized markets. Although management's estimates of the fair value of acquired tangible assets have been materially accurate in the past, variability of future operating performance as well as additional information becoming available could lead to the modification of the initial fair value calculation and purchase price allocation. Subsequent adjustments made to the purchase price allocation, if any, would be made within the allocation period, which typically does not exceed one year.

Impairment of long-lived assets, including goodwill

We account for long-lived assets in accordance with the provisions of accounting standards for the impairment or disposal of long-lived assets and evaluate our goodwill for impairment under accounting standards for goodwill and other intangible assets. We evaluate goodwill for impairment on at least an annual basis, or more frequently if a goodwill impairment indicator is identified. We periodically evaluate long-lived assets, including investments in real estate and goodwill, for indicators that would suggest that the carrying amount of the assets may not be recoverable. The judgments regarding the existence of such indicators are based on factors such as operating performance, market conditions and legal factors. If impairment indicators exist for a long-lived asset, management compares the carrying amount of the asset to an estimate of the undiscounted future cash flows expected to be generated by the asset. Management estimates future cash flows by analyzing historical cash flows generated by the asset. If impairment

indicators exist for goodwill, management compares the carrying amount of the asset to an estimate of the implied fair value of the asset. Management calculates the fair value of the asset by dividing historical operating cash flows by a market capitalization rate. Management estimates the market capitalization rate by analyzing the market capitalization rates for properties with comparable ages in similar sized markets. Historically, impairment analysis estimates have been materially accurate, which resulted in no impairment losses recognized during the years ended December 31, 2014, 2013, and 2012.

Cost Capitalization

Repairs and maintenance costs are expensed as incurred while significant improvements, renovations, and replacements are capitalized. The cost to complete any deferred repairs and maintenance at properties acquired by us in order to elevate the condition of the property to our standards are capitalized as incurred. The carrying costs related to development

projects, including interest, property taxes, insurance and allocated direct development salary cost during the construction period, are capitalized. Management uses judgment in determining whether costs should be expensed or capitalized.

Loss Contingencies

The outcomes of the claims, disputes and legal proceedings described or referenced above are subject to significant uncertainty. The Company records an accrual for loss contingencies when a loss is probable and the amount of the loss can be reasonably estimated. The Company reviews these accruals quarterly and makes revisions based on changes in facts and circumstances. When a loss contingency is not both probable and reasonably estimable, the Company does not accrue the loss. However, for material loss contingencies, if the unrecorded loss (or an additional loss in excess of the accrual) is at least a reasonable possibility and material, then the Company discloses a reasonable estimate of the possible loss, or range of loss, if such reasonable estimate can be made. If the Company cannot make a reasonable estimate of the possible loss, or range of loss, then that is disclosed.

The assessment of whether a loss is probable or a reasonable possibility, and whether the loss or range of loss is reasonably estimable, often involve a series of complex judgments about future events. Among the factors that the Company considers in this assessment, including with respect to the matters disclosed in this Note, are the nature of existing legal proceedings and claims, the asserted or possible damages or loss contingency (if reasonably estimable), the progress of the matter, existing law and precedent, the opinions or views of legal counsel and other advisers, the Company's experience in similar matters, the facts available to the Company at the time of assessment, and how the Company intends to respond, or has responded, to the proceeding or claim. The Company's assessment of these factors may change over time as individual proceedings or claims progress. For matters where the Company is not currently able to reasonably estimate a range of reasonably possible loss, the factors that have contributed to this determination include the following: (i) the damages sought are indeterminate; (ii) the proceedings are in the early stages; (iii) the matters involve novel or unsettled legal theories or a large or uncertain number of actual or potential cases or parties; and/or (iv) discussions with the parties in matters that are expected ultimately to be resolved through negotiation and settlement have not reached the point where the Company believes a reasonable estimate of loss, or range of loss, can be made. In such instances, the Company believes that there is considerable uncertainty regarding the timing or ultimate resolution of such matters, including a possible eventual loss or business impact, if any.

For more information regarding our significant accounting policies, see Item 8. Financial Statements and Supplementary Data - Notes to Consolidated Financial Statements, Note 1.

OVERVIEW OF THE YEAR ENDED DECEMBER 31, 2014

As noted earlier, on October 1, 2013, we consummated the Merger and acquired all of Colonial's net assets. As a result of the Merger, the results of operations for 2013 include twelve months of results for MAA and three months of results for the legacy Colonial assets. The results of operations for 2014 include twelve months of results for both the MAA and Colonial portfolios. Our December 31, 2014 and December 31, 2013 balance sheets include the combined assets and liabilities of MAA and Colonial. All properties acquired from Colonial have been placed in our Non-Same Store operating segment, as the properties are recent acquisitions and had not been owned and stabilized for at least twelve months as of January 1, 2014.

We experienced an increase in income from continuing operations in 2014 as increases in revenues outpaced increases in expenses. The increases in revenues came from a 4.5% increase in our large market same store segment, a 1.8% increase in our secondary market same store segment and a 225.9% increase in our non-same store and other segment, which was primarily a result of the Merger. The increase in expense came from a 2.8% increase in our large market same store segment, a 2.1% increase in our secondary market same store segment and a 227.6% increase in our

non-same store and other segment, which was primarily the result of the Merger. Our same store portfolio represents those communities that have been held and have been stabilized for at least twelve months. Communities excluded from the same store portfolio would include recent acquisitions (including the Colonial portfolio), communities being developed or in lease-up, communities undergoing extensive renovations, and communities identified as discontinued operations. The drivers of these increases are discussed below in the results of operations section.

We have grown externally during the past three years by following our acquisition strategy to invest in large and mid-sized growing markets in the Sunbelt region of the United States. Apart from the Merger, we acquired seven properties for our portfolio in 2012, four in 2013 and eight in 2014. Offsetting some of this increased revenue stream were nine apartment dispositions in 2012, nine apartment dispositions in 2013, and eight apartment dispositions in 2014.

The following table shows our apartment real estate assets as of 2014, 2013, and 2012:

	2014		2013		2012	
Properties	268		275		166	
Units	82,316		83,641		49,591	
Development Units	514		1,461		774	
Average Effective Monthly Rent/Unit, excluding lease-up and development	$948.26		$883.40		$855.71	
Occupancy, excluding lease-up and development	94.1	%	94.9	%	95.1	%

See discussion of same store average rent per unit and occupancy comparisons in the Trends section below.

In addition to the multifamily assets detailed above, we also owned or owned an interest in three commercial properties totaling approximately 293,000 square feet of leasable space.

Average effective monthly rent per unit is equal to the average of gross rent amounts after the effect of leasing concessions for occupied units plus prevalent market rates asked for unoccupied units, divided by the total number of units. Leasing concessions represent discounts to the current market rate. We believe average effective monthly rent is a helpful measurement in evaluating average pricing. It does not represent actual rental revenue collected per unit.

The following is a discussion of our consolidated financial condition and results of operations for the years ended December 31, 2014, 2013, and 2012. This discussion should be read in conjunction with all of the consolidated financial statements included in this Annual Report on Form 10-K.

RESULTS OF OPERATIONS

Comparison of the Year Ended December 31, 2014 to the Year Ended December 31, 2013

Property Revenues

The following table shows our property revenues by segment for the years ended December 31, 2014 and December 31, 2013 (dollars in thousands):

	Year ended December 31, 2014	Year ended December 31, 2013	Increase	Percentage Increase	
Large Market Same Store	$252,029	$241,194	$10,835	4.5	%
Secondary Market Same Store	246,800	242,464	4,336	1.8	%
Same Store Portfolio	498,829	483,658	15,171	3.1	%
Non-Same Store and Other	490,298	150,429	339,869	225.9	%
Total	$989,127	$634,087	$355,040	56.0	%

The increase in property revenues from our same store portfolio is primarily a result of increased average effective rent per unit of 3.0%. The increase in property revenues from our non-same store and other group is primarily due to the addition of the Colonial portfolio as a result of the Merger, which represents $273.3 million of the increase. The remaining $66.6 million of the increase was related to acquisitions other than the Merger.

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Property Operating Expenses

Property operating expenses include costs for property personnel, property personnel bonuses, building repairs and maintenance, real estate taxes and insurance, utilities, landscaping, and depreciation and amortization. The following table shows our property operating expenses by segment for the years ended December 31, 2014 and December 31, 2013 (dollars in thousands):

	Year ended December 31, 2014	Year ended December 31, 2013	Increase	Percentage Increase	
Large Market Same Store	$100,892	$98,190	$2,702	2.8	%
Secondary Market Same Store	98,191	96,141	2,050	2.1	%
Same Store Portfolio	199,083	194,331	4,752	2.4	%
Non-Same Store and Other	193,246	58,983	134,263	227.6	%
Total	$392,329	$253,314	$139,015	54.9	%

The increase in property operating expenses from our same store portfolio is primarily a result of increases in real estate taxes of $3.9 million and utilities expenses of $1.3 million, offset by a decrease in insurance expenses of $1.0 million. The increase in property operating expenses from our non-same store and other group is primarily due to the addition of the Colonial portfolio as a result of the Merger, which represents $106.9 million of the increase. The remaining $27.4 million of the increase was related to acquisitions other than the Merger.

Depreciation and Amortization

The following table shows our depreciation and amortization expense by segment for the years ended December 31, 2014 and December 31, 2013 (dollars in thousands):

	Year ended December 31, 2014	Year ended December 31, 2013	Increase	Percentage Increase	
Large Market Same Store	$58,356	$57,712	$644	1.1	%
Secondary Market Same Store	59,697	59,339	358	0.6	%
Same Store Portfolio	118,053	117,051	1,002	0.9	%
Non-Same Store and Other	183,758	69,928	113,830	162.8	%
Total	$301,811	$186,979	$114,832	61.4	%

The increase in depreciation and amortization expense from our same store portfolio resulted from capital spending made during the ordinary course of business. The increase in depreciation and amortization expense from our non-same store and other group is primarily due to the addition of the Colonial portfolio as a result of the Merger.

Property Management Expenses

Property management expenses for the year ended December 31, 2014 were approximately $32.1 million, an increase of $9.0 million from the year ended December 31, 2013. The majority of the increase was related to increases in payroll expenses of $3.0 million, state franchise taxes of $2.7 million, software maintenance of $2.1 million, and incentive bonuses of $0.9 million as a result of the increased headcount and scope of work resulting from the Merger.

General and Administrative Expenses

General and Administrative expenses for the year ended December 31, 2014 were approximately $20.9 million, an increase of $5.3 million from the year ended December 31, 2013. The majority of the increase was related to increases

in incentive bonuses of $3.3 million and payroll expenses of $1.2 million as a result of the increased headcount resulting from the Merger.

Merger and Integration Related Expenses

Merger related expenses, primarily severance, legal, and professional costs for the acquisition of Colonial were approximately $3.2 million for the year ended December 31, 2014, a decrease of $29.3 million from the year ended December 31, 2013. We also incurred integration related expenses, primarily related to temporary systems, staffing, and facilities costs of $8.4 million for the year ended December 31, 2014, an increase of $3.3 million from the year ended December 31, 2013.

Interest Expense

Interest expense for the year ended December 31, 2014 was approximately $119.5 million, an increase of $43.5 million from the year ended December 31, 2013. The increase was primarily the result of an increase in our average debt outstanding from the year ended December 31, 2013 to the year ended December 31, 2014 of approximately $1.38 billion, due primarily to the assumption of Colonial's debt as a result of the Merger.

Debt Extinguishment

Loss on debt extinguishment for the year ended December 31, 2014 was approximately $2.6 million, an increase of $2.2 million from the year ended December 31, 2013. The increase was primarily the result of the prepayment of a loan for a property sold during the year ended December 31, 2014.

Discontinued Operations

We recorded a gain on sale of discontinued operations of $5.4 million for the year ended December 31, 2014 as compared to a $76.8 million gain for the year ended December 31, 2013. The decrease in the gain is caused by the proceeds received in 2014 being less than the proceeds received in 2013 in relation to the net book value of the properties sold and, in accordance with newly adopted ASU 2014-08, recording a gain on sale of depreciable assets excluded from discontinued operations in 2014, which is discussed further below.

Dispositions of Depreciable Real Estate Assets Excluded from Discontinued Operations

We recorded a gain on sale of depreciable assets excluded from discontinued operations of $42.6 million for the year ended December 31, 2014. We did not record a similar gain for the year ended December 31, 2013 because we did not dispose of any properties that were excluded from discontinued operations.

Net Income Attributable to Noncontrolling Interests

Net income attributable to noncontrolling interests for the year ended December 31, 2014 was approximately $8.3 million, an increase of $4.3 million from the year ended December 31, 2013. This increase is primarily due to the increase in OP unitholders as a result of the Merger.

Net Income Attributable to MAA

Primarily as a result of the items discussed above, net income attributable to MAA increased by approximately $32.7 million in the year ended December 31, 2014 from the year ended December 31, 2013.

Comparison of the Year Ended December 31, 2013 to the Year Ended December 31, 2012

Property Revenues

The following table shows our property revenues by segment for the years ended December 31, 2013 and December 31, 2012 (dollars in thousands):

	Year ended December 31, 2013	Year ended December 31, 2012	Increase	Percentage Increase	
Large Market Same Store	$256,141	$243,721	$12,420	5.1	%
Secondary Market Same Store	207,572	201,834	5,738	2.8	%
Same Store Portfolio	463,713	445,555	18,158	4.1	%
Non-Same Store and Other	170,374	29,434	140,940	478.8	%
Total	$634,087	$474,989	$159,098	33.5	%

The increase in property revenues from our same store portfolio is primarily a result of increased average rent per unit of approximately 3.9%. The increase in property revenues from our non-same store and other group is primarily due to the addition of the Colonial portfolio as a result of the Merger, which represents $88.1 million of the increase. The remaining $52.8 million of the increase was related to acquisitions other than the Merger.

Property Operating Expenses

Property operating expenses include costs for property personnel, property personnel bonuses, building repairs and maintenance, real estate taxes and insurance, utilities, landscaping, and depreciation and amortization. The following table shows our property operating expenses by segment for the years ended December 31, 2013 and December 31, 2012 (dollars in thousands):

	Year ended December 31, 2013	Year ended December 31, 2012	Increase	Percentage Increase	
Large Market Same Store	$103,416	$100,661	$2,755	2.7	%
Secondary Market Same Store	83,785	82,070	1,715	2.1	%
Same Store Portfolio	187,201	182,731	4,470	2.4	%
Non-Same Store and Other	66,113	11,418	54,695	479.0	%
Total	$253,314	$194,149	$59,165	30.5	%

The increase in property operating expenses from our same store portfolio is primarily a result of increases in real estate taxes of $3.5 million and insurance expenses of $0.7 million. The increase in property operating expenses from our non-same store and other group is primarily due to the addition of the Colonial portfolio as a result of the Merger, which represents $34.1 million of the increase. The remaining $20.6 million of the increase was related to acquisitions other than the Merger.

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Depreciation and Amortization

The following table shows our depreciation and amortization expense by segment for the years ended December 31, 2013 and December 31, 2012 (dollars in thousands):

	Year ended December 31, 2013	Year ended December 31, 2012	Increase	Percentage Increase	
Large Market Same Store	$60,329	$59,914	$415	0.7	%
Secondary Market Same Store	50,362	49,871	491	1.0	%
Same Store Portfolio	110,691	109,785	906	0.8	%
Non-Same Store and Other	76,288	11,426	64,862	567.7	%
Total	$186,979	$121,211	$65,768	54.3	%

The increase in depreciation and amortization expense from our same store portfolio resulted from asset additions made during the normal course of business. The increase in depreciation and amortization expense from our non-same store and other group is primarily due to the addition of the Colonial portfolio as a result of the Merger.

General and Administrative Expenses

General and Administrative expense for the year ended December 31, 2013 was approximately $15.6 million, an increase of $1.8 million from the year ended December 31, 2012. The majority of the increase was related to an increase in tax preparation fees, audit fees, and stock incentives.

Merger and Integration Related Expenses

Merger related expenses for the acquisition of Colonial were approximately $32.4 million for the year ended December 31, 2013. We also incurred integration related expenses of $5.1 million for the year ended December 31, 2013. There were no merger related expenses or integration related expenses for the year ended December 31, 2012.

Interest Expense

Interest expense for the year ended December 31, 2013 was approximately $75.9 million, an increase of $18.0 million from the year ended December 31, 2012. The increase was primarily the result of an increase in our average debt outstanding of $451.6 million from the year ended December 31, 2012 to the year ended December 31, 2013, due primarily to the assumption of Colonial's debt as a result of the Merger.

Discontinued Operations

Income from discontinued operations before gain on sale for the year ended December 31, 2013 was approximately $5.1 million, a decrease of $1.9 million from the year ended December 31, 2012. The decrease is driven by the fact that the properties sold in 2013 had lower net income than the properties sold in 2012.

We recorded a gain on sale of discontinued operations of $76.8 million and $41.6 million for the years ended December 31, 2013 and December 31, 2012, respectively. The increase in the gain is caused by the proceeds being greater than the net book value of the properties in 2013 compared to 2012.

Net Income Attributable to Noncontrolling Interests

Net income attributable to noncontrolling interests for the year ended December 31, 2013 was approximately $4.0 million, an decrease of $0.6 million from the year ended December 31, 2012.

Net Income Attributable to MAA

Primarily as a result of the foregoing, net income attributable to MAA increased by approximately $10.1 million in the year ended December 31, 2013 from the year ended December 31, 2012.

Funds from Operations

Funds from operations, or FFO, represents net income (computed in accordance with GAAP) excluding extraordinary items, net income attributable to noncontrolling interest, asset impairment, gains or losses on disposition of real estate assets, plus depreciation and amortization of real estate, and adjustments for joint ventures to reflect FFO on the same basis. Disposition of real estate assets includes sales of discontinued operations.

FFO should not be considered as an alternative to net income or any other GAAP measurement of performance, as an indicator of operating performance or as an alternative to cash flow from operating, investing, and financing activities as a measure of liquidity. We believe that FFO is helpful to investors in understanding our operating performance because its calculation excludes depreciation and amortization expense on real estate assets. We believe that GAAP historical cost depreciation of real estate assets is generally not correlated with changes in the value of those assets, whose value does not diminish predictably over time, as historical cost depreciation implies. Our calculation of FFO may differ from the methodology for calculating FFO utilized by other REITs and, accordingly, may not be comparable to such other REITs.

Core FFO represents FFO excluding certain non-cash or non-routine items such as acquisition, merger and integration expenses, mark-to-market debt adjustments and loss or gain on debt extinguishment. While our definition of Core FFO is similar to others in our industry, our precise methodology for calculating Core FFO may differ from that utilized by other REITs and, accordingly, may not be comparable to such other REITs. Core FFO should not be considered as an alternative to net income. MAA believes that Core FFO is helpful in understanding our operating performance in that it removes certain items that by their nature are not comparable over periods and therefore tend to obscure actual operating performance.

The following table is a reconciliation of Core FFO and FFO to consolidated net income for the years ended December 31, 2014, 2013, and 2012 (dollars in thousands):

	Years ended December 31,		
	2014	2013	2012
Net income available for MAA common shareholders	$147,980	$115,281	$105,223
Depreciation and amortization of real estate assets	299,421	184,857	118,835
Depreciation and amortization of real estate assets of discontinued operations	42	2,703	7,398
Gain on sales of discontinued operations	(5,394)	(76,844)	(41,635)
Gain on sale of depreciable real estate assets excluded from discontinued operations	(42,649)	—	—
Gain on disposition within unconsolidated entities	(4,007) [1]	—	—
Depreciation and amortization of real estate assets of real estate joint ventures	397	1,030	1,886
Net income attributable to noncontrolling interests	8,297	3,998	4,602
Funds from operations	404,087	231,025	196,309
Acquisition expense	2,388	1,393	1,581
Merger Related Expenses	3,152	32,403	—
Integration related expenses	8,395	5,102	—
Gain on sale of non-depreciable real estate assets	(350)	—	(45)
Mark-to-market debt adjustment	(25,079)	(7,992)	(767)
Loss on debt extinguishment	3,126 [2]	426	654
Core funds from operations	$395,719	$262,357	$197,732

(1) Gain on disposition within unconsolidated entities excludes the promote fee recognized with the final liquidation of Mid-America Multifamily Fund II (Fund II).

(2) The loss on debt extinguishment for the year ended December 31, 2014 includes MAA's share of debt extinguishment costs incurred by our joint venture, Mid-America Multifamily Fund II.

FFO for the year ended December 31, 2014 increased approximately $173.1 million from the year ended December 31, 2013 primarily as a result of the increase in total property revenues of $355.0 million discussed above that was partially offset by the $139.0 million increase in property operating expenses, the $43.5 million of increased interest expense, the $9.0 million of increased property management expenses, and the $5.3 million of increased general and administrative expenses.

FFO for the year ended December 31, 2013 increased approximately $34.7 million from the year ended December 31, 2012 primarily as a result of the increase in property revenues of $159.1 million discussed above that was partially offset by the $59.2 million increase in property operating expenses, the $32.4 million of merger related expenses, and the $18.0 million of increased interest expense.

Core FFO for the year ended December 31, 2014 increased approximately $133.4 million from the year ended December 31, 2013 primarily as a result of the increase in total property revenues of $355.0 million discussed above that was partially offset by the $139.0 million increase in property operating expenses, the $43.5 million of increased interest expense, the $9.0 million of increased property management expenses, and the $5.3 million of increased general and administrative expenses.

Core FFO for the year ended December 31, 2013 increased by approximately $64.6 million from the year ended December 31, 2012 primarily as a result of the increase in total property revenues of $159.1 million discussed above that was partially offset by the $59.2 million increase in property operating expenses and the $18.0 million of increased interest expense.

Trends

During the twelve months ended December 31, 2014, demand for apartments was strong, as it was during the twelve months ended December 31, 2013. This strength was evident on two fronts: same store average physical occupancy during the twelve months ended December 31, 2014 was strong, ending the year at 95.5% occupancy and averaging 95.3% for the year; while same store effective rent per unit continued to grow, up 3.3% in the twelve months ended December 31, 2014 as compared to the twelve months ended December 31, 2013. In addition, effective rent was up 4.0% for the month of December 2014 as compared to the month of December 2013.

An important part of our portfolio strategy is to maintain a broad diversity of markets across the Sunbelt region of the United States. The diversity of markets tends to mitigate exposure to economic issues in any one geographic market or area. We believe that a well-diversified portfolio, including both large and select secondary markets, will perform well in “up” cycles as well as weather “down” cycles better. As of December 31, 2014, we were invested in approximately 49 defined Metropolitan Statistical Areas, with approximately 64% of our multifamily assets, based on gross assets, in large markets and 36% of our multifamily assets in select secondary markets.

New supply of rental units has increased in several key markets and multifamily permitting increased in 2014. We believe this permitting will ultimately lead to a further increase in supply but also believe the lack of new apartments in recent years combined with demand from new households will help keep supply and demand in balance. Also, we believe that more sustainable credit terms for residential mortgages should work to favor rental demand at existing multi-family properties. Competition from condominiums reverting back to rental units, or new condominiums being converted to rental, has not been a major factor in our portfolio because most of our submarkets have not been primary areas for condominium development. We have found the same to be true for rental competition from single family homes. We have avoided committing a significant amount of capital to markets or submarkets where most of the excessive inflation in house prices occurred. We saw significant rental competition from condominiums or single family houses in only a few of our submarkets. Long term, we expect demographic trends (including the growth of prime age groups for rentals and immigration and population movement to the southeast and southwest) will continue

to build apartment rental demand for our markets.

Our focus is on maintaining strong physical occupancy while increasing pricing where possible through our revenue management system. As noted above, physical occupancy ended the year strong and also averaged nearly 60 basis points better in 2014 as compared to 2013. As we continue into the typically slower winter leasing season, the level of physical occupancy puts us in a good position to maximize pricing in the first quarter of 2015.

We continue to develop improved products, operating systems and procedures that we believe enable us to capture more revenues. The continued benefit of ancillary services (such as our cable saver and deposit saver programs), improved collections and utility reimbursements enable us to capture increased revenue. We also actively work on improving processes and products to reduce expenses, such as new web-sites and internet access for our residents that enable them to transact their business with us more simply and effectively.

Liquidity and Capital Resources

Our cash flows from operating, investing, and financing activities, as well as general economic and market conditions, are the principal factors affecting our liquidity and capital resources. The significant changes in cash from the year ended December 31, 2013 to the year ended December 31, 2014 due to operating, investing, and financing activities are as follows:

Operating Activities

Net cash flow provided by operating activities increased to $384.1 million for the year ended December 31, 2014 from $258.4 million for the year ended December 31, 2013. This change was a result of various items, including higher revenue as discussed above.

Investing Activities

Net cash used in investing activities increased to $203.8 million for the year ended December 31, 2014 from $83.8 million for the year ended December 31, 2013. The primary drivers of this change are as follows:

	Cash (outflow)/inflow during the year ended December 31,			
	2014	2013	Increase/(Decrease)	Percentage Increase/(Decrease)
Purchases of real estate and other assets	$(309,174)	$(139,199)	$ 169,975	122.1 %
Proceeds from disposition of real estate assets	$254,638	$128,978	$ 125,660	97.4 %
Normal capital improvements	$(90,201)	$(53,439)	$ 36,762	68.8 %
Return (funding) of escrow for future acquisitions	$24,884	$(24,884)	$ (49,768)	(200.0)%
Cash acquired in connection with Colonial merger	$—	$63,454	$ (63,454)	(100.0)%

The increase in cash outflows from purchases of real estate and other assets primarily resulted from the acquisition of eight apartment communities during the year ended December 31, 2014 compared to the acquisition of four apartment communities during the year ended December 31, 2013. The increase in proceeds from disposition of real estate assets primarily resulted from the sale of eight apartment communities and two commercial properties during the year ended December 31, 2014 compared to the sale of nine apartment communities during the year ended December 31, 2013. The increase in cash outflows for normal capital improvements is due to the fact that we owned more properties throughout 2014 than we owned throughout 2013. During October 2013, we acquired 115 apartment communities through our Merger with Colonial. Owning these properties for all of 2014 led to increased capital improvement spending. The decrease in cash outflows from the return (funding) of escrow for future acquisitions resulted from the release of funds held in escrow for two 1031(b) transactions at December 31, 2014 compared to having funds held in escrow for the same two 1031(b) transactions at December 31, 2013. We also acquired $63.5 million of cash during the Merger, which accounts for the decrease in cash acquired in connection with the Colonial merger from 2013 to 2014.

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Financing Activities

Net cash used in financing activities increased to $244.3 million for the year ended December 31, 2014 from $94.3 million for the year ended December 31, 2013. The primary drivers of this change are as follows:

	Cash (outflow)/inflow during the year ended December 31,			
	2014	2013	(Decrease)/Increase	Percentage (Decrease)/Increase
Net change in credit lines	$(157,184)	$(308,000)	$ (150,816)	(49.0)%
Proceeds from notes payable	$396,855	$347,759	$ 49,096	14.1 %
Principal payments on notes payable	$(260,347)	$(11,103)	$ 249,244	2,244.8 %
Proceeds from issuances of common shares	$1,042	$25,680	$ (24,638)	(95.9)%
Dividends paid on common shares	$(219,158)	$(140,697)	$ 78,461	55.8 %

The decrease in cash outflows from the net change in credit lines from 2013 to 2014 was due to the timing of borrowings and repayments on our various lines of credit. The increase in cash inflows from proceeds on notes payable is due to the fact that in 2014, we issued $400 million in senior unsecured notes while in 2013 we issued only $350 million in senior unsecured notes. The increase in cash outflows from principal payments on notes payable is primarily due to the fact that during 2014 we paid off $192.2 million of bonds originally issued by Colonial that matured during the year. The decrease in cash inflows from the proceeds from the issuance of common shares is due to the fact that during 2013 we issued approximately 365,000 shares through our ATM plan. We issued no shares through our ATM plan during 2014. The increase in cash outflows from dividends paid on common shares is due to the fact that we had more shares of common stock outstanding during 2014 than during 2013. In connection with the Merger, in October 2013, we issued approximately 31.9 million shares. The additional shares of common stock outstanding during 2014 along with our increase in the dividend rate led to an increase in the aggregate amount of dividends paid during the year ended December 31, 2014.

Free Cash Flow

Free cash flow represents net cash provided by operating activities (computed in accordance with GAAP) less funding of normal capital improvements to existing real estate assets, distributions to unitholders, and dividends paid on common and preferred shares. Free cash flow should not be considered as an alternative to any GAAP measurement of performance or liquidity. Our calculation of free cash flow may differ from the methodology for calculating free cash flow utilized by other companies and, accordingly, may not be comparable to such other companies.

The following table is a reconciliation of free cash flow to net cash provided by operating activities for the years ended December 31, 2014, 2013, and 2012 (dollars in thousands):

	2014	2013	2012
Net cash provided by operating activities	$384,126	$258,380	$210,967
Normal capital improvements	$(90,201)	$(53,439)	$(47,222)
Distributions to noncontrolling interests	$(12,290)	$(6,550)	$(4,948)
Dividends paid on common shares	$(219,158)	$(140,697)	$(107,749)
Free cash flow	$62,477	$57,694	$51,048

While we had sufficient liquidity to permit dividend distributions at current rates through additional borrowings, if necessary, any significant deterioration in operations could result in our financial resources being insufficient to pay

distributions to shareholders at the current rate, in which event we would be required to reduce the dividend distribution rate.

We believe that we have adequate resources to fund our current operations, annual refurbishment of our properties, and incremental investment in new apartment properties. Our capital resources consist of both equity and debt securities.

Equity

As of December 31, 2014, we owned 75,267,675 OP Units, comprising a 94.7% limited partnership interest in the Operating Partnership, while the remaining 4,191,152 outstanding OP Units were held by limited partners of the Operating Partnership. Holders of OP Units (other than us and our affiliates) may require us to redeem their OP Units from time to time, in which case we may, at our option, pay the redemption price either in cash (in an amount per OP Unit equal, in general, to the average closing price of our common stock on the New York Stock Exchange over a specified period prior to the redemption date) or by delivering one share of our common stock (subject to adjustment under specified circumstances) for each OP Unit so redeemed. In addition, we have registered the 4,191,152 shares of our common stock, which as of December 31, 2014, were issuable upon redemption of OP Units held by the Operating Partnership's limited partners under the Securities Act of 1933, as amended, so that those shares can be sold freely in the public markets. To the extent that additional OP Units are issued to limited partners of the Operating Partnership, we will likely register the additional shares of common stock issuable upon redemption of those OP Units under the Securities Act of 1933, as amended, so that those shares can also be sold in the public markets. If we issue shares of our common stock upon the redemption of OP Units in our Operating Partnership, sales of substantial amounts of such shares of our common stock, or the perception that these sales could occur, may adversely affect prevailing market prices for our common stock or may impair our ability to raise capital through the sale of our common stock or other equity securities.

In connection with the Merger, we issued approximately 31.9 million shares of MAA common stock and approximately 2.6 million OP Units on October 1, 2013.

For more information regarding our equity capital resources, see Item 8. Financial Statements and Supplementary Data - Notes to Consolidated Financial Statements, Note 10 and Note 11.

Debt

The following schedule outlines our variable versus fixed rate debt, including the impact of interest rate swaps and caps, outstanding as of December 31, 2014 (dollars in thousands):

	Principal Balance	Average Years to Rate Maturity	Effective Rate	
SECURED DEBT				
Conventional - Fixed Rate or Swapped	$1,253,203	4.5	4.1	%
Conventional - Variable Rate - Capped (1)	192,013	1.5	1.1	%
Tax-free - Variable Rate - Capped (1)	90,315	3.1	0.9	%
Total Fixed or Hedged Rate Maturity	$1,535,531	4.0	3.5	%
Conventional - Variable Rate (2)	56,585	0.1	0.7	%
Total Secured Rate Maturity	$1,592,116	3.9	3.4	%
UNSECURED DEBT				
Fixed Rate or Swapped	$1,873,399	5.1	4.0	%
Variable Rate	59,000	0.1	1.3	%
Total Unsecured Rate Maturity	$1,932,399	4.9	3.9	%
TOTAL DEBT	$3,524,515	4.4	3.7	%
TOTAL FIXED OR HEDGED DEBT	$3,408,930	4.6	3.8	%

(1)

The effective rate represents the average rate on the underlying variable debt unless the cap rates are reached, which average 4.6% of LIBOR for conventional caps and 5.6% of SIFMA for tax-free caps.

(2) Includes $27.0 million of mortgages with an imbedded cap at a 7% all-in interest rate.

As of December 31, 2014, we had entered into interest rate swaps totaling a notional amount of $625.0 million. To date, these swaps have proven to be highly effective hedges. We had also entered into interest rate cap agreements totaling a notional amount of approximately $255.3 million as of December 31, 2014.

The following schedule outlines the contractual maturity dates of our outstanding debt as of December 31, 2014 (in thousands):

	Amount Borrowed Credit Facilities				
	Fannie Mae Secured	Key Bank Unsecured	Other Secured	Other Unsecured	Total
2015	$105,785	$—	$71,490	$190,752	$368,027
2016	80,000	—	50,910	78,916	209,826
2017	80,000	59,000	63,040	168,157	370,197
2018	80,000	—	94,788	300,751	475,539
2019	—	—	558,559	20,000	578,559
Thereafter	91,115	—	316,429	1,114,823	1,522,367
Total	$436,900	$59,000	$1,155,216	$1,873,399	$3,524,515

The following schedule details the line limits, collateralized availability and the outstanding balances of our various borrowings as of December 31, 2014 (dollars in thousands):

	Line Limit	Amount Collateralized	Amount Borrowed	Average Years to Contract Maturity
Fannie Mae Credit Facilities	$451,315	$436,900	$436,900	5.1
Other Secured Borrowings	1,155,216	1,155,216	1,155,216	4.8
Unsecured Credit Facility	500,000	496,227	59,000	2.6
Other Unsecured Borrowings	1,873,399	1,873,399	1,873,399	5.1
Total Debt	$3,979,930	$3,961,742	$3,524,515	5.0

The following schedule outlines the interest rate maturities of our outstanding fixed or hedged debt as of December 31, 2014 (dollars in thousands):

	Fixed Rate Debt	Interest Rate Swaps	Total Fixed Rate Balances	Contract Rate		Interest Rate Caps	Total Fixed or Hedged
2015	$250,543	$75,000	$325,543	5.3	%	$51,813	$377,356
2016	114,629	—	114,629	5.2	%	104,480	219,109
2017	131,196	300,000	431,196	2.2	%	66,495	497,691
2018	145,521	250,000	395,521	2.9	%	32,845	428,366
2019	558,559	—	558,559	5.7	%	26,695	585,254
Thereafter	1,301,154	—	1,301,154	4.4	%	—	1,301,154
Total	$2,501,602	$625,000	$3,126,602	4.3	%	$282,328	$3,408,930

At December 31, 2014, we had secured credit facility relationships with Prudential Mortgage Capital which are credit enhanced by Fannie Mae and a $500.0 million bank unsecured facility with a syndicate of banks. Together, these credit facilities provided a total line capacity of $951.3 million with all but $18.2 million collateralized and available to borrow at December 31, 2014. We had total borrowings outstanding under these credit facilities of $495.9 million at December 31, 2014.

Secured Credit Facilities

We rely on the efficient operation of the financial markets to refinance debt maturities, and on rate renewals for Fannie Mae. Fannie Mae provided credit enhancement for approximately $436.9 million of our outstanding debt through our Fannie Mae Facilities, as defined below, as of December 31, 2014.

The interest rate markets for Fannie Mae Discount Mortgage Backed Securities, or DMBS, which in our experience are highly liquid and highly correlated with three-month LIBOR interest rates, are also an important component of our liquidity and interest rate swap effectiveness. Prudential Mortgage Capital, a Delegated Underwriting and Servicing, or DUS, lender for Fannie Mae, markets 90-day Fannie Mae DMBS monthly, and is obligated to advance funds to us at DMBS rates plus a credit spread under the terms of the credit agreements between Prudential and us.

Approximately 12.4% of our outstanding obligations at December 31, 2014 were borrowed through credit facilities with/or credit enhanced by Fannie Mae, also referred to as the Fannie Mae Facilities. The Fannie Mae Facilities have a combined line limit of $451.3 million, of which $436.9 million was collateralized and available to borrow at December 31, 2014. We had total borrowings outstanding under the Fannie Mae Facilities of approximately $436.9 million at December 31, 2014. Various Fannie Mae rate tranches of the Fannie Mae Facilities mature from 2015 through 2018. The Fannie Mae Facilities provide for both fixed and variable rate borrowings. The interest rate on the majority of the variable portion is based on the Fannie Mae DMBS rate which are credit-enhanced by Fannie Mae and are typically sold every 90 days by Prudential Mortgage Capital at interest rates approximating three-month London Interbank Offered Rate, or LIBOR, less a spread that has averaged 0.17% over the life of the Fannie Mae Facilities, plus a credit enhancement fee of 0.49% to 0.67%. We have seen more volatility in the spread between the DMBS and three-month LIBOR since late 2007 than was historically prevalent.

On June 27, 2014, we paid off $198.2 million under our credit facility with/or credit enhanced by Freddie Mac, also referred to as the Freddie Mac Facility. As of December 31, 2014, we no longer had any borrowings outstanding through the Freddie Mac Facility.

Unsecured Credit Facilities

On August 7, 2013, our Operating Partnership entered into a $500.0 million unsecured revolving credit facility agreement with KeyBank National Association and thirteen other banks. This credit facility replaces our Operating Partnership's previous unsecured credit facility with KeyBank. Interest is paid using an investment grade pricing grid using LIBOR plus a spread of 0.90% to 1.70%. As of December 31, 2014, we had $59.0 million borrowed under this facility. This facility serves as our primary source of short term liquidity and has an accordion feature to expand its capacity to $800.0 million.

Unsecured Term Loans

In addition to our unsecured credit facility, we maintain three term loans. We had total borrowings of $550.0 million outstanding under these term loan agreements at December 31, 2014.

The $250.0 million Wells Fargo term loan bore interest at a rate of LIBOR plus a spread of 1.65% to 2.90% based on the credit ratings of our unsecured debt from time to time. The loan matures on August 1, 2018. On July 25, 2014, we repriced the Wells Fargo term loan, and it now bears interest at a rate of LIBOR plus a spread of 0.90% to 1.90% based on the credit ratings of our unsecured debt from time to time. The maturity date was not changed. As of December 31, 2014, this loan was bearing interest at a rate of LIBOR plus 1.15%.

The $150.0 million U.S. Bank National Association term loan bore interest at a rate of LIBOR plus a spread of 1.10% to 2.05% based on the credit ratings of our unsecured debt from time to time and was set to mature on May 11, 2017. On October 1, 2014 we repriced the US Bank term loan, and it now bears interest at a rate of LIBOR plus a spread of 0.90% to 1.90% based on the credit ratings of our unsecured debt from time to time. The maturity was extended to March 1, 2020. As of December 31, 2014, this loan was bearing interest at a rate of LIBOR plus 1.15%.

The $150.0 million term loan agreement with Key Bank and J.P. Morgan bore interest at a rate of LIBOR plus a spread of 1.10% to 2.05% and matures on March 1, 2017. As of December 31, 2014, this loan was bearing interest at a rate of LIBOR plus 1.35%.

Senior Unsecured Notes

We have also issued both public and private unsecured senior notes. As of December 31, 2014, we have approximately $1.0 billion of publicly issued bonds and $310 million of private placement notes. These notes are longer term in nature and usually mature within 5 to 12 years.

Secured Property Mortgages

We also maintain secured property mortgages with Fannie Mae, Freddie Mac, and various life insurance companies. These mortgages are usually fixed rate and can range from 5 to 10 years in maturity. As of December 31, 2014, we have $1.1 billion of secured property mortgages.

For more information regarding our debt capital resources, see Item 8. Financial Statements and Supplementary Data - Notes to Consolidated Financial Statements, Note 6.

The following table reflects our total contractual cash obligations which consist of our long-term debt, development fees and operating leases as of December 31, 2014 (dollars in thousands):

Contractual Obligations (1)	2015	2016	2017	2018	2019	Thereafter	Total
Long-Term Debt Obligations (2)	$454,540	$205,949	$321,014	$431,046	$570,290	$1,541,676	$3,524,515
Fixed Rate or Swapped Interest (3)	98,528	84,281	72,842	63,588	54,824	163,772	537,835
Purchase Obligations (4)	786	—	—	—	—	—	786
Operating Lease Obligations	389	244	240	174	—	—	1,047
Total	$554,243	$290,474	$394,096	$494,808	$625,114	$1,705,448	$4,064,183

(1) Fixed rate and swapped interest are shown in this table. The average interest rates of variable rate debt are shown in preceding tables.
(2) Represents principal payments.
(3) Swapped interest is subject to the ineffective portion of cash flow hedges as described in Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements, Note 7.
(4) Represents development fees.

Off-Balance Sheet Arrangements

At December 31, 2014, and 2013, we did not have any relationships, including those with unconsolidated entities or financial partnerships, for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

As of December 31, 2014, we had a 25.0% ownership interest in the McKinney joint venture, which consists of undeveloped land.

As of December 31, 2014, we had a 33.3% ownership interest in the Land Title Building joint venture, which consists of 29,971 square feet of commercial space.

In addition, we do not engage in trading activities involving non-exchange traded contracts. As such, we are not materially exposed to any financing, liquidity, market, or credit risk that could arise if we had engaged in such relationships. We do not have any relationships or transactions with persons or entities that derive benefits from their non-independent relationships with us or our related parties other than those disclosed in Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements, Note 14.

Our investments in our real estate joint ventures are unconsolidated and are recorded using the equity method for the joint ventures in which we do not have a controlling interest.

Insurance

We renegotiated our insurance programs effective July 1, 2014. We believe that the property and casualty insurance program in place provides appropriate insurance coverage for financial protection against insurable risks such that any insurable loss experienced that can be reasonably anticipated would not have a significant impact on our liquidity, financial position or results of operation.

Inflation

Our resident leases at the apartment communities allow, at the time of renewal, for adjustments in the rent payable thereunder, and thus may enable us to seek rent increases. Almost all leases are for one year or less. The short-term nature of these leases generally serves to reduce our risk to adverse effects of inflation.

Impact of Recently Issued Accounting Standards

The following table provides a brief description of recent accounting pronouncements that could have a material effect on our financial statements:

Standard	Description	Date of Adoption	Effect on the Financial Statements or Other Significant Matters
Accounting Standards Update (ASU) 2014-15, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern	This ASU requires an entity's management to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued. If substantial doubt exists, the entity must disclose the principal conditions or events that raised the substantial doubt, management's evaluation of the significance of these conditions, and management's plan for alleviating the substantial doubt about the entity's ability to continue as a going concern.	This ASU is effective for annual periods ending after December 15, 2016; however, early adoption is permitted.	The Company is currently in the process of evaluating the impact of this ASU, but does not expect the adoption of this ASU to have a material impact on our consolidated financial position or results of operations taken as a whole.
ASU 2014-09, Revenue from Contracts with Customers	This ASU establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services.	This ASU is effective for annual reporting periods beginning after December 15, 2016. Early adoption is not permitted.	The amendments may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of initial application. The Company is currently in the process of evaluating the impact of adoption of this ASU on its consolidated financial condition and results of operations taken as a whole, but does not expect the impact to be material. The Company has not yet determined which method will be used for initial application.
ASU 2014-08, Reporting Discontinued Operations	This ASU raises the threshold for disposals to qualify as	This ASU is effective for fiscal years	We adopted this ASU on January 1, 2014. The adoption of this ASU

and Disclosures of Disposals of Components of an Entity	discontinued operations. It also requires additional disclosures for discontinued operations and new disclosures for individually material disposal transactions that do not meet the definition of a discontinued operation.	beginning after December 15, 2014, and interim periods within those years; however, early adoption is permitted beginning in the first quarter of 2014.	required us to not classify certain disposals occurring during 2014 as discontinued operations.The 2014 dispositions did not qualify for discontinued operations treatment and therefore the gains on these properties are presented as a component of continuing operations for 2014.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Our primary market risk exposure is to changes in interest rates on our borrowings. At December 31, 2014, 37.3% of our total capitalization consisted of borrowings. Our interest rate risk objective is to limit the impact of interest rate fluctuations on earnings and cash flows and to lower our overall borrowing costs. To achieve this objective, we manage our exposure to fluctuations in market interest rates for borrowings through the use of fixed rate debt instruments and interest rate swaps and caps, which mitigate our interest rate risk on a related financial instrument and effectively fix or cap the interest rate on a portion of our

variable debt or on future refinancings. We use our best efforts to have our credit facilities, or tranches thereof, mature across multiple years, which we believe limits our exposure to interest rate changes in any one year. We do not enter into derivative instruments for trading or other speculative purposes. Approximately 96.7% of our outstanding debt was subject to fixed or capped rates after considering related derivative instruments at December 31, 2014. We regularly review interest rate exposure on outstanding borrowings in an effort to minimize the risk of interest rate fluctuations.

The table below provides information about our financial instruments that are sensitive to changes in interest rates. For debt obligations, the table presents principal cash flows and related weighted average interest rates by expected maturity dates. For our interest rate swaps and caps, the table presents the notional amount of the swaps and caps and the years in which they expire. Weighted average variable rates are based on rates in effect at the reporting date (dollars in thousands).

	2015	2016	2017	2018	2019	Total Thereafter	Total	Fair Value
Long-term Debt								
Fixed Rate [1]	$260,557	$122,997	$87,794	$146,865	$566,638	$1,315,676	$2,500,527	$2,538,226
Average interest rate	5.21 %	4.86 %	4.12 %	3.97 %	3.73 %	4.29 %	4.26 %	
Variable Rate [1]	$193,984	$82,952	$383,377	$284,181	$3,652	$75,842	$1,023,988	$969,476
Average interest rate	1.26 %	0.72 %	1.26 %	1.24 %	0.87 %	0.87 %	1.18 %	
Interest Rate Swaps								
Variable to Fixed	$75,000	$—	$300,000	$250,000	$—	$—	$625,000	$(13,392)
Average Pay Rate	4.41 %	— %	1.08 %	2.55 %	— %	— %	2.07 %	
Interest Rate Cap								
Variable to Fixed	$40,000	$89,280	$66,595	$32,945	$26,506	$—	$255,326	$78
Average Pay Rate	4.50 %	4.88 %	5.44 %	4.86 %	6.00 %	— %	5.08 %	

[1] Excluding the effect of interest rate swap and cap agreements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The Reports of Independent Registered Public Accounting Firm, Consolidated Financial Statements and Selected Quarterly Financial Information are set forth on pages F-1 to F-68 of this Annual Report on Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

Management's Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive and financial officers, has evaluated the effectiveness of our disclosure controls and procedures in ensuring that the information required to be disclosed in our filings under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, including ensuring that such information is accumulated and communicated to our management as appropriate to allow timely decisions regarding required disclosure. Based on such evaluation, our principal executive and financial officers have concluded that such disclosure controls and procedures were effective as of December 31, 2014 (the end of the period covered by this Annual Report on Form 10-K).

Management's Report on Internal Control Over Financial Reporting

Management’s report on MAA's internal control over financial reporting is presented on page F-1 of this Annual Report on Form 10-K. The reports of Ernst & Young LLP relating to the consolidated financial statements and schedule and the effectiveness of MAA's internal control over financial reporting are presented on pages F-2 to F-4 of this Annual Report on Form 10-K.

This report does not include a report of management's assessment regarding internal control over financial reporting of Mid-America Apartments, L.P. or an attestation report of the registered public accounting firm of Mid-America Apartments, L.P. due to a transition period established by the rules of the SEC for newly public companies. Further, an attestation report of the registered public accounting firm of Mid-America Apartments, L.P. will not be required as long as Mid-America Apartments, L.P. is a non-accelerated filer.

Changes in Internal Control Over Financial Reporting

During the quarter ended December 31, 2014, there were no changes in our internal control over financial reporting that materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The information contained in MAA's 2015 Proxy Statement in the sections entitled “Information About The Board of Directors and Its Committees”, “Proposal 1 - Election of Directors”, “Executive Officers” and “Section 16(a) Beneficial Ownership Reporting Compliance,” is incorporated herein by reference in response to this item.

Our Board of Directors has adopted a Code of Business Conduct and Ethics applicable to all officers, directors and employees, which can be found on our website at http://www.maac.com, on the For Investors page under Governance Documents. We will provide a copy of this document to any person, without charge, upon request, by writing to the Legal Department at MAA, 6584 Poplar Avenue, Memphis, TN 38138. We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding an amendment to, or waiver from, a provision of the Code of Business Conduct and Ethics by posting such information on our website at the address and the locations specified above.

ITEM 11. EXECUTIVE COMPENSATION.

The information contained in MAA's 2015 Proxy Statement in the sections entitled “Executive Compensation”, “Compensation Committee Interlocks and Insider Participation” and “Compensation Discussion and Analysis” is incorporated herein by reference in response to this item.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The information contained in MAA's 2015 Proxy Statement in the sections entitled “Security Ownership of Management” and “Security Ownership of Certain Beneficial Owners,” is incorporated herein by reference in response to this item.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The information contained in MAA's 2015 Proxy Statement in the sections entitled “Certain Relationships and Related Transactions” and “Information About The Board of Directors and Its Committees” is incorporated herein by reference in response to this item.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

The information contained in MAA's 2015 Proxy Statement in the section entitled “Proposal 3 - Ratification of Appointment of Independent Registered Public Accounting Firm,” is incorporated herein by reference in response to this item.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this Annual Report on Form 10-K:

1.	Management's Report on Internal Control Over Financial Reporting	F – 1
	Reports of Independent Registered Public Accounting Firm	F – 2
	Financial Statements of Mid-America Apartment Communities, Inc.:	
	Consolidated Balance Sheets as of December 31, 2014, and 2013	F – 5
	Consolidated Statements of Operations for the years ended December 31, 2014, 2013, and 2012	F – 6
	Consolidated Statements of Comprehensive Income for the years ended December 31, 2014, 2013, and 2012	F – 7
	Consolidated Statements of Equity for the years ended December 31, 2014, 2013, and 2012	F – 8
	Consolidated Statements of Cash Flows for the years ended December 31, 2014, 2013, and 2012	F – 9
	Financial Statements of Mid-America Apartments, L.P.:	
	Consolidated Balance Sheets as of December 31, 2014, and 2013	F-10
	Consolidated Statements of Operations for the years ended December 31, 2014, 2013, and 2012	F-11
	Consolidated Statements of Comprehensive Income for the years ended December 31, 2014, 2013, and 2012	F-12
	Consolidated Statements of Changes in Capital for the years ended December 31, 2014, 2013, and 2012	F-13
	Consolidated Statements of Cash Flows for the years ended December 31, 2014, 2013, and 2012	F-14
	Notes to Consolidated Financial Statements for the years ended December 31, 2014, 2013, and 2012	F-15
2.	Financial Statement Schedule required to be filed by Item 8 and Paragraph (b) of this Item 15:	
	Schedule III - Real Estate Investments and Accumulated Depreciation as of December 31, 2014	F – 57
3.	The exhibits required by Item 601 of Regulation S-K, except as otherwise noted, have been filed with previous reports by the registrant and are herein incorporated by reference.	

Exhibit Number	Exhibit Description
2.1	Agreement and Plan of Merger by and among Mid-America Apartment Communities, Inc., Mid-America Apartments, L.P., Martha Merger Sub, L.P., Colonial Properties Trust, and Colonial Realty Limited Partnership, dated as of June 3, 2013 (Filed as Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed on June 3, 2013 and incorporated herein by reference).
3.1	Amended and Restated Charter of Mid-America Apartment Communities, Inc. dated as of January 10, 1994, as filed with the Tennessee Secretary of State on January 25, 1994 (Filed as Exhibit 3.1 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1997 and incorporated herein by reference).
3.2	Articles of Amendment to the Charter of Mid-America Apartment Communities, Inc. dated as of January 28, 1994, as filed with the Tennessee Secretary of State on January 28, 1994 (Filed as Exhibit 3.2 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1996 and incorporated herein by reference).
3.3	

	Mid-America Apartment Communities, Inc. Articles of Amendment to the Amended and Restated Charter Designating and Fixing the Rights and Preferences of a Series of Preferred Stock dated as of October 9, 1996, as filed with the Tennessee Secretary of State on October 10, 1996 (Filed as Exhibit 1 to the Registrant's Registration Statement on Form 8-A filed with the Commission on October 11, 1996 and incorporated herein by reference).
3.4	Mid-America Apartment Communities, Inc. Articles of Amendment to the Amended and Restated Charter dated November 17, 1997, as filed with the Tennessee Secretary of State on November 18, 1997 (Filed as Exhibit 3.6 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1997 and incorporated herein by reference).

3.5	Mid-America Apartment Communities, Inc. Articles of Amendment to the Amended and Restated Charter Designating and Fixing the Rights and Preferences of a Series of Shares of Preferred Stock dated as of November 17, 1997, as filed with the Tennessee Secretary of State on November 18, 1997 (Filed as Exhibit 4.1 to the Registrant's Registration Statement on Form 8-A/A filed with the Commission on November 19, 1997 and incorporated herein by reference).
3.6	Mid-America Apartment Communities, Inc. Articles of Amendment to the Amended and Restated Charter Designating and Fixing the Rights and Preferences of a Series of Shares of Preferred Stock dated as of June 25, 1998, as filed with the Tennessee Secretary of State on June 30, 1998 (Filed as Exhibit 4.3 to the Registrant's Registration Statement on Form 8-A/A filed with the Commission on June 26, 1998 and incorporated herein by reference).
3.7	Mid-America Apartment Communities, Inc. Articles of Amendment to the Amended and Restated Charter Designating and Fixing the Rights and Preferences of a Series of Shares of Preferred Stock dated as of December 24, 1998, as filed with the Tennessee Secretary of State on December 30, 1998 (Filed as Exhibit 3.7 to the Registrant's Registration Statement on Form S-3/A (File Number 333-112469) and incorporated herein by reference).
3.8	Mid-America Apartment Communities, Inc. Articles of Amendment to the Amended and Restated Charter Designating and Fixing the Rights and Preferences of a Series of Shares of Preferred Stock dated as of October 11, 2002, as filed with the Tennessee Secretary of State on October 14, 2002 (Filed as Exhibit 4.3 to the Registrant's Registration Statement on Form 8-A/A filed with the Commission on October 11, 2002 and incorporated herein by reference).
3.9	Mid-America Apartment Communities, Inc. Articles of Amendment to the Amended and Restated Charter Designating and Fixing the Rights and Preferences of a Series of Shares of Preferred Stock dated as of October 28, 2002, as filed with the Tennessee Secretary of State on October 28, 2002 (Filed as Exhibit 3.9 to the Registrant's Registration Statement on Form S-3/A (File Number 333-112469) and incorporated herein by reference).
3.10	Mid-America Apartment Communities, Inc. Articles of Amendment to the Amended and Restated Charter Designating and Fixing the Rights and Preferences of a Series of Shares of Preferred Stock dated as of August 7, 2003, as filed with the Tennessee Secretary of State on August 7, 2003 (Filed as Exhibit 3.10 to the Registrant's Registration Statement on Form S-3/A (File Number 333-112469) and incorporated herein by reference).
3.11	Articles of Amendment to the Charter of Mid-America Apartment Communities, Inc. dated as of May 20, 2008, as filed with the Tennessee Secretary of State on June 2, 2008 (Filed as Exhibit 99.A to the Registrant's Proxy Statement filed on March 31, 2008 and incorporated herein by reference).
3.12	Articles of Amendment to the Charter of Mid-America Apartment Communities, Inc. dated as of May 24, 2012, as filed with the Tennessee Secretary of State on May 25, 2012 (Filed as Exhibit 3.1 to the Current Report on Form 8-K filed on May 25, 2012 and incorporated herein by reference).
3.13	Third Amended and Restated Bylaws of Mid-America Apartment Communities, Inc., dated as of December 3, 2013 (Filed as Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on December 4, 2013 and incorporated herein by reference).
4.1	Form of Common Share Certificate (Filed as Exhibit 4.1 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1997 and incorporated herein by reference).
4.2	Form of 9.5% Series A Cumulative Preferred Stock Certificate (Filed as Exhibit 2 to the Registrant's Registration Statement on Form 8-A filed with the Commission on October 11, 1996 and incorporated herein by reference).
4.3	Form of 8 7/8% Series B Cumulative Preferred Stock Certificate (Filed as Exhibit 4.3 to the Registrant's Registration Statement on Form 8-A/A filed with the Commission on November 19, 1997 and incorporated herein by reference).
4.4	Form of 9 3/8% Series C Cumulative Preferred Stock Certificate (Filed as Exhibit 4.2 to the Registrant's Registration Statement on Form 8-A/A filed with the Commission on June 26, 1998 and incorporated

	herein by reference).
4.5	Form of 9.5% Series E Cumulative Preferred Stock Certificate (Filed as Exhibit 4.5 to the Registrant's Registration Statement on Form S-3/A (File Number 333-112469) and incorporated herein by reference).
4.6	Form of 9 ¼% Series F Cumulative Preferred Stock Certificate (Filed as Exhibit 4.2 to the Registrant's Registration Statement on Form 8-A/A filed with the Commission on October 11, 2002 and incorporated herein by reference).
4.7	Form of 8.30% Series G Cumulative Preferred Stock Certificate (Filed as Exhibit 4.7 to the Registrant's Registration Statement on Form S-3/A (File Number 333-112469) and incorporated herein by reference).
4.8	Form of 8.30% Series H Cumulative Preferred Stock Certificate (Filed as Exhibit 4.8 to the Registrant's Registration Statement on Form S-3/A (File Number 333-112469) and incorporated herein by reference).
4.9	Indenture, dated as of October 16, 2013, among Mid-America Apartments, L.P., Mid-America Apartment Communities, Inc. and U.S. Bank National Association (Filed as Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on October 16, 2013 and incorporated herein by reference).

4.10	First Supplemental Indenture, dated as of October 16, 2013, among Mid-America Apartments, L.P., Mid-America Apartment Communities, Inc. and U.S. Bank National Association, including the form of 4.300% Senior Notes due 2023 (Filed as Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed on October 16, 2013 and incorporated herein by reference).
4.11	Second Supplemental Indenture, dated December 6, 2013, between Colonial Realty Limited Partnership and Deutsche Bank Trust Company Americas (Filed as Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on December 12, 2013 and incorporated herein by reference).
4.12	Indenture governing 6.25% Senior Notes due 2014, dated December 13, 2013, by and among Mid-America Apartments, L.P., Mid-America Apartment Communities, Inc. and U.S. Bank National Association, including the form of 6.25% Senior Notes due 2014 (Filed as Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on December 19, 2013 and incorporated herein by reference).
4.13	Indenture governing 5.50% Senior Notes due 2015, dated December 13, 2013, by and among Mid-America Apartments, L.P., Mid-America Apartment Communities, Inc. and U.S. Bank National Association, including the form of 5.50% Senior Notes due 2015 (Filed as Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed on December 19, 2013 and incorporated herein by reference).
4.14	Indenture governing 6.05% Senior Notes due 2016, dated December 13, 2013, by and among Mid-America Apartments, L.P., Mid-America Apartment Communities, Inc. and U.S. Bank National Association, including the form of 6.05% Senior Notes due 2016 (Filed as Exhibit 4.3 to the Registrant's Current Report on Form 8-K filed on December 19, 2013 and incorporated herein by reference).
4.15	Registration Rights Agreement related to the 6.25% Senior Notes due 2014, dated December 13, 2013, between Mid-America Apartments, L.P. and J.P. Morgan Securities LLC (Filed as Exhibit 4.7 to the Registrant's Current Report on Form 8-K filed on December 19, 2013 and incorporated herein by reference).
4.16	Registration Rights Agreement related to the 5.50% Senior Notes due 2015, dated December 13, 2013, between Mid-America Apartments, L.P. and J.P. Morgan Securities LLC (Filed as Exhibit 4.8 to the Registrant's Current Report on Form 8-K filed on December 19, 2013 and incorporated herein by reference).
4.17	Registration Rights Agreement related to the 6.05% Senior Notes due 2016, dated December 13, 2013, between Mid-America Apartments, L.P. and J.P. Morgan Securities LLC (Filed as Exhibit 4.9 to the Registrant's Current Report on Form 8-K filed on December 19, 2013 and incorporated herein by reference).
4.18	Form of 6.25% Senior Note due 2014 (Included in Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on December 19, 2013 and incorporated herein by reference).
4.19	Form of 5.50% Senior Note due 2015 (Included in Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed on December 19, 2013 and incorporated herein by reference).
4.20	Form of 6.05% Senior Note due 2016 (Included in Exhibit 4.3 to the Registrant's Current Report on Form 8-K filed on December 19, 2013 and incorporated herein by reference).
4.21	Second Supplemental Indenture, dated as of June 13, 2014, among Mid-America Apartments, L.P., Mid-America Apartment Communities, Inc. and U.S. Bank national Association, including the form of 3.7500% Senior Notes due 2014 (Filed as Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed on June 13, 2014 and incorporated herein by reference.
10.1	Third Amended and Restated Agreement of Limited Partnership of Mid-America Apartments, L.P. dated as of October 1, 2013 (Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on October 2, 2013 and incorporated herein by reference).
10.2	Third Amended and Restated Master Credit Facility Agreement (MAA II) among Mid-America Apartment Communities, Inc., Mid-America Apartments, LP and Prudential Multifamily Mortgage Inc. dated January 4, 2010 (Filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2010 and incorporated herein by reference).
10.3	Third Amended and Restated Master Credit Facility Agreement by and among Prudential Multifamily Mortgage, Inc., Mid-America Apartment Communities, Inc., Mid-America Apartments, L.P. and Mid-America Apartments of Texas, L.P., dated March 30, 2004 (Filed as Exhibit 10.20 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2005 and incorporated herein by

	reference).
10.4	First Amendment to Third Amended and Restated Master Credit Facility Agreement by and among Prudential Multifamily Mortgage, Inc., Mid-America Apartment Communities, Inc., Mid-America Apartments, L.P. and Mid-America Apartments of Texas, L.P. dated March 31, 2004 (Filed as Exhibit 10.21 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2005 and incorporated herein by reference).
10.5	Second Amendment to the Third Amended and Restated Master Credit Facility Agreement by and among Prudential Multifamily Mortgage, Inc., Mid-America Apartment Communities, Inc., Mid-America Apartments, L.P. and Mid-America Apartments of Texas, L.P. dated as of August 3, 2004 (Filed as Exhibit 10.21 to the Registrant's Annual Report on Form 10-K/A for the fiscal year ended December 31, 2004 and incorporated herein by reference).

10.06	Third Amendment to the Third Amended and Restated Master Credit Facility Agreement by and among Prudential Multifamily Mortgage, Inc., Mid-America Apartment Communities, Inc., Mid-America Apartments, L.P. and Mid-America Apartments of Texas, L.P. dated as of December 1, 2004 (Filed as Exhibit 10.22 to the Registrant's Annual Report on Form 10-K/A for the fiscal year ended December 31, 2004 and incorporated herein by reference).
10.07	Fourth Amendment to Third Amended and Restated Master Credit Facility Agreement by and among Prudential Multifamily Mortgage, Inc., Mid-America Apartment Communities, Inc., Mid-America Apartments, L.P. and Mid-America Apartments of Texas, L.P. dated March 31, 2005 (Filed as Exhibit 10.24 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2005 and incorporated herein by reference).
10.08	Fifth Amendment to Third Amended and Restated Master Credit Facility Agreement by and among Prudential Multifamily Mortgage, Inc., Mid-America Apartment Communities, Inc., Mid-America Apartments, L.P. and Mid-America Apartments of Texas, L.P. dated September 23, 2005 (Filed as Exhibit 10.25 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2005 and incorporated herein by reference).
10.09	Sixth Amendment to Third Amended and Restated Master Credit Facility Agreement by and among Prudential Multifamily Mortgage, Inc., Mid-America Apartment Communities, Inc., Mid-America Apartments, L.P. and Mid-America Apartments of Texas, L.P. dated February 22, 2006 (Filed as Exhibit 10.26 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2005 and incorporated herein by reference).
10.1	Ninth Amendment to Third Amended and Restated Master Credit Facility Agreement by and among Prudential Multifamily Mortgage, Inc., Mid-America Apartment Communities, Inc., Mid-America Apartments, L.P. and Mid-America Apartments of Texas, L.P., dated December 28, 2006 (Filed as Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2008 and incorporated herein by reference).
10.11	Thirteenth Amendment to Third Amended and Restated Master Credit Facility Agreement by and among Prudential Multifamily Mortgage, Inc., Mid-America Apartment Communities, Inc., Mid-America Apartments, L.P. and Mid-America Apartments of Texas, L.P., dated January 30, 2008 (Filed as Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2008 and incorporated herein by reference).
10.12	Master Reimbursement Agreement by and among Fannie Mae, Mid-America Apartments, L.P. and Fairways- Columbia, L.P. dated June 1, 2001 (Filed as Exhibit 10.17 to the Registrant's Registration Statement on Form S-3/A (File Number 333-112469) and incorporated herein by reference).
10.13	Amendment No. 1 to Master Reimbursement Agreement by and among Fannie Mae, Mid-America Apartments, L.P. and Fairways-Columbia, L.P. dated December 24, 2002 (Filed as Exhibit 10.18 to the Registrant's Registration Statement on Form S-3/A (File Number 333-112469) and incorporated herein by reference).
10.14	Amendment No. 2 to Master Reimbursement Agreement by and among Fannie Mae, Mid-America Apartments, L.P. and Fairways-Columbia, L.P. dated May 30, 2003 (Filed as Exhibit 10.19 to the Registrant's Registration Statement on Form S-3/A (File Number 333-112469) and incorporated herein by reference).
10.15	Amendment No. 3 to Master Reimbursement Agreement by and among Fannie Mae, Mid-America Apartments, L.P., Mid-America Apartment Communities, Inc. and Mid-America Apartments of Texas, L.P. dated March 2, 2004 (Filed as Exhibit 10.30 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2005 and incorporated herein by reference).
10.16	Amendment No. 4 to Master Reimbursement Agreement by and among Fannie Mae, Mid-America Apartments, L.P., Mid-America Apartment Communities, Inc. and Mid-America Apartments of Texas, L.P. dated November 17, 2005 (Filed as Exhibit 10.31 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2005 and incorporated herein by reference).

10.17	Amendment No. 5 to Master Reimbursement Agreement by and among Fannie Mae, Mid-America Apartments, L.P., Mid-America Apartment Communities, Inc. and Mid-America Apartments of Texas, L.P. dated February 23, 2006 (Filed as Exhibit 10.32 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2005 and incorporated herein by reference).
10.18	Credit Agreement by and among Mid-America Apartment Communities, Inc., Mid-America Apartments L.P. and Mid- America Apartments of Texas, L.P. and Financial Federal Savings Bank dated June 29, 2004 (Filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004 and incorporated herein by reference).
10.19	Credit Agreement by and among Mid-America Apartment Communities, Inc., Mid-America Apartments, LP, Mid-America Apartments of Texas, LP and Financial Federal Savings Bank dated June 1, 2006 (Filed as Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2010 and incorporated herein by reference).
10.20	Credit Agreement by and among MAA TANC, LLC and New York Life Insurance Company dated June 1, 2011 (Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on June 2, 2011 and incorporated herein by reference).

10.21	Note Purchase Agreement, dated as of July 29, 2011, among Mid-America Apartments, L.P., Mid-America Apartment Communities, Inc. and the purchasers of the notes party thereto (Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on August 1, 2011 and incorporated herein by reference)
10.22	Term Loan Agreement by and among Mid-America Apartments L.P., KeyBank National Association and JPMorgan Securities, dated March 1, 2012 (filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10- Q filed on May 4, 2012 and incorporated herein by reference).
10.23	Note Purchase Agreement, dated as of August 31, 2012, among Mid-America Apartments, L.P., Mid-America Apartment Communities, Inc. and the purchasers of the notes party thereto (Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on September 4, 2012 and incorporated herein by reference).
10.24	Term Loan Agreement, dated as of June 14, 2013, by and among Mid-America Apartments, L.P., as borrower, and JPMorgan Chase Bank, N.A., the lenders identified therein, JPMorgan Chase Bank, N.A., as administrative agent, and J.P. Morgan Securities LLC, as lead arranger (Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on June 18, 2013 and incorporated herein by reference).
10.25	Amended and Restated Credit Agreement, dated as of August 7, 2013, by and among Mid-America Apartments, L.P., as Borrower, and KeyBank National Association, the other lenders which are parties to this agreement and other lenders that may become parties to this agreement, KeyBank National Association, as Administrative Agent, Wells Fargo Bank, National Association and JPMorgan Chase Bank, N.A., as Co-Syndication Agents, KeyBanc Capital Markets, Wells Fargo Securities, LLC and J.P. Morgan Securities LLC, as Joint Lead Arrangers and Regions Bank and UBS Securities LLC, as Co-Documentation Agents (Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on August 9, 2013 and incorporated herein by reference).
10.26	Underwriting Agreement dated October 8, 2013, by and among Mid-America Apartments, L.P., Mid-America Apartment Communities, Inc. and J.P. Morgan Securities LLC and Wells Fargo Securities, LLC, as representatives of the several underwriters listed on Schedule 1 thereto (Filed as Exhibit 1.1 to the Registrant's Current Report on Form 8-K filed on October 9, 2013 and incorporated herein by reference).
10.27	Amended and Restated Distribution Agreement, dated November 19, 2013, by and among Mid-America Apartment Communities, Inc., Mid-America Apartments, L.P. and J.P. Morgan Securities LLC (Filed as Exhibit 1.1 to the Registrant's Current Report on Form 8-K filed on November 19, 2013 and incorporated herein by reference).
10.28	Amended and Restated Distribution Agreement, dated November 19, 2013, by and among Mid-America Apartment Communities, Inc., Mid-America Apartments, L.P. and BMO Capital Markets Corp. (Filed as Exhibit 1.2 to the Registrant's Current Report on Form 8-K filed on November 19, 2013 and incorporated herein by reference).
10.29	Amended and Restated Distribution Agreement, dated November 19, 2013, by and among Mid-America Apartment Communities, Inc., Mid-America Apartments, L.P. and KeyBanc Capital Markets Inc. (Filed as Exhibit 1.3 to the Registrant's Current Report on Form 8-K filed on November 19, 2013 and incorporated herein by reference).
10.30	Amended and Restated Distribution Agreement, dated November 19, 2013, by and among Mid-America Apartment Communities, Inc., Mid-America Apartments, L.P. and UBS Securities LLC (Filed as Exhibit 1.4 to the Registrant's Current Report on Form 8-K filed on November 19, 2013 and incorporated herein by reference).
10.31†	Employment Agreement between the Registrant and H. Eric Bolton, Jr. dated December 5, 2008 (Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on December 8, 2008 and incorporated herein by reference).
10.32†	Amendment for the Non-Qualified Deferred Compensation Plan for Outside Directors (Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on August 24, 2006 and incorporated herein by reference).

10.33†	Change of Control and Termination Agreement between the Registrant and Albert M. Campbell, III, dated December 5, 2008 (filed as Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed on December 8, 2008 and incorporated herein by reference).
10.34†	Change of Control and Termination Agreement between the Registrant and Thomas L. Grimes, Jr., dated December 5, 2008 (filed as Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed on December 8, 2008 and incorporated herein by reference).
10.35†	2008 Long Term Incentive Plan (filed as Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on May 23, 2008 and incorporated herein by reference).
10.36†	2012 Executive Annual Bonus Program (Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on March 23, 2012 and incorporated herein by reference).
10.37†	2012 Long Term Incentive Plan (Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on December 29, 2011 and incorporated herein by reference).

10.38†	Mid-America Apartment Communities, Inc. 2013 Stock Incentive Plan (Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on September 27, 2013 and incorporate herein by reference).
10.39†	Non-Qualified Stock Option Agreement for Company Employees under the Mid-America Apartment Communities, Inc. 2013 Stock Incentive Plan (Filed as Exhibit 10.20 to the Registrant's Quarterly Report on Form 10-Q filed on November 7, 2013 and incorporated herein by reference).
10.40†	Restricted Stock Award Agreement under the Mid-America Apartment Communities, Inc. 2013 Stock Incentive Plan (Filed as Exhibit 10.21 to the Registrant's Quarterly Report on Form 10-Q filed on November 7, 2013 and incorporated herein by reference).
10.41†	Incentive Stock Option Agreement for Company Employees under the Mid-America Apartment Communities, Inc. 2013 Stock Incentive Plan (Filed as Exhibit 10.22 to the Registrant's Quarterly Report on Form 10-Q filed on November 7, 2013 and incorporated herein by reference).
10.42†	2013 Long Term Incentive Plan (Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on December 31, 2012 and incorporated herein by reference).
10.43†	2013 Annual Bonus Plan (Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on March 15, 2013 and incorporated herein by reference).
10.44†	2013 Stock Incentive Plan (Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on September 27, 2013 and incorporated herein by reference).
10.45	Amended and Restated Term Loan Agreement by and among Mid-America Apartments, L.P., as Borrower, U.S. Bank National Association as Administrative Agent and Joint Lead Arranger, PNC Capital Markets LLC as Joint Lead Arranger, PNC Bank, National Association as Syndication Agent and the Lenders party thereto, dated as of October 1, 2013 (Filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on October 2, 2013 and incorporated herein by reference).
10.46	Amended and Restated Term Loan Agreement by and among Mid-America Apartments, L.P., as Borrower, Wells Fargo Bank, National Association as Administrative Agent, Wells Fargo Securities, LLC as Lead Arranger, PNC Bank, National Association and U.S. Bank National Association as Documentation Agents and the Lenders party thereto, dated as of October 1, 2013 (Filed as Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed on October 2, 2013 and incorporated herein by reference).
10.47	Guaranty by Mid-America Apartment Communities, Inc. in favor of Wells Fargo Bank, National Association, dated as of October 1, 2013 (Filed as Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed on October 2, 2013 and incorporated herein by reference).
10.48	Guaranty by Mid-America Apartment Communities, Inc. in favor of Wells Fargo Bank, National Association, dated as of October 1, 2013 (Filed as Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed on October 2, 2013 and incorporated herein by reference).
10.49	Underwriting Agreement dated June 10, 2014, by and among Mid-America Apartments, L.P., Mid-America Apartment Communities, Inc. and J.P. Morgan Securities LLC, Wells Fargo Securities, LLC and Jeffries LLC, as representatives of the several underwriters listed on Schedule 1 thereto (Filed as Exhibit 1.1 to the Registrant's Current Report on Form 8-K filed on June 11, 2014 and incorporated herein by reference).
10.50	Mid-America Apartment Communities Non-Qualified Deferred Compensation Retirement Plan as Amended Effective January 1, 2005 (Filed as Exhibit 10.34 to the Registrant's Annual Report on Form 10-K/A for the fiscal year ended December 31, 2004 and incorporated herein by reference).
10.51†	Form of Change in Control and Termination Agreement (Filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed on May 2, 2014 and incorporated herein by reference).
10.52†	Amended and Restated Mid-America Apartment Communities, Inc. 2013 Stock Incentive Plan (Filed as Appendix B to the Registrant's Definitive Proxy Statement on form DEF 14A filed on April 16, 2014 and incorporated herein by reference).
11	Statement re: computation of per share earnings (included within the Form 10-K).
12.1	Statement re: computation of fixed charge coverage ratio for MAA
12.2	Statement re: computation of fixed charge coverage ratio for MAALP

21	List of Subsidiaries
23.1	Consent of Independent Registered Public Accounting Firm, Ernst & Young LLP for MAA
23.2	Consent of Independent Registered Public Accounting Firm, Ernst & Young LLP for MAALP
31.1	MAA Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	MAA Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.3	MAA LP Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.4	MAA LP Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	MAA Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

32.2	MAA Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.3	MAA LP Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.4	MAA LP Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	The following financial information from Mid-America Apartment Communities, Inc.'s Annual Report on Form 10-K for the period ended December 31, 2014, filed with the SEC on February 24, 2015, formatted in Extensible Business Reporting Language (XBRL): (i) the Consolidated Balance Sheets as of December 31, 2014 and December 31, 2013; (ii) the Consolidated Statements of Operations for the years ended December 31, 2014, 2013 and 2012; (iii) the Consolidated Statements of Cash Flows for the years ended December 31, 2014, 2013 and 2012; (iv) the Consolidated Statements of Equity for the years ended December 31, 2014, 2013 and 2012; and (v) Notes to Consolidated Financial Statements, tagged as blocks of text (Unaudited).

† Management contract or compensatory plan or arrangement.

(b) Exhibits:
See Item 15(a)(3) above.
(c) Financial Statement Schedule:
See Item 15(a)(2) above.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MID-AMERICA APARTMENT COMMUNITIES, INC.

Date: February 24, 2015

/s/ H. Eric Bolton, Jr.
H. Eric Bolton, Jr.
Chairman of the Board of Directors,
President and Chief Executive Officer
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacity and on the dates indicated.

Date: February 24, 2015	/s/ H. Eric Bolton, Jr. H. Eric Bolton, Jr. Chairman of the Board of Directors, President and Chief Executive Officer (Principal Executive Officer)
Date: February 24, 2015	/s/ Albert M. Campbell, III Albert M. Campbell, III Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)
Date: February 24, 2015	/s/ Alan B. Graf, Jr. Alan B. Graf, Jr. Director
Date: February 24, 2015	/s/ Ralph Horn Ralph Horn Director
Date: February 24, 2015	/s/ James K. Lowder James K. Lowder Director
Date: February 24, 2015	/s/ Thomas H. Lowder Thomas H. Lowder Director
Date: February 24, 2015	/s/ Claude B. Nielsen Claude B. Nielsen Director
Date: February 24, 2015	/s/ Philip W. Norwood Philip W. Norwood Director
Date: February 24, 2015	/s/ Harold W. Ripps Harold W. Ripps Director
Date: February 24, 2015	/s/ W. Reid Sanders W. Reid Sanders Director
Date: February 24, 2015	/s/ William B. Sansom William B. Sansom Director
Date: February 24, 2015	/s/ Gary Shorb Gary Shorb

Director

Date: February 24, 2015

/s/ John W. Spiegel
John W. Spiegel
Director

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MID-AMERICA APARTMENTS, L.P.
a Tennessee Limited Partnership
By: Mid-America Apartment Communities, Inc., its general partner

Date: February 24, 2015

/s/ H. Eric Bolton, Jr.
H. Eric Bolton, Jr.
Chairman of the Board of Directors,
President and Chief Executive Officer
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant as an officer or director of Mid-America Apartment Communities, Inc., in its capacity as the general partner of the registrant and on the dates indicated.

Date: February 24, 2015	/s/ H. Eric Bolton, Jr. H. Eric Bolton, Jr. Chairman of the Board of Directors, President and Chief Executive Officer (Principal Executive Officer)
Date: February 24, 2015	/s/ Albert M. Campbell, III Albert M. Campbell, III Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)
Date: February 24, 2015	/s/ Alan B. Graf, Jr. Alan B. Graf, Jr. Director
Date: February 24, 2015	/s/ Ralph Horn Ralph Horn Director
Date: February 24, 2015	/s/ James K. Lowder James K. Lowder Director
Date: February 24, 2015	/s/ Thomas H. Lowder Thomas H. Lowder Director
Date: February 24, 2015	/s/ Claude B. Nielsen Claude B. Nielsen Director
Date: February 24, 2015	/s/ Philip W. Norwood Philip W. Norwood Director
Date: February 24, 2015	/s/ Harold W. Ripps Harold W. Ripps Director
Date: February 24, 2015	/s/ W. Reid Sanders W. Reid Sanders Director
Date: February 24, 2015	/s/ William B. Sansom William B. Sansom Director

Date: February 24, 2015	/s/ Gary Shorb Gary Shorb Director
Date: February 24, 2015	/s/ John W. Spiegel John W. Spiegel Director

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of MAA is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined under Rule 13a-15(f) promulgated under the Securities Exchange Act of 1934, as amended.

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of MAA's consolidated financial statements for external purposes in accordance with generally accepted accounting principles.

Internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of MAA; (ii) provide reasonable assurance that transactions are recorded as necessary to permit the preparation of the consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of MAA are being made only in accordance with appropriate authorizations of management and directors of MAA; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of MAA's assets that could have a material effect on the consolidated financial statements.

Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management conducted an assessment of MAA's internal control over financial reporting as of December 31, 2014 using the framework specified in Internal Control - Integrated Framework (2013 framework), published by the Committee of Sponsoring Organizations of the Treadway Commission. Based on such assessment, management has concluded that MAA's internal control over financial reporting was effective as of December 31, 2014.

The effectiveness of MAA's internal control over financial reporting as of December 31, 2014, has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which is presented herein.

Report of Independent Registered Public Accounting Firm on the Consolidated Financial Statements

The Board of Directors and Shareholders of
Mid-America Apartment Communities, Inc.

We have audited the accompanying consolidated balance sheets of Mid-America Apartment Communities, Inc. as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2014. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These consolidated financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mid-America Apartment Communities, Inc. at December 31, 2014 and 2013, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2014, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 1 to the consolidated financial statements, the Company changed its method for reporting discontinued operations effective January 1, 2014

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Mid-America Apartment Communities, Inc.’s internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 24, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Memphis, Tennessee
February 24, 2015

Report of Independent Registered Public Accounting Firm on the Consolidated Financial Statements

The Partners
Mid-America Apartments, L.P.

We have audited the accompanying consolidated balance sheets of Mid-America Apartments, L.P. (the "Partnership") as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive income, changes in capital, and cash flows for each of the three years in the period ended December 31, 2014. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These consolidated financial statements and schedule are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these consolidated financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Partnership's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mid-America Apartments, L.P. at December 31, 2014 and 2013, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2014, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 1 to the consolidated financial statements, the Partnership changed its method for reporting discontinued operations effective January 1, 2014.

/s/ Ernst & Young LLP

Memphis, Tennessee
February 24, 2015

Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting

The Board of Directors and Shareholders of
Mid-America Apartment Communities, Inc.

We have audited Mid-America Apartment Communities, Inc.'s internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Mid-America Apartment Communities, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Mid-America Apartment Communities, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Mid-America Apartment Communities, Inc. as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2014, of Mid-America Apartment Communities, Inc. and our report dated February 24, 2015, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Memphis, Tennessee
February 24, 2015

Mid-America Apartment Communities, Inc.
Consolidated Balance Sheets
December 31, 2014 and 2013
(Dollars in thousands, except share data)

	December 31, 2014	December 31, 2013
Assets:		
Real estate assets:		
Land	$907,598	$871,316
Buildings and improvements	6,763,978	6,366,701
Furniture, fixtures and equipment	212,850	199,573
Development and capital improvements in progress	80,772	166,048
	7,965,198	7,603,638
Less accumulated depreciation	(1,358,399)	(1,124,207)
	6,606,799	6,479,431
Undeveloped land	47,242	63,850
Corporate properties, net	7,988	7,523
Investments in real estate joint ventures	1,791	5,499
Real estate assets, net	6,663,820	6,556,303
Cash and cash equivalents	25,401	89,333
Restricted cash	28,181	44,361
Deferred financing costs, net	17,812	17,424
Other assets	57,041	91,637
Goodwill	2,321	4,106
Assets held for sale	36,452	38,761
Total assets	$6,831,028	$6,841,925
Liabilities and equity:		
Liabilities:		
Secured notes payable	$1,592,116	$1,790,935
Unsecured notes payable	1,932,399	1,681,783
Accounts payable	8,395	15,067
Fair market value of interest rate swaps	13,392	20,015
Accrued expenses and other liabilities	216,478	206,268
Security deposits	10,526	9,270
Total liabilities	3,773,306	3,723,338
Redeemable stock	5,911	5,050
Shareholders' equity:		
Common stock, $0.01 par value per share, 100,000,000 shares authorized; 75,267,675 and 74,830,726 shares issued and outstanding at December 31, 2014 and 2013, respectively (1)	752	747
Additional paid-in capital	3,619,270	3,599,549
Accumulated distributions in excess of net income	(729,086)	(653,593)
Accumulated other comprehensive (loss) income	(412)	108

Total MAA shareholders' equity	2,890,524	2,946,811
Noncontrolling interest	161,287	166,726
Total equity	3,051,811	3,113,537
Total liabilities and equity	$6,831,028	$6,841,925

(1) Number of shares issued and outstanding represent total shares of common stock regardless of classification on the consolidated balance sheet. The number of shares classified as redeemable stock on the consolidated balance sheet for December 31, 2014 and December 31, 2013 are 87,818 and 83,139, respectively.

See accompanying notes to consolidated financial statements.

Mid-America Apartment Communities, Inc.
Consolidated Statements of Operations
Years ended December 31, 2014, 2013 and 2012
(Dollars in thousands, except per share data)

	2014	2013	2012
Operating revenues:			
Rental revenues	$899,124	$580,207	$436,658
Other property revenues	90,003	53,880	38,331
Total property revenues	989,127	634,087	474,989
Management fee income	169	647	899
Total operating revenues	989,296	634,734	475,888
Property operating expenses:			
Personnel	101,550	68,246	54,355
Building repairs and maintenance	29,313	19,439	15,029
Real estate taxes and insurance	122,920	76,771	55,024
Utilities	55,245	34,085	25,941
Landscaping	19,889	13,245	10,447
Other operating	63,412	41,528	33,353
Depreciation and amortization	301,811	186,979	121,211
Total property operating expenses	694,140	440,293	315,360
Acquisition expense	2,388	1,393	1,581
Property management expenses	32,095	23,083	21,281
General and administrative expenses	20,909	15,569	13,762
Merger related expenses	3,152	32,403	—
Integration related expenses	8,395	5,102	—
Income from continuing operations before non-operating items	228,217	116,891	123,904
Interest and other non-property income	908	488	430
Interest expense	(119,464)	(75,915)	(57,937)
Loss on debt extinguishment/modification	(2,586)	(426)	(654)
Amortization of deferred financing costs	(4,489)	(3,063)	(3,552)
Net casualty loss after insurance and other settlement proceeds	(476)	(143)	(6)
Gain on sale of depreciable real estate assets excluded from discontinued operations	42,649	—	—
Gain on sale of non-depreciable real estate assets	350	—	45
Income before income tax expense	145,109	37,832	62,230
Income tax expense	(2,050)	(893)	(803)
Income from continuing operations before joint venture activity	143,059	36,939	61,427
Gain (loss) from real estate joint ventures	6,009	338	(223)
Income from continuing operations	149,068	37,277	61,204
Discontinued operations:			
Income from discontinued operations before gain on sale	1,815	5,065	6,938
Net casualty gain after insurance and other settlement proceeds on discontinued operations	—	93	48
Gain on sale of discontinued operations	5,394	76,844	41,635
Consolidated net income	156,277	119,279	109,825
Net income attributable to noncontrolling interests	8,297	3,998	4,602
Net income available for MAA common shareholders	$147,980	$115,281	$105,223
Earnings per common share - basic:			

Income from continuing operations available for common shareholders	$1.88	$0.71	$1.43
Discontinued property operations	0.09	1.56	1.13
Net income available for common shareholders	$1.97	$2.27	$2.56
Earnings per common share - diluted:			
Income from continuing operations available for common shareholders	$1.88	$0.70	$1.43
Discontinued property operations	0.09	1.55	1.13
Net income available for common shareholders	$1.97	$2.25	$2.56

See accompanying notes to consolidated financial statements.

Mid-America Apartment Communities, Inc.
Consolidated Statements of Comprehensive Income
Years ended December 31, 2014, 2013 and 2012
(Dollars in thousands)

	2014	2013	2012
Consolidated net income	$156,277	$119,279	$109,825
Other Comprehensive Income:			
Unrealized (loss) gain from the effective portion of derivative instruments	(12,335)	10,684	(8,411)
Reclassification adjustment for losses included in net income for the effective portion of derivative instruments	11,785	16,370	20,113
Total Comprehensive Income	155,727	146,333	121,527
Less: comprehensive income attributable to noncontrolling interests	(8,267)	(4,890)	(6,510)
Comprehensive income attributable to MAA	$147,460	$141,443	$115,017

See accompanying notes to consolidated financial statements.

Mid-America Apartment Communities, Inc.
Consolidated Statements of Equity
Years ended December 31, 2014, 2013 and 2012
(Dollars in thousands, except per share data)

	Mid-America Apartment Communities, Inc. Shareholders							
	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Distributions in Excess of Net Income	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest	Total Equity	Redeemable Stock
EQUITY BALANCE DECEMBER 31, 2011	38,894	$389	$1,375,623	$(621,833)	$ (35,848)	$ 25,131	$743,462	$ 4,037
Comprehensive income:								
Net income				105,223		4,602	109,825	
Other comprehensive income - derivative instruments (cash flow hedges)					9,794	1,908	11,702	
Issuance and registration of common shares	3,174	31	196,295				196,326	546
Shares repurchased and retired	(31)	—	(1,990)				(1,990)	
Exercise of stock options	—	—	—				—	
Shares issued in exchange for units	206	2	3,457			(3,459)	—	
Redeemable stock fair market value				(130)			(130)	130
Adjustment for Noncontrolling Interest Correction			(27,032)	24,870		2,162	—	
Adjustment for Noncontrolling Interest Ownership in operating partnership			(5,587)			5,587	—	
Amortization of unearned compensation			2,233				2,233	
Dividends on common stock ($2.6750 per share)				(111,445)			(111,445)	
Dividends on noncontrolling interest units ($2.6750 per unit)						(4,873)	(4,873)	
EQUITY BALANCE DECEMBER 31, 2012	42,243	$422	$1,542,999	$(603,315)	$ (26,054)	$ 31,058	$945,110	$ 4,713
Comprehensive income:								
Net income				115,281		3,998	119,279	
Other comprehensive income - derivative instruments (cash flow					26,162	892	27,054	

hedges)								
Issuance and registration of common shares	32,325	325	2,026,913			161,069	2,188,307	692
Shares repurchased and retired	(10)	—	(702)				(702)	
Exercise of stock options	111	—	6,212				6,212	
Shares issued in exchange for units	79	—	2,519			(2,519)	—	
Redeemable stock fair market value				355			355	(355)
Adjustment for Noncontrolling Interest Correction			—	—		—	—	
Adjustment for Noncontrolling Interest Ownership in operating partnership			19,340			(19,340)	—	
Amortization of unearned compensation			2,268				2,268	
Dividends on common stock ($2.8150 per share)				(165,914)			(165,914)	
Dividends on noncontrolling interest units ($2.8150 per unit)						(8,432)	(8,432)	
EQUITY BALANCE DECEMBER 31, 2013	74,748	$747	$3,599,549	$(653,593)	$ 108	$ 166,726	$3,113,537	$ 5,050
Comprehensive income:								
Net income				147,980		8,297	156,277	
Other comprehensive income - derivative instruments (cash flow hedges)					(520)	(30)	(550)	
Issuance and registration of common shares	138	2	1,040			—	1,042	874
Shares repurchased and retired	(12)	—	(465)				(465)	
Exercise of stock options	270	3	12,242				12,245	
Shares issued in exchange for units	36	—	1,419			(1,419)	—	
Shares issued in exchange for redeemable stock			998				998	(998)
Redeemable stock fair market value				(985)			(985)	985
Adjustment for Noncontrolling Interest Ownership in operating partnership			(144)			144	—	
Amortization of unearned compensation			4,631				4,631	
				(222,488)			(222,488)	

Dividends on common stock ($2.9600 per share)								
Dividends on noncontrolling interest units ($2.9600 per unit)						(12,431)	(12,431)	
EQUITY BALANCE DECEMBER 31, 2014	75,180	$752	$3,619,270	$(729,086)	$ (412)	$ 161,287	$3,051,811	$ 5,911

Mid-America Apartment Communities, Inc.
Consolidated Statements of Cash Flows
Years ended December 31, 2014, 2013 and 2012
(Dollars in thousands)

	2014	2013	2012
Cash flows from operating activities:			
Consolidated net income	$156,277	$119,279	$109,825
Adjustments to reconcile net income to net cash provided by operating activities:			
Retail revenue accretion	(27)	(35)	(31)
Depreciation and amortization	306,233	192,736	132,195
Stock compensation expense	4,226	2,268	2,233
Redeemable stock issued	874	692	546
Amortization of debt premium	(25,771)	(8,933)	(767)
(Gain) loss from investments in real estate joint ventures	(3,142)	(338)	223
Loss on debt extinguishment	2,586	426	1,012
Derivative interest (credit) expense	(3,084)	911	827
Settlement of forward swaps	(3,625)	9,617	—
Gain on sale of non-depreciable real estate assets	(350)	—	(45)
Gain on sale of depreciable real estate assets excluded from discontinued operations	(42,649)	—	—
Gain on sale of discontinued operations	(5,394)	(76,844)	(41,635)
Net casualty loss (gain) and other settlement proceeds	476	50	(42)
Changes in assets and liabilities:			
Restricted cash	(8,704)	(11,844)	554
Other assets	2,013	59,032	(1,395)
Accounts payable	(3,348)	(48,674)	2,495
Accrued expenses and other	6,291	19,890	4,613
Security deposits	1,244	147	359
Net cash provided by operating activities	384,126	258,380	210,967
Cash flows from investing activities:			
Purchases of real estate and other assets	(309,174)	(139,199)	(312,001)
Normal capital improvements	(90,201)	(53,439)	(47,222)
Construction capital and other improvements	(7,998)	(4,148)	(3,636)
Renovations to existing real estate assets	(21,089)	(11,008)	(14,420)
Development	(70,788)	(53,042)	(73,991)
Distributions from real estate joint ventures	15,964	9,768	12,164
Contributions to real estate joint ventures	—	(268)	(218)
Proceeds from disposition of real estate assets	254,638	128,978	110,101
Return (funding) of escrow for future acquisitions	24,884	(24,884)	—
Cash acquired in connection with Colonial merger	—	63,454	—
Net cash used in investing activities	(203,764)	(83,788)	(329,223)
Cash flows from financing activities:			
Net change in credit lines	(157,184)	(308,000)	(320,064)
Proceeds from notes payable	396,855	347,759	325,000
Principal payments on notes payable	(260,347)	(11,103)	(12,944)
Payment of deferred financing costs	(4,992)	(6,933)	(3,616)
Repurchase of common stock	(465)	(702)	(1,990)
Proceeds from issuances of common shares	1,042	25,680	196,325

Exercise of stock options	12,245	6,212	—
Distributions to noncontrolling interests	(12,290)	(6,550)	(4,948)
Dividends paid on common shares	(219,158)	(140,697)	(107,749)
Net cash (used in) provided by financing activities	(244,294)	(94,334)	70,014
Net (decrease) increase in cash and cash equivalents	(63,932)	80,258	(48,242)
Cash and cash equivalents, beginning of period	89,333	9,075	57,317
Cash and cash equivalents, end of period	$25,401	$89,333	$9,075
Supplemental disclosure of cash flow information:			
Interest paid	$146,202	$83,628	$60,950
Income taxes paid	$1,596	$803	$727
Supplemental disclosure of noncash investing and financing activities:			
Conversion of units to shares of common stock	$1,419	$2,519	$3,459
Accrued construction in progress	$6,626	$10,165	$3,449
Interest capitalized	$1,722	$2,089	$2,318
Marked-to-market adjustment on derivative instruments	$6,159	$26,143	$10,875
Fair value adjustment on debt assumed	$5,284	$86,671	$2,578
Loan assumption	$93,049	$707,716	$30,290
Purchase price for Colonial merger	$—	$2,162,876	$—

See accompanying notes to consolidated financial statements.

Mid-America Apartments, L.P.
Consolidated Balance Sheets
December 31, 2014 and 2013
(Dollars in thousands, except unit data)

	December 31, 2014	December 31, 2013
Assets:		
Real estate assets:		
Land	$907,598	$871,316
Buildings and improvements	6,763,978	6,366,701
Furniture, fixtures and equipment	212,850	199,573
Development and capital improvements in progress	80,772	166,048
	7,965,198	7,603,638
Less accumulated depreciation	(1,358,399)	(1,124,207)
	6,606,799	6,479,431
Undeveloped land	47,242	63,850
Corporate properties, net	7,988	7,523
Investments in real estate joint ventures	1,791	5,499
Real estate assets, net	6,663,820	6,556,303
Cash and cash equivalents	25,401	89,333
Restricted cash	28,181	44,361
Deferred financing costs, net	17,812	17,424
Other assets	57,041	91,637
Goodwill	2,321	4,106
Assets held for sale	36,452	38,761
Total assets	$6,831,028	$6,841,925
Liabilities and Capital:		
Liabilities:		
Secured notes payable	$1,592,116	$1,790,935
Unsecured notes payable	1,932,399	1,681,783
Accounts payable	8,395	15,067
Fair market value of interest rate swaps	13,392	20,015
Accrued expenses and other liabilities	216,478	206,268
Security deposits	10,526	9,270
Due to general partner	19	19
Total liabilities	3,773,325	3,723,357
Redeemable units	5,911	5,050
Capital:		
General partner: 75,267,675 OP Units outstanding at December 31, 2014 and 74,830,726 OP Units outstanding at December 31, 2013 (1)	2,890,858	2,946,598
Limited partners: 4,191,152 OP Units outstanding at December 31, 2014 and 4,227,384 OP Units outstanding at December 31, 2013 (1)	161,310	166,746
Accumulated other comprehensive (loss) income	(376)	174

Total capital	3,051,792	3,113,518
Total liabilities and capital	$6,831,028	$6,841,925

Number of units outstanding represent total OP Units regardless of classification on the consolidated balance sheet.
(1) The number of units classified as redeemable units on the consolidated balance sheet at December 31, 2014 and December 31, 2013 are 87,818 and 83,139, respectively.

See accompanying notes to consolidated financial statements.

Mid-America Apartments, L.P.
Consolidated Statements of Operations
Years ended December 31, 2014, 2013, and 2012
(Dollars in thousands, except per unit data)

	2014	2013	2012
Operating revenues:			
Rental revenues	$899,124	$580,207	$436,658
Other property revenues	90,003	53,880	38,331
Total property revenues	989,127	634,087	474,989
Management fee income	169	647	899
Total operating revenues	989,296	634,734	475,888
Property operating expenses:			
Personnel	101,550	68,246	54,355
Building repairs and maintenance	29,313	19,439	15,029
Real estate taxes and insurance	122,920	76,771	55,024
Utilities	55,245	34,085	25,941
Landscaping	19,889	13,245	10,447
Other operating	63,412	41,528	33,353
Depreciation and amortization	301,811	186,979	121,211
Total property operating expenses	694,140	440,293	315,360
Acquisition expense	2,388	1,393	1,581
Property management expenses	32,095	23,083	21,281
General and administrative expenses	20,909	15,569	13,762
Merger related expenses	3,152	32,403	—
Integration related expenses	8,395	5,102	—
Income from continuing operations before non-operating items	228,217	116,891	123,904
Interest and other non-property income	908	488	430
Interest expense	(119,464)	(75,915)	(57,937)
Loss on debt extinguishment/modification	(2,586)	(426)	(654)
Amortization of deferred financing costs	(4,489)	(3,063)	(3,552)
Net casualty loss after insurance and other settlement proceeds	(476)	(143)	(6)
Gain on sale of depreciable real estate assets excluded from discontinued operations	42,649	—	—
Gain on sale of non-depreciable real estate assets	350	—	45
Income before income tax expense	145,109	37,832	62,230
Income tax expense	(2,050)	(893)	(803)
Income from continuing operations before joint venture activity	143,059	36,939	61,427
Gain (loss) from real estate joint ventures	6,009	338	(223)
Income from continuing operations	149,068	37,277	61,204
Discontinued operations:			
Income from discontinued operations before gain on sale	1,815	4,654	6,153
Net casualty gain after insurance and other settlement proceeds on discontinued operations	—	93	48
Gain on sale of discontinued operations	5,394	65,520	41,635
Net income available for Mid-America Apartments, L.P. common unitholders	$156,277	$107,544	$109,040
Earnings per common unit - basic:			
Income from continuing operations available for common unitholders	$1.88	$0.70	$1.43

Income from discontinued operations available for common unitholders	0.09	1.32	1.11
Net income available for common unitholders	$1.97	$2.02	$2.54
Earnings per common unit - diluted:			
Income from continuing operations available for common unitholders	$1.88	$0.70	$1.43
Income from discontinued operations available for common unitholders	0.09	1.32	1.11
Net income available for common unitholders	$1.97	$2.02	$2.54

See accompanying notes to consolidated financial statements.

Mid-America Apartments, L.P.
Consolidated Statements of Comprehensive Income
Years ended December 31, 2014, 2013, and 2012
(Dollars in thousands)

	2014	2013	2012
Consolidated net income	$156,277	$107,544	$109,040
Other comprehensive income:			
Unrealized (loss) gain from the effective portion of derivative instruments	(12,335)	10,684	(8,411)
Reclassification adjustment for losses included in net income for the effective portion of derivative instruments	11,785	16,370	20,113
Comprehensive income attributable to Mid-America Apartments, L.P.	$155,727	$134,598	$120,742

See accompanying notes to consolidated financial statements.

Mid-America Apartments, L.P.
Consolidated Statements of Changes in Capital
Years ended December 31, 2014, 2013 and 2012
(Dollars in thousands, except per unit data)

	Mid-America Apartments, L.P. Unitholders				
	Limited Partner	General Partner	Accumulated Other Comprehensive Income (Loss)	Total Partnership Capital	Redeemable Units
CAPITAL BALANCE DECEMBER 31, 2011	$37,079	$739,657	$ (38,579)	$738,157	$ 4,037
Net income	4,697	104,343		109,040	
Other comprehensive income - derivative instruments (cash flow hedges)			11,698	11,698	
Issuance of units	—	196,326		196,326	546
Units repurchased and retired		(1,990)		(1,990)	
Exercise of unit options		—		—	
General partner units issued in exchange for limited partner units	(3,459)	3,459		—	
Redeemable units fair market value adjustment		(130)		(130)	130
Adjustment for limited partners' capital at redemption value	4,710	(4,719)		(9)	
Amortization of unearned compensation		2,233		2,233	
Distributions ($2.6750 per unit)	(4,873)	(111,445)		(116,318)	
CAPITAL BALANCE DECEMBER 31, 2012	$38,154	$927,734	$ (26,881)	$939,007	$ 4,713
Net income	3,979	103,565		107,544	
Other comprehensive income - derivative instruments (cash flow hedges)			27,055	27,055	
Issuance of units	161,069	2,027,237		2,188,306	692
Units repurchased and retired		(702)		(702)	
Exercise of unit options		6,212		6,212	
General partner units issued in exchange for limited partner units	(2,519)	2,519		—	
Redeemable units fair market value adjustment		355		355	(355)
Adjustment for limited partners' capital at redemption value	(25,505)	43,324		17,819	
Amortization of unearned compensation		2,268		2,268	
Distributions ($2.8150 per unit)	(8,432)	(165,914)		(174,346)	
CAPITAL BALANCE DECEMBER 31, 2013	$166,746	$2,946,598	$ 174	$3,113,518	$ 5,050
Net income	8,297	147,980		156,277	
Other comprehensive income - derivative instruments (cash flow hedges)			(550)	(550)	
Issuance of units	—	1,042		1,042	874
Units repurchased and retired		(465)		(465)	
Exercise of unit options		12,245		12,245	
General partner units issued in exchange for limited partner units	(1,419)	1,419		—	
Units issued in exchange for redeemable units		998		998	(998)

Redeemable units fair market value adjustment		(985)		(985)	985
Adjustment for limited partners' capital at redemption value	117	(117)		—	
Amortization of unearned compensation		4,631		4,631	
Distributions ($2.9600 per unit)	(12,431)	(222,488)		(234,919)	
CAPITAL BALANCE DECEMBER 31, 2014	$161,310	$2,890,858	$ (376)	$3,051,792	$ 5,911

Mid-America Apartments, L.P.
Consolidated Statements of Cash Flows
Years ended December 31, 2014, 2013, and 2012
(Dollars in thousands)

	2014	2013	2012
Cash flows from operating activities:			
Consolidated net income	$156,277	$107,544	$109,040
Adjustments to reconcile net income to net cash provided by operating activities:			
Retail revenue accretion	(27)	(35)	(31)
Depreciation and amortization	306,233	192,500	131,642
Stock compensation expense	4,226	2,268	2,233
Redeemable units issued	874	692	546
Amortization of debt premium	(25,771)	(8,933)	(767)
(Gain) loss from investments in real estate joint ventures	(3,142)	(338)	223
Loss on debt extinguishment	2,586	426	1,012
Derivative interest (credit) expense	(3,084)	912	823
Settlement of forward swaps	(3,625)	9,617	—
Gain on sale of non-depreciable real estate assets	(350)	—	(45)
Gain on sale of depreciable real estate assets excluded from discontinued operations	(42,649)	—	—
Gain on sale of discontinued operations	(5,394)	(65,520)	(41,635)
Net casualty loss (gain) and other settlement proceeds	476	50	(42)
Changes in assets and liabilities:			
Restricted cash	(8,704)	(11,843)	554
Other assets	2,013	58,904	(1,430)
Accounts payable	(3,348)	(48,641)	2,468
Accrued expenses and other	6,291	20,135	4,738
Security deposits	1,244	166	355
Net cash provided by operating activities	384,126	257,904	209,684
Cash flows from investing activities:			
Purchases of real estate and other assets	(309,174)	(139,199)	(312,001)
Normal capital improvements	(90,201)	(53,357)	(46,775)
Construction capital and other improvements	(7,998)	(4,148)	(3,636)
Renovations to existing real estate assets	(21,089)	(11,008)	(14,420)
Development	(70,788)	(53,042)	(73,991)
Distributions from real estate joint ventures	15,964	9,768	12,164
Contributions to real estate joint ventures	—	(268)	(218)
Proceeds from disposition of real estate assets	254,638	112,293	110,101
Return (funding) of escrow for future acquisitions	24,884	(24,884)	—
Cash acquired in connection with Colonial merger	—	63,454	—
Net cash used in investing activities	(203,764)	(100,391)	(328,776)
Cash flows from financing activities:			
Advances from general partner	—	17,220	812
Net change in credit lines	(157,184)	(308,000)	(320,064)
Proceeds from notes payable	396,855	347,759	325,000
Principal payments on notes payable	(260,347)	(11,103)	(12,944)
Payment of deferred financing costs	(4,992)	(6,933)	(3,616)
Repurchase of common units	(465)	(702)	(1,990)

Proceeds from issuances of common units	1,042	25,680	196,325
Exercise of unit options	12,245	6,212	—
Distributions paid on common units	(231,448)	(147,247)	(112,697)
Net cash (used in) provided by financing activities	(244,294)	(77,114)	70,826
Net (decrease) increase in cash and cash equivalents	(63,932)	80,399	(48,266)
Cash and cash equivalents, beginning of period	89,333	8,934	57,200
Cash and cash equivalents, end of period	$25,401	$89,333	$8,934
Supplemental disclosure of cash flow information:			
Interest paid	$146,202	$83,628	$60,950
Income taxes paid	$1,596	$803	$727
Supplemental disclosure of noncash investing and financing activities:			
Accrued construction in progress	$6,626	$10,165	$3,449
Interest capitalized	$1,722	$2,089	$2,318
Marked-to-market adjustment on derivative instruments	$6,159	$26,143	$10,875
Fair value adjustment on debt assumed	$5,284	$86,671	$2,578
Loan assumption	$93,049	$707,716	$30,290
Purchase price for Colonial merger	$—	$2,162,876	$—

See accompanying notes to consolidated financial statements.

Mid-America Apartment Communities, Inc. and Mid-America Apartments, L.P.
Notes to Consolidated Financial Statements
Years ended December 31, 2014, 2013, and 2012

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless the context otherwise requires, all references to "we," "us," "our," or the "Company" refer collectively to Mid-America Apartment Communities, Inc., together with its consolidated subsidiaries, including the Mid-America Apartments, L.P. Unless the context otherwise requires, all references to “MAA” refers only to Mid-America Apartment Communities, Inc., and not any of its consolidated subsidiaries. Unless the context otherwise requires, the references to the “Operating Partnership” or “MAALP” refer to Mid-America Apartments, L.P. together with its consolidated subsidiaries. “Common stock” refers to the common stock of MAA and “shareholders” means the holders of shares of MAA’s common stock. The limited partnership interests of the Operating Partnership are referred to as “OP Units” and the holders of the OP Units are referred to as “unitholders”.

As of December 31, 2014, MAA owned 75,267,675 units (or approximately 94.7%) of the limited partnership interests of the Operating Partnership. MAA conducts substantially all of its business and holds substantially all of its assets through the Operating Partnership, and by virtue of its ownership of the OP Units and being the Operating Partnership's sole general partner, MAA has the ability to control all of the day-to-day operations of the Operating Partnership.

We believe combining the notes to the consolidated financial statements of MAA and MAALP results in the following benefits:

- enhances a readers' understanding of MAA and the Operating Partnership by enabling the reader to view the business as a whole in the same manner that management views and operates the business;
- eliminates duplicative disclosure and provides a more streamlined and readable presentation since a substantial portion of the disclosure applies to both MAA and the Operating Partnership.

Management operates MAA and the Operating Partnership as one business. The management of the Company is comprised of individuals who are officers of MAA and employees of the Operating Partnership. We believe it is important to understand the few differences between MAA and the Operating Partnership in the context of how MAA and the Operating Partnership operate as a consolidated company. MAA and the Operating Partnership are structured as an "umbrella partnership REIT," or UPREIT. MAA's interest in the Operating Partnership entitles MAA to share in cash distributions from, and in the profits and losses of, the Operating Partnership in proportion to MAA's percentage interest therein and entitles MAA to vote on substantially all matters requiring a vote of the limited partners. MAA's only material asset is its ownership of limited partner interests in the Operating Partnership; therefore, MAA does not conduct business itself, other than acting as the sole general partner of the Operating Partnership, issuing public equity from time to time and guaranteeing certain debt of the Operating Partnership. The Operating Partnership holds, directly or indirectly, all of our real estate assets. Except for net proceeds from public equity issuances by MAA, which are contributed to the Operating Partnership in exchange for OP Units, the Operating Partnership generates the capital required by our business through the Operating Partnership's operations, direct or indirect incurrence of indebtedness and issuance of partnership units.

The presentation of MAA's shareholders' equity and the Operating Partnership's capital are the principal areas of difference between the consolidated financial statements of MAA and those of the Operating Partnership. MAA's shareholders' equity may include shares of preferred stock, shares of common stock, additional paid-in capital, cumulative earnings, cumulative distributions, noncontrolling interest, preferred units, treasury shares, accumulated other comprehensive income and redeemable common units. The Operating Partnership's capital may include

common capital and preferred capital of the general partner (MAA), limited partners' preferred capital, limited partners' noncontrolling interest, accumulated other comprehensive income and redeemable common units. Redeemable common units represent the number of outstanding OP Units as of the date of the applicable balance sheet, valued at the greater of the closing market price of MAA's common stock or the aggregate value of the individual partners' capital balances. Each redeemable OP Unit may be redeemed by the holder thereof for either cash equal to the fair market value of one share of common stock of MAA at the time of such redemption or, at the option of MAA, one share of common stock of MAA.

Organization and Formation of Mid-America Apartment Communities, Inc.

On October 1, 2013, MAA completed a merger with Colonial Properties Trust, or Colonial. Pursuant to the merger agreement, Martha Merger Sub, LP, or OP Merger Sub, a wholly-owned indirect subsidiary of MAALP, merged with and into Colonial Realty Limited Partnership, or Colonial LP, with Colonial LP being the surviving entity of the merger and becoming a wholly-owned indirect subsidiary of MAALP, which is referred to as the partnership merger. The partnership merger was part of the

transactions contemplated by the agreement and plan of merger entered into on June 3, 2013 among MAA, our Operating Partnership, OP Merger Sub, Colonial, and Colonial LP pursuant to which MAA and Colonial combined through a merger of Colonial with and into MAA, with MAA surviving the merger, which is referred to as the parent merger. Under the terms of the merger agreement, each Colonial common share was converted into the right to receive 0.36 of a newly issued share of MAA common stock. In addition, each limited partner interest in Colonial LP designated as a "Class A Unit" and a "Partnership Unit" under the limited partnership agreement of Colonial LP, which we refer to in this filing as Colonial LP units, issued and outstanding immediately prior to the effectiveness of the partnership merger was converted into common units in MAALP at the 0.36 conversion rate.

The net assets and results of operations of Colonial are included in our consolidated financial statements from the closing date, October 1, 2013, going forward. See further discussion surrounding the Merger in Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements, Note 2.

We owned and operated 268 apartment communities principally through the Operating Partnership, as of December 31, 2014. As of December 31, 2014, MAA also owned a 25.00% interest in an unconsolidated real estate joint venture consisting of undeveloped land and a 33.30% interest in an unconsolidated real estate joint venture consisting of one commercial property.

As of December 31, 2014, we had two development communities under construction totaling 514 units, with 48 units completed. Total expected costs for the development projects are $73.1 million, of which $60.8 million has been incurred to date. We expect to complete construction on one project by the first quarter of 2015 and on the other project by the second quarter of 2015. Five of our multifamily properties include retail components with approximately 163,000 square feet of gross leasable area. We also have two wholly owned commercial properties, which we acquired through our merger with Colonial, with approximately 263,000 square feet of gross leasable area, excluding tenant owned anchor stores, and one partially owned commercial property with approximately 30,000 square feet of gross leasable area.

Reclassifications

In order to present comparative financial statements, certain reclassifications have been made. In the 2013 Form 10-K, we reported approximately $6.2 million of cash proceeds from stock option exercises within Cash flows from operating activities for the twelve months ended December 31, 2013. This line has been reclassified to Cash flows from financing activities for the twelve months ended December 31, 2013, presented in the Statement of Cash Flows included in this Form 10-K.

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements have been prepared by our management in accordance with United States generally accepted accounting principles, or GAAP, and applicable rules and regulations of the Securities and Exchange Commission, or the SEC. The consolidated financial statements of MAA presented herein include the accounts of MAA, the Operating Partnership, and all other subsidiaries in which MAA has a controlling financial interest. MAA owns approximately 95% to 100% of all consolidated subsidiaries. The consolidated financial statements of MAALP presented herein include the accounts of MAALP and all other subsidiaries in which MAALP has a controlling financial interest. MAALP owns, directly or indirectly, 100% of all consolidated subsidiaries. In our opinion, all adjustments necessary for a fair presentation of the consolidated financial statements have been included, and all such adjustments were of a normal recurring nature. All significant intercompany accounts and transactions have been eliminated in consolidation.

We invest in entities which may qualify as variable interest entities, or VIE. A VIE is a legal entity in which the equity investors lack sufficient equity at risk for the entity to finance its activities without additional subordinated financial support or, as a group, the holders of the equity investment at risk lack the power to direct the activities of a legal entity as well as the obligation to absorb its expected losses or the right to receive its expected residual returns. We consolidate all VIEs for which we are the primary beneficiary and use the equity method to account for investments that qualify as VIEs but for which we are not the primary beneficiary. In determining whether we are the primary beneficiary of a VIE, we consider qualitative and quantitative factors, including but not limited to, those activities that most significantly impact the VIE's economic performance and which party controls such activities.

We use the equity method of accounting for our investments in entities for which we exercise significant influence, but do not have the ability to exercise control. These entities are not variable interest entities. The factors considered in determining that we do not have the ability to exercise control include ownership of voting interests and participatory rights of investors.

Use of Estimates

Management has made a number of estimates and assumptions relating to the reporting of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses to prepare these financial statements and notes in conformity with GAAP. Actual results could differ from those estimates.

Revenue Recognition and Real Estate Sales

We primarily lease multifamily residential apartments under operating leases generally with terms of one year or less. Rental revenues are recognized using a method that represents a straight-line basis over the term of the lease and other revenues are recorded when earned. Rental income represents gross market rent less adjustments for concessions, vacancy loss and bad debt.

We record gains and losses on real estate sales in accordance with accounting standards governing the sale of real estate. For sale transactions meeting the requirements for the full accrual method, we remove the assets and liabilities from our Consolidated Balance Sheets and record the gain or loss in the period the transaction closes.

Rental Costs

Costs associated with rental activities, including advertising costs, are expensed as incurred. Advertising expenses were approximately $12.4 million, $9.5 million, and $8.8 million for the years ended December 31, 2014, 2013, and 2012, respectively.

Discontinued Operations

Prior to our January 2014 adoption of ASU No. 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity, properties sold during the year or those classified as held-for-sale at the end of a reporting period were classified as discontinued operations in accordance with accounting standards governing financial statement presentation. Subsequent to our adoption of this ASU on January 1, 2014, only dispositions representing significant changes in operating strategy are classified as discontinued operations. Once a property is classified as held-for-sale, depreciation is no longer recognized.

Real Estate Assets and Depreciation and Amortization

Real estate assets are carried at depreciated cost. Repairs and maintenance costs are expensed as incurred while significant improvements, renovations, and recurring capital replacements are capitalized. Recurring capital replacements typically include scheduled carpet replacement, new roofs, HVAC units, plumbing, concrete, masonry and other paving, pools and various exterior building improvements. In addition to these costs, we also capitalize salary costs directly identifiable with renovation work. These expenditures extend the useful life of the property and increase the property’s fair market value. The cost of interior painting, vinyl flooring and blinds are expensed as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets which range from 8 to 40 years for land improvements and buildings, 5 years for furniture, fixtures and equipment, and 3 to 5 years for computers and software.

Development Costs

Development projects and the related carrying costs, including interest, property taxes, insurance and allocated direct development salary cost during the construction period, are capitalized and reported in the accompanying Balance Sheets as “Development and capital improvements in progress” during the construction period. Interest is capitalized in accordance with accounting standards governing the capitalization of interest. Upon completion and certification for occupancy of individual buildings within a development, amounts representing the completed building's portion of total estimated development costs for the project are transferred to land, buildings, and furniture, fixtures and equipment as real estate held for investment. Capitalization of interest, property taxes, insurance and allocated direct development salary costs cease upon the transfer. The assets are depreciated over their estimated useful lives. Total interest capitalized during the years ended December 31, 2014, 2013 and 2012 was approximately $1.7 million, $2.1 million, and $2.3 million, respectively. Indirect costs other than interest that we capitalized included capitalized salaries of $1.7 million, $0.4 million, and $0.3 million during the years ended December 31, 2014, 2013 and 2012, respectively, and real estate taxes of $0.2 million, $0.3 million, and $0.3 million during the years ended December 31, 2014, 2013 and 2012, respectively.

Certain costs associated with the lease-up of development projects, including cost of model units, their furnishings, signs, and “grand openings” are capitalized and amortized over their respective estimated useful lives. All other costs relating to renting development projects are expensed as incurred.

Acquisition of Real Estate Assets

In accordance with accounting standards for business combinations, the fair value of the real estate acquired is allocated to the acquired tangible assets, consisting of land, building, furniture, fixtures and equipment, and identified intangible assets, consisting of the value of in-place leases and other contracts.

We allocate the purchase price to the fair value of the tangible assets of an acquired property determined by valuing the building as if it were vacant, based on management’s determination of the relative fair values of these assets. Management determines the as-if-vacant fair value of a building using methods similar to those used by independent appraisers. These methods include using stabilized net operating income, or NOI, and market specific capitalization and discount rates.

In allocating the fair value of identified intangible assets of an acquired property, the in-place leases are valued based on current rent rates and time and cost to lease a unit. Management concluded that the residential leases acquired on each of its property acquisitions are approximately at market rates since the residential lease terms generally do not extend beyond one year.

For larger, portfolio style acquisitions, like the Merger, management engages a third party valuation specialist to perform the fair value assessment, which includes an allocation of the purchase price. Similar to management's methods, the third party uses cash flow analysis as well as an income approach and a market approach to determine the fair value of assets. The third party uses stabilized NOI and market specific capitalization and discount rates. Management reviews the inputs used by the third party specialist as well as the allocation of the purchase price provided by the third party to ensure reasonableness and that the procedures are performed in accordance with management's policy. The initial allocation of the purchase price is based on management’s preliminary assessment, which may differ when final information becomes available. Subsequent adjustments made to the initial purchase price allocation, if any, are made within the allocation period, which typically does not exceed one year.

For residential leases, the fair value of the in-place leases and resident relationships is then amortized over 6 months, the estimated remaining term of the resident leases. For commercial leases, the fair value of in-place leases and resident relationships is amortized over the remaining term of the commercial leases. The amount of lease intangibles included in Other assets totaled $4.6 million, $50.3 million, and $1.6 million as of December 31, 2014, 2013, and 2012, respectively. Accumulated amortization for these leases totaled $1.8 million, $21.9 million, and $1.0 million as of December 31, 2014, 2013 and 2012, respectively. The amortization recorded as depreciation and amortization expense was $24.5 million, $23.5 million, and $3.7 million for the years ended December 31, 2014, 2013, and 2012, respectively. The estimated aggregate future amortization expense is approximately $1.7 million, $0.3 million, $0.2 million, $0.1 million, and $0.0 million for the years ended December 31, 2015, 2016, 2017, 2018, and 2019, respectively.

The Company's policy is to expense the costs incurred to acquire properties in the period these costs are incurred. Acquisition costs include appraisal fees, title fees, broker fees, and other legal costs to acquire the property. These costs are recorded in our Statement of Operations under the line "Acquisition expenses".

Impairment of Long-lived Assets, including Goodwill

We account for long-lived assets in accordance with the provisions of accounting standards for the impairment or disposal of long-lived assets and evaluate our goodwill for impairment under accounting standards for goodwill and other intangible assets. We evaluate goodwill for impairment on at least an annual basis, or more frequently if a goodwill impairment indicator is identified. We periodically evaluate long-lived assets, including investments in real estate and goodwill, for indicators that would suggest that the carrying amount of the assets may not be recoverable. The judgments regarding the existence of such indicators are based on factors such as operating performance, market conditions and legal factors.

Long-lived assets, such as real estate assets, equipment and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are separately presented on the Balance Sheet and reported at the lower of the

carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposed group/property classified as held for sale are presented separately in the appropriate asset and liability sections of the balance sheet.

Goodwill is tested annually for impairment and is tested for impairment more frequently if events and circumstances indicate that the asset might be impaired. An impairment loss for goodwill is recognized to the extent that the carrying amount exceeds the implied fair value of goodwill. This determination is made at the reporting unit level and consists of two steps. First, we determine the fair value of a reporting unit and compare it to its carrying amount. In the apartment industry, the primary method used for determining fair value is to divide annual operating cash flows by an appropriate capitalization rate. We determine the appropriate capitalization rate by reviewing the prevailing rates in a property's market or submarket. Second, if the carrying amount of a reporting unit exceeds its fair value, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill over the implied fair value of that goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation in accordance with accounting standards for business combinations. The residual fair value after this allocation is the implied fair value of the reporting unit goodwill. There has been no impairment of goodwill in the three year period ended December 31, 2014.

Goodwill decreased from $4.1 million at December 31, 2013 to $2.3 million at December 31, 2014 as a result of the disposition of the Greenbrook apartment community on July 10, 2014.

Loss Contingencies

The outcomes of claims, disputes and legal proceedings are subject to significant uncertainty. We record an accrual for loss contingencies when a loss is probable and the amount of the loss can be reasonably estimated. We review these accruals quarterly and make revisions based on changes in facts and circumstances. When a loss contingency is not both probable and reasonably estimable, we do not accrue the loss. However, if the loss (or an additional loss in excess of the accrual) is at least a reasonable possibility and material, then we disclose a reasonable estimate of the possible loss, or range of loss, if such reasonable estimate can be made. If we cannot make a reasonable estimate of the possible loss, or range of loss, then a statement to that effect is disclosed.

The assessment of whether a loss is probable or a reasonable possibility, and whether the loss or range of loss is reasonably estimable, often involves a series of complex judgments about future events. Among the factors that we consider in this assessment, including with respect to the matters are the nature of existing legal proceedings and claims, the asserted or possible damages or loss contingency (if reasonably estimable), the progress of the matter, existing law and precedent, the opinions or views of legal counsel and other advisers, our experience in similar matters, the facts available to us at the time of assessment, and how we intend to respond, or have responded, to the proceeding or claim. Our assessment of these factors may change over time as individual proceedings or claims progress. For matters where we are not currently able to reasonably estimate a range of reasonably possible loss, the factors that have contributed to this determination include the following: (i) the damages sought are indeterminate; (ii) the proceedings are in the early stages; (iii) the matters involve novel or unsettled legal theories or a large or uncertain number of actual or potential cases or parties; and/or (iv) discussions with the parties in matters that are expected ultimately to be resolved through negotiation and settlement have not reached the point where we believe a reasonable estimate of loss, or range of loss, can be made. In such instances, we believe that there is considerable uncertainty regarding the timing or ultimate resolution of such matters, including a possible eventual loss or business impact, if any.

Undeveloped Land

Undeveloped land includes sites intended for future multifamily developments, sites for future commercial development and sites intended for residential use and are carried at the lower of cost or fair value in accordance with GAAP and any costs incurred prior to commencement of pre-development activities are expensed as incurred.

Investment in Real Estate Joint Ventures

Our investments in our unconsolidated real estate joint ventures are recorded using the equity method as we are able to exert significant influence, but do not have a controlling interest in any of our joint ventures.

Cash and Cash Equivalents

We consider cash, investments in money market accounts and certificates of deposit with original maturities of three months or less to be cash equivalents.

Restricted Cash

Restricted cash consists of security deposits required to be held separately, escrow deposits held by lenders for property taxes, insurance, debt service, and replacement reserves, and exchanges under Section 1031(b) of the Internal Revenue Code of 1986, as amended, or the Code. 1031(b) exchanges are treated as investing activities in the Statement of Cash Flows.

Deferred Financing Costs

Deferred financing costs are amortized over the terms of the related debt using a method which approximates the effective interest method. If the terms of renewed or modified debt instruments are deemed to be substantially different, all unamortized financing costs associated with the modified debt are charged to earnings in the current period. If the terms are not substantially different, the costs associated with the renewal are capitalized and amortized over the remaining term of the debt instrument. For modifications affecting a line of credit, fees paid to a creditor and any third party costs will be capitalized and amortized over the remaining term of the new arrangement. Any unamortized deferred financing costs associated with the old arrangement are either deferred and amortized over the life of the new arrangement or written off, depending upon the nature of the modification and cost. The balance of any unamortized financing costs on extinguished debt is expensed upon extinguishment.

Other Assets

Other assets consist primarily of deferred rental concessions which are recognized on a straight line basis over the life of the leases, receivables and deposits from residents, the value of derivative contracts and other prepaid expenses including prepaid insurance and prepaid interest. Also included in other assets are the fair market value of in place leases, which totaled $4.6 million, $50.3 million, and $1.6 million as of December 31, 2014, 2013, and 2012, respectively.

Accrued Expenses and Other Liabilities

Accrued expenses consist of accrued dividends payable, accrued real estate taxes, accrued interest payable, other accrued expenses payable, and unearned income. Significant accruals include accrued dividends payable of $61.2 million, $57.7 million and $30.6 million at December 31, 2014, 2013 and 2012, respectively, accrued real estate taxes of $56.8 million, $40.4 million and $27.9 million at December 31, 2014, 2013 and 2012, respectively, and accrued interest payable of $17.8 million, $18.1 million, and $7.5 million at December 31, 2014, 2013, and 2012, respectively.

Self Insurance

We are self insured for workers' compensation claims up to $500,000 and for general liability claims up to $100,000. Claims exceeding these amounts are insured by a third party. We accrue for expected liabilities less than $500,000 for workers' compensation based on a third party actuarial estimate of ultimate losses and we also accrue for expected general liability claims less than $100,000 based on a third party actuarial estimate of ultimate losses.

Income Taxes

MAA has elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended, or the Code, beginning with the taxable year ended December 31, 1994, and intends to continue to operate in such a manner. The current and continuing qualification as a REIT depends on MAA's ability to meet the various requirements imposed by the Code, which are related to organizational structure, distribution levels, diversity of stock ownership and certain restrictions with regard to owned assets and categories of income. As long as MAA qualifies for taxation as a REIT, it

will generally not be subject to United States Federal corporate income tax on its taxable income that is currently distributed to shareholders. This treatment substantially eliminates the “double taxation” (at the corporate and shareholder levels) that generally results from an investment in a corporation.

Even if MAA qualifies as a REIT, it may be subject to United States Federal income and excise taxes in certain situations, such as not meeting the income distribution requirements. MAA also will be required to pay a 100% tax on any net income on non-arm’s length transactions between MAA and its Taxable REIT Subsidiaries, or TRS (discussed below). In addition, MAA could also be subject to the alternative minimum tax, or AMT. The state and local tax laws may not conform to the United States Federal income tax treatment, and MAA and its shareholders may be subject to state or local taxation in various state or local jurisdictions, including those in which MAA transacts business or its shareholders reside. Any taxes imposed on MAA would reduce its operating cash flow and net income.

Certain of our operations or a portion thereof, including asset management and risk management, are conducted through TRSs, which are subsidiaries of the Operating Partnership. A TRS is a C-corporation that has not elected REIT status and as such is subject to United States Federal corporate income tax.

The TRS accounts for deferred taxes by recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax assets will not be realized. Accordingly, at December 31, 2014, net of the valuation allowance, the net deferred tax assets were reduced to zero.

The Company recognizes liabilities for uncertain income tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step requires the Company to estimate and measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement. The Company classifies interest related to income tax liabilities, and if applicable, penalties, as a component of Income tax expense. As of December 31, 2014, we did not have any unrecognized tax benefits, and we do not believe that there will be any material changes in our unrecognized tax positions over the next 12 months. The income tax expense line item shown in the Statement of Operations represents the Texas-based margin tax for all Texas properties.

Fair value of derivative financial instruments

We utilize certain derivative financial instruments, primarily interest rate swaps and interest rate caps, during the normal course of business to manage, or hedge, the interest rate risk associated with our variable rate debt or as hedges in anticipation of future debt transactions to manage well-defined interest rate risk associated with the transaction.

In order for a derivative contract to be designated as a hedging instrument, changes in the hedging instrument must be highly effective at offsetting changes in the hedged item. The historical correlation of the hedging instruments and the underlying hedged items are assessed before entering into the hedging relationship and on a quarterly basis thereafter, and have been found to be highly effective.

We measure ineffectiveness using the change in the variable cash flows method or the hypothetical derivative method for interest rate swaps and the hypothetical derivative method for interest rate caps for each reporting period through the term of the hedging instruments. Any amounts determined to be ineffective are recorded in earnings if in an overhedged position. The change in fair value of the interest rate swaps and the intrinsic value or fair value of interest rate caps designated as cash flow hedges are recorded to accumulated other comprehensive income in the statement of shareholders' equity.

The valuation of our derivative financial instruments is determined using widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flows of each derivative. The fair values of interest rate swaps are determined using the market standard methodology of netting the discounted future fixed cash payments and the discounted expected variable cash receipts. The variable cash receipts are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves. The fair values of interest rate caps are determined using the market standard methodology of discounting the future expected cash receipts that would occur if variable interest rates rise above the strike rate of the interest rate caps. The variable interest rates used in the calculation of projected receipts on the interest rate cap are based on an expectation of future interest rates derived from observable market interest rate curves and volatilities. Additionally, we incorporate credit valuation

adjustments to appropriately reflect both our own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. Changes in the fair values of our derivatives are primarily the result of fluctuations in interest rates. See Notes 7 and 8 for further discussion.

For more information on our critical accounting policies see discussions in Item 7. Management's Discussion & Analysis of Financial Condition and Results of Operations.

Recent Accounting Pronouncements

The following table provides a brief description of recent accounting pronouncements that could have a material effect on our financial statements:

Standard	Description	Date of Adoption	Effect on the Financial Statements or Other Significant Matters
Accounting Standards Update (ASU) 2014-15, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern	This ASU requires an entity's management to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued. If substantial doubt exists, the entity must disclose the principal conditions or events that raised the substantial doubt, management's evaluation of the significance of these conditions, and management's plan for alleviating the substantial doubt about the entity's ability to continue as a going concern.	This ASU is effective for annual periods ending after December 15, 2016; however, early adoption is permitted.	The Company is currently in the process of evaluating the impact of this ASU, but does not expect the adoption of this ASU to have a material impact on our consolidated financial position or results of operations taken as a whole.
ASU 2014-09, Revenue from Contracts with Customers	This ASU establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services.	This ASU is effective for annual reporting periods beginning after December 15, 2016. Early adoption is not permitted.	The amendments may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of initial application. The Company is currently in the process of evaluating the impact of adoption of this ASU on its consolidated financial condition and results of operations taken as a whole, but does not expect the impact to be material. The Company has not yet determined which method will be used for initial application.
ASU 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity	This ASU raises the threshold for disposals to qualify as discontinued operations. It also requires additional disclosures for discontinued operations and new disclosures for individually material disposal transactions that do not meet the definition of a	This ASU is effective for fiscal years beginning after December 15, 2014, and interim periods within those years; however, early adoption is permitted	We adopted this ASU on January 1, 2014. The adoption of this ASU required us to not classify certain disposals occurring during 2014 as discontinued operations. The 2014 dispositions did not qualify for discontinued operations treatment and therefore the gains on these

discontinued operation.	beginning in the first quarter of 2014.	properties are presented as a component of continuing operations for 2014. No historical information changed as a result of the adoption of this ASU.

2. BUSINESS COMBINATIONS

Merger of MAA and Colonial

On October 1, 2013, MAA completed its merger with Colonial. As part of the Merger, we acquired 115 wholly owned apartment communities encompassing 34,370 units principally located in the Southeast and Southwest regions of the United States. In addition to the apartment communities, we also acquired four commercial properties totaling approximately 806,000 square feet. The additions have caused us to nearly double in size as a result of the Merger. The net assets and results of operations of Colonial are included in our consolidated financial statements from the closing date, October 1, 2013, going forward.

The total purchase price of approximately $2.2 billion was determined based on the number of Colonial shares and Colonial OP Units outstanding as of October 1, 2013. In all cases in which MAA's stock price was a determining factor in arriving at final consideration for the Merger, the stock price used to determine the purchase price was the opening price of MAA's common stock on October 1, 2013 ($62.56 per share). The total purchase price includes $7.3 million of other consideration, a majority of which relates to assumed stock compensation plans. As a result of the Merger, we issued approximately 31.9 million shares of MAA common stock and approximately 2.6 million OP units.

The acquisition has been accounted for using the acquisition method of accounting in accordance with ASC 805, Business Combinations, which requires, among other things, that the assets acquired and liabilities assumed be recognized at their acquisition date fair values.

For larger, portfolio style acquisitions, like the Merger, management engages a third party valuation specialist to assist with the fair value assessment, which includes an allocation of the purchase price. Similar to management's methods, the third party generally uses cash flow analysis as well as an income approach and a market approach to determine the fair value of assets acquired. The third party uses stabilized NOI and a market specific capitalization and discount rates. Management reviews the inputs used by the third party specialist as well as the allocation of the purchase price provided by the third party to ensure reasonableness and that the procedures are performed in accordance with management's policy. The allocation of the purchase price is based on management's assessment, which may differ as more information becomes available. Subsequent adjustments made to the purchase price allocation, if any, are made within the allocation period, which typically does not exceed one year.

The allocation of the purchase price described above requires a significant amount of judgment and represents management's best estimate of the fair value as of the acquisition date. The following final purchase price allocation was based on our valuation as well as estimates and assumptions of the acquisition date fair value of the tangible and intangible assets acquired and liabilities assumed.

The following table summarizes the final purchase price allocation (in thousands):

Land	$469,396
Buildings and improvements	3,080,858
Furniture, fixtures and equipment	96,377
Development and capital improvements in progress	113,368
Undeveloped land	58,400
Properties held for sale	33,300
Lease intangible assets	57,946
Cash and cash equivalents	63,454
Restricted cash	6,825
Deferred costs and other assets, excluding lease intangible assets	86,141
Total assets acquired	4,066,065
Notes payable	(1,759,550)
Fair market value of interest rate swaps	(14,961)
Accounts payable, accrued expenses, and other liabilities	(128,678)
Total liabilities assumed, including debt	(1,903,189)
Total purchase price	$2,162,876

We incurred merger and integration related expenses of $11.5 million for the year ended December 31, 2014. These amounts were expensed as incurred and are included in the Consolidated Statement of Operations in the items titled

Merger related expenses, primarily consisting of severance, legal, and professional costs and Integration related expenses, primarily consisting of temporary systems, staffing, and facilities costs.

The allocation of fair values of the assets acquired and liabilities assumed has changed by an immaterial amount from the allocation reported in Item 8. Financial Statements and Supplementary Data - Notes to Consolidated Financial Statements, Note 2 of our Annual Report on Form 10-K for the year ended December 31, 2013, filed with the SEC on February 21, 2014. The

changes were based on information concerning the subject assets and liabilities that was not yet known at the time of the 10-K filing. These adjustments did not have a material impact on the purchase price allocation, the consolidated Balance Sheets, or the results of operations.

3. EARNINGS PER COMMON SHARE OF MAA

Basic earnings per share is computed by dividing net income attributable to common shareholders by the weighted average number of shares outstanding during the period. All outstanding unvested restricted share awards contain rights to non-forfeitable dividends and participate in undistributed earnings with common shareholders and, accordingly, are considered participating securities that are included in the two-class method of computing basic earnings per share. Both the unvested restricted shares and other potentially dilutive common shares, and the related impact to earnings, are considered when calculating earnings per share on a diluted basis with our diluted earnings per share being the more dilutive of the treasury stock or two-class methods. Operating partnership units are included in dilutive earnings per share calculations when they are dilutive to earnings per share. For the years ended December 31, 2014, 2013, and 2012, MAA's basic earnings per share is computed using the two-class method, and our diluted earnings per share is computed using the more dilutive of the treasury stock method or two-class method:

(dollars and shares in thousands, except per share amounts)	Years ended December 31,		
	2014	2013	2012
Shares Outstanding			
Weighted average common shares - basic	74,982	50,677	41,039
Weighted average partnership units outstanding	— [1]	2,351	1,834
Effect of dilutive securities	— [2]	88	64
Weighted average common shares - diluted	74,982	53,116	42,937
Calculation of Earnings per Share - basic			
Income from continuing operations	$149,068	$37,277	$61,204
Income from continuing operations attributable to noncontrolling interests	(7,913)	(1,131)	(2,414)
Income from continuing operations allocated to unvested restricted shares	(275)	(34)	(53)
Income from continuing operations available for common shareholders, adjusted	$140,880	$36,112	$58,737
Income from discontinued operations	$7,209	$82,002	$48,621
Income from discontinued operations attributable to noncontrolling interest	(384)	(2,867)	(2,188)
Income from discontinued operations allocated to unvested restricted shares	(13)	(74)	(41)
Income from discontinued operations available for common shareholders, adjusted	$6,812	$79,061	$46,392
Weighted average common shares - basic	74,982	50,677	41,039
Earnings per share - basic	$1.97	$2.27	$2.56
Calculation of Earnings per Share - diluted			
Income from continuing operations	$149,068	$37,277	$61,204
Income from continuing operations attributable to noncontrolling interests	(7,913) [1]	—	—
Income from continuing operations allocated to unvested restricted shares	(275) [2]	—	—
Income from continuing operations available for common shareholders, adjusted	$140,880	$37,277	$61,204
Income from discontinued operations	$7,209	$82,002	$48,621
Income from discontinued operations attributable to noncontrolling interest	(384) [1]	—	—
Income from discontinued operations allocated to unvested restricted shares	(13) [2]	—	—
Income from discontinued operations available for common shareholders, adjusted	$6,812	$82,002	$48,621
Weighted average common shares - diluted	74,982	53,116	42,937
Earnings per share - diluted	$1.97	$2.25	$2.56

[1] 4.2 million operating partnership units and their related income are not included in the diluted earnings per share calculations as they are not dilutive.

[2] 0.1 million potentially dilutive securities and their related income are not included in the diluted earnings per share calculation as they are not dilutive.

4. EARNINGS PER OP UNIT OF MAALP

Basic earnings per OP Unit is computed by dividing net income available for common unitholders by the weighted average number of units outstanding during the period. All outstanding unvested restricted share awards contain rights to non-forfeitable dividends and participate in undistributed earnings with common unitholders and, accordingly, are considered participating securities that are included in the two-class method of computing basic earnings per OP unit. Diluted earnings per OP Unit reflects the potential dilution that could occur if securities or other contracts to issue OP Units were exercised or converted into OP Units.

A reconciliation of the numerators and denominators of the basic and diluted earnings per unit computations for the years ended December 31, 2014, 2013, and 2012 is presented below:

(dollars and units in thousands, except per unit amounts)	Years ended December 31,		
	2014	2013	2012
Units Outstanding			
Weighted average common units - basic	79,188	53,075	42,911
Effect of dilutive securities	— [1]	88	64
Weighted average common units - diluted	79,188	53,163	42,975
Calculation of Earnings per Unit - basic			
Income from continuing operations	$149,068	$37,277	$61,204
Income from continuing operations allocated to unvested restricted shares	(275)	(33)	(53)
Income from continuing operations available for common unitholders, adjusted	$148,793	$37,244	$61,151
Income from discontinued operations	$7,209	$70,267	$47,836
Income from discontinued operations allocated to unvested restricted shares	(13)	(62)	(41)
Income from discontinued operations available for common unitholders, adjusted	$7,196	$70,205	$47,795
Weighted average common units - basic	79,188	53,075	42,911
Earnings per unit - basic:	$1.97	$2.02	$2.54
Calculation of Earnings per Unit - diluted			
Income from continuing operations	$149,068	$37,277	$61,204
Income from continuing operations allocated to unvested restricted shares	(275) [1]	—	—
Income from continuing operations available for common unitholders, adjusted	$148,793	$37,277	$61,204
Income from discontinued operations	$7,209	$70,267	$47,836
Income from discontinued operations allocated to unvested restricted shares	(13) [1]	—	—
Income from discontinued operations available for common unitholders, adjusted	$7,196	$70,267	$47,836
Weighted average common units - diluted	79,188	53,163	42,975
Earnings per unit - diluted:	$1.97	$2.02	$2.54

[1] 0.1 million potentially dilutive securities and their related income are not included in the diluted earnings per unit calculations as they are not dilutive.

5. STOCK BASED COMPENSATION

Overview

MAA accounts for its stock based employee compensation plans in accordance with accounting standards governing stock based compensation. These standards require an entity to measure the cost of employee services received in exchange for an award of an equity instrument based on the award's fair value on the grant date and recognize the cost over the period during which the employee is required to provide service in exchange for the award, which is generally the vesting period. Any liability awards issued are remeasured at each reporting period.

MAA’s stock compensation plans consist of an employee stock purchase plan and a number of incentives provided to attract and retain independent directors, executive officers and key employees. Incentives are currently granted under the 2013 Stock Incentive Plan, as amended, which was originally approved at the September 27, 2013 Shareholders Meeting. This plan

replaced the 2004 Stock Plan which had replaced the 1994 Restricted Stock and Stock Option Plan (collectively, the "Plans") under which no further awards may be granted as of October 31, 2013. The 1994 Restricted Stock and Stock Option Plan allowed for the grant of restricted stock and stock options up to a total of 2.4 million shares. The 2004 Stock Plan allowed for the grant of restricted stock and stock options up to a total of 500,000 shares. The 2013 Stock Incentive Plan allows for the grant of restricted stock and stock options up to 625,000 shares. MAA believes that such awards better align the interests of its employees with those of its shareholders.

Compensation expense is generally recognized for service based restricted stock awards using the straight-line method over the vesting period of the shares regardless of cliff or ratable vesting distinctions. Compensation expense for market and performance based restricted stock awards is generally recognized using the accelerated amortization method with each vesting tranche valued as a separate award, with a separate vesting date, consistent with the estimated value of the award at each period end. Additionally, we adjust compensation expense for estimated and actual forfeitures for all awards. Compensation expense for stock options is generally recognized on a straight-line basis over the requisite service period. MAA presents stock compensation expense in the Consolidated Statements of Operations on the line labeled "General and administrative expenses".

Total compensation costs under the Plans were approximately $5.2 million, $2.7 million and $2.2 million for the years ended December 31, 2014, 2013, and 2012, respectively. Of these amounts, total compensation costs capitalized under the Plans were approximately $431,000, $17,000, and $17,000 for the years ended December 31, 2014, 2013, and 2012, respectively. As of December 31, 2014, the total unrecognized compensation cost related to the Plans was approximately $8.5 million. This cost is expected to be recognized over the remaining weighted average period of 1.4 years. Total cash paid for the settlement of plan shares totaled $0.6 million, $0.4 million, and $1.0 million for the years ended December 31, 2014, 2013, and 2012, respectively. Information concerning grants under the Plans is listed below.

Restricted Stock

In general, restricted stock is earned based on either a service condition, performance condition, or market condition, or a combination thereof, and vests ratably over a period from 1 year to 5 years. Service based awards are earned when the employee remains employed over the requisite service period and are valued on the grant date based upon the market price of MAA common stock on the date of grant. Market based awards are earned when MAA reaches a specified stock price or specified return on the stock price (price appreciation plus dividends) and are valued on the grant date using a Monte Carlo simulation. Performance based awards are earned when MAA reaches certain operational goals such as FFO targets and are valued based upon the market price of MAA common stock on the date of grant as well as the probability of reaching the stated targets. MAA remeasures the fair value of the performance based awards each balance sheet date with adjustments made on a cumulative basis until the award is settled and the final compensation is known. The weighted average grant date fair value of restricted stock awards granted during the years ended December 31, 2014, 2013, and 2012, was $62.40, $64.30, and $63.16, respectively.

The following is a summary of the key assumptions used in the valuation calculations for market based awards granted during the years ended December 31, 2014, 2013, and 2012:

	2014	2013	2012
Risk free rate - minimum	0.02%	0.07%	—%
Risk free rate - maximum	0.80%	0.17%	0.17%
Dividend yield	4.755%	4.269%	4.19%
Volatility - minimum	18.31%	16.40%	31.17%
Volatility - maximum	20.48%	20.92%	29.65%
Service period	3 years	4 years	4 years

The risk free rate was based on a zero coupon risk-free rate. The minimum risk free rate was based on a period of 0.25 years for the years ended December 31, 2014, 2013, and 2012. The maximum risk free rate was based on a period of 3 years, 1 year, and 1 year for the years ended December 31, 2014, 2013, and 2012, respectively. The dividend yield was based on the closing stock price of MAA stock on the date of grant. Volatility for MAA was obtained by using a blend of both historical and implied volatility calculations. Historical volatility was based on the standard deviation of daily total continuous returns, and implied volatility was based on the trailing month average of daily implied volatilities interpolating between the volatilities implied by stock call option contracts that were closest to the terms shown and closest to the money. The minimum volatility was based on a period of 1 year for the years ended December 31, 2014, 2013, and 2012. The maximum volatility was based on a period of 3

years, 2 years, and 2 years for the years ended December 31, 2014, 2013, and 2012, respectively. The requisite service period is based on the criteria for the separate programs according to the vesting schedule. Turnover is based on the historical experience for the key managers and executive officers, and is used in estimating forfeitures.

A summary of the status of the nonvested restricted shares as of December 31, 2014, and the changes for the year ended December 31, 2014, is presented below:

Nonvested Shares	Shares	Weighted Average Grant-Date Fair Value
Nonvested at January 1, 2014	73,715	$62.50
Issued	116,925	63.72
Vested	(42,989)	63.27
Forfeited	(2,602)	62.99
Nonvested at December 31, 2014	145,049	$63.25

The total fair value of shares vesting during the years ended December 31, 2014, 2013, and 2012 was approximately $2.7 million, $1.6 million, and $4.3 million, respectively.

Stock Options

In general, stock options are earned when the employee remains employed over the requisite service period and vest ratably over a period from 0.3 years to 2.3 years. Stock options exercised result in new common shares being issued on the open market by the Company. The fair value of stock option awards is determined using the Black-Scholes valuation model. The weighted average grant date fair value of stock option awards granted during the year ended December 31, 2013 was $11.77 per option. No stock options were granted during the years ended December 31, 2014 and 2012.

The following is a summary of the key assumptions used in the Black-Scholes valuation calculations for stock options granted during the year ended December 31, 2013:

	2013
Term - minimum	0.25 years
Term - maximum	5.50 years
Risk free rate - minimum	0.02%
Risk free rate - maximum	1.55%
Dividend yield	4.21%
Volatility - minimum	15.60%
Volatility - maximum	46.29%

The term represents an estimate of the period of time options are expected to remain outstanding. The U.S. Treasury bill rate, which approximated the expected life of the option, was used to represent the risk-free rate. The current dividend yield at the time of grant was used to estimate the dividend yield over the life of the option. Volatility is based on the actual changes in the market value of MAA’s stock and is calculated using daily market value changes from the date of grant over a past period equal to the expected life of the stock options. Turnover is based on the historical rate at which options are exercised, and is used in estimating forfeitures.

A summary of the status of the stock options as of December 31, 2014 and the changes for the year ended December 31, 2014 is presented below:

Stock Options	Options	Weighted Average Exercise Price
Outstanding at January 1, 2014	356,143	$56.69
Granted	—	—
Exercised	(270,459)	48.86
Expired	(11,230)	75.96
Outstanding at December 31, 2014	74,454	$82.23

Of the 74,454 options outstanding at December 31, 2014, 67,112 were exercisable with a weighted average exercise price of $84.96, an intrinsic value of $492,000, and a weighted average remaining term of 2.4 years. The intrinsic value of the 74,454 options outstanding at December 31, 2014 was $620,000 with a weighted average remaining term of 2.6 years. The intrinsic value of options exercised during the year ended December 31, 2014 was $5.7 million. Cash received from the exercise of stock options for the years ended December 31, 2014, 2013, and 2012 was $12.2 million, $6.2 million, and $0, respectively.

6. BORROWINGS

The weighted average interest rate at December 31, 2014 for the $3.52 billion of debt outstanding was 3.7%, compared to the weighted average interest rate of 3.9% on $3.47 billion of debt outstanding at December 31, 2013. The Company utilizes both conventional and tax exempt debt to help finance our activities. Borrowings are made through individual property mortgages as well as Company-wide secured and unsecured credit facilities. The Company utilizes fixed rate borrowings, interest rate swaps and interest rate caps to manage our current and future interest rate risk. More details on our borrowings can be found in the schedules presented later in this section.

At December 31, 2014, the Company had $56.6 million (after considering the impact of interest rate swap and cap agreements in effect) of conventional, secured variable rate debt outstanding at an average interest rate of 0.7%, $192.0 million of capped conventional, secured variable rate debt at an average interest rate of 1.1%, and $90.3 million of capped tax-free variable rate debt at an average rate of 0.9%. The interest rate on all other secured debt, totaling $1.3 billion, was hedged or fixed at an average interest rate of 4.1%. Additionally, the Company had $1.9 billion of senior unsecured notes and term loans fixed at an average interest rate of 4.0% and a $500 million variable rate credit facility with an average interest rate of 1.3% with $59 million borrowed at December 31, 2014.

Credit Facilities

The Company maintains a total of $451.3 million of secured credit facilities with Prudential Mortgage Capital, which are credit enhanced by Fannie Mae, or Fannie Mae Facilities. The Fannie Mae Facilities provide for both fixed and variable rate borrowings and have Fannie Mae rate tranches with maturities from 2015 through 2018. The interest rate on the majority of the variable portion renews every 90 days and is based on the FNMA discount mortgage backed security rate on the date of renewal, which, for the Company, has historically approximated three-month LIBOR less an average of 0.17% over the life of the Fannie Mae Facilities, plus a fee of 0.49% to 0.67%. Borrowings under the Fannie Mae Facilities totaled $436.9 million at December 31, 2014, consisting of $50.0 million under a fixed portion at a rate of 4.7%, and the remaining $386.9 million under the variable rate portion of the facility at an average rate of 0.8%. The available borrowing capacity at December 31, 2014, was $436.9 million. Commitment fees related to our unused Fannie Mae Facilities totaled $0.4 million for the year ended December 31, 2014. The Company has two interest rate swap agreements, totaling a notional amount of $75 million designed to fix the interest rate on a portion

of the variable rate borrowings outstanding under the Fannie Mae Facilities at approximately 4.1%. Both of the interest rate swaps mature in 2015. The swaps are highly effective and are designated as cash flow hedges. The Company has also entered into 20 interest rate caps totaling a notional amount of $255.3 million which are designed to cap a portion of the Fannie Mae Facilities. These interest rate caps have maturities between 2015 and 2019 with fourteen set at 6.0%, five set at 4.5%, and one set at 5.0%. The Fannie Mae Facilities are subject to certain borrowing base calculations that can effectively reduce the amount that may be borrowed.

The Company had a $200 million credit facility with Freddie Mac that matured in June 2014. As of December 31, 2014, the Company has no borrowings under this facility.

The Company also maintains a $500.0 million unsecured credit facility with fourteen banks led by Key Bank National Association (Key Bank). This credit facility includes an expansion option up to $800.0 million. The Key Bank Credit Line bears an interest rate of LIBOR plus a spread of 0.90% to 1.70% based on a investment grade pricing grid and is currently bearing interest at 1.27%. This credit line expires in August 2017 with two six month extension options. At December 31, 2014, the Company had $496.2 million available to be borrowed under the Key Bank Line agreement with $59.0 million borrowed under this facility. Approximately $3.8 million of the facility is used to support letters of credit. Commitment fees related to this facility totaled $1.0 million for the year ended December 31, 2014.

Each of the Company's credit facilities is subject to various covenants and conditions on usage, and the secured facilities are subject to periodic re-evaluation of collateral. If the Company were to fail to satisfy a condition to borrowing, the available credit under one or more of the facilities could not be drawn, which could adversely affect the Company's liquidity. In the event of a reduction in real estate values, the amount of available credit could be reduced. Moreover, if the Company were to fail to make a payment or violate a covenant under a credit facility, after applicable cure periods, one or more of the Company's lenders could declare a default, accelerate the due date for repayment of all amounts outstanding and/or foreclose on properties securing such facilities. A default on an obligation to repay outstanding debt could also create a cross default on a separate piece of debt, whereby one or more of the Company's lenders could accelerate the due date for repayment of all amounts outstanding and/or foreclose on properties securing the related facilities. Any such event could have a material adverse effect. The Company believes it was in compliance with these covenants and conditions on usage at December 31, 2014.

Secured Property Mortgages

At December 31, 2014, the Company had $1.1 billion of fixed rate conventional property mortgages with an average interest rate of 4.0% and an average maturity in 2019 as well as a total of $27.0 million of variable rate mortgages with an embedded cap rate of 7.0% at an average interest rate of 3.4% with a maturity in 2015.

On July 10, 2014, we paid off a $27.5 million mortgage during the sale of the Greenbrook apartment community. The Company recorded a $2.6 million loss on debt extinguishment due to paying off the mortgage prior to maturity.

Senior Unsecured Notes

During 2011 and 2012, the Company issued $310 million of Senior Unsecured Notes. The notes were offered in private placements with seven maturity tranches maturing between 2017 and 2024. The notes have an average interest rate of 4.5% and an average maturity in 2021.

On October 16, 2013, MAALP issued $350 million in aggregate principal amount of notes, maturing on October 15, 2023 with an interest rate of 4.3% per annum (the "2023 Notes"). The purchase price paid by the initial purchasers was 99.047% of the principal amount. The 2023 Notes are general unsecured senior obligations of MAALP and rank equally in right of payment with all other senior unsecured indebtedness of MAALP. Interest on the 2023 Notes is payable on April 15 and October 15 of each year, beginning on April 15, 2014. The net proceeds from the offering after deducting the original issue discount of approximately $3.3 million and underwriting commissions and expenses of approximately $2.3 million was approximately $344.4 million. The 2023 Notes have been reflected net of discount in the consolidated balance sheet. The Company entered into three forward swaps totaling $150 million, which resulted in a total effective interest rate of 4.15%.

On December 13, 2013, MAALP completed a series of exchange offers (the “Exchange Offers”) pursuant to which it exchanged $154.2 million aggregate principal amount of 6.25% Senior Notes due 2014, $169.2 million aggregate principal amount of 5.50% Senior Notes due 2015 and $68.1 million aggregate principal amount of 6.05% Senior Notes due 2016 (collectively, the “Existing Notes”) issued by Colonial Realty Limited Partnership, a Delaware limited

partnership and wholly owned subsidiary of MAALP, for $154.2 million aggregate principal amount of MAALP's new 6.25% Senior Notes due 2014 (the "2014 Notes"), $169.1 million aggregate principal amount of MAALP's new 5.50% Senior Notes due 2015 (the "2015 Notes") and $68.1 million aggregate principal amount of MAALP's new 6.05% Senior Notes due 2016 (the "2016 Notes" and together with the 2014 Notes and the 2015 Notes, the "Exchange Notes"), plus approximately $975,000 in cash.

The Exchange Notes are senior unsecured obligations of MAALP and will rank equally in right of payment with all of MAALP's other existing and future senior unsecured indebtedness. Interest on the 2014 Notes accrued from, and including, December 15, 2013 and was paid on June 15, 2014, which was also the maturity date for the 2014 Notes. Interest on the 2015 Notes will accrue from, and including, October 1, 2013 and be payable semiannually on April 1 and October 1 of each year, beginning on April 1, 2014. Interest on the 2016 Notes will accrue from, and including, September 1, 2013 and be payable semiannually on March 1 and September 1 of each year, beginning on March 1, 2014. In certain circumstances described below, MAALP may be required to pay additional interest on the Exchange Notes.

All of the Existing Notes tendered into the Exchange Offers were canceled in connection with the settlement of the Exchange Offers. In connection with the issuance and sale of the Exchange Notes, MAALP also entered into three separate registration rights agreements, each dated as of December 13, 2013, and each with J.P. Morgan Securities LLC, the dealer manager in the Exchange Offers (the “Registration Rights Agreements”). Under the Registration Rights Agreements, MAALP agreed to use commercially reasonable efforts to complete exchange offers registered under the Securities Act pursuant to which MAALP will offer to issue new exchange notes containing terms substantially similar in all material respects to the Exchange Notes (except that the exchange notes will not contain terms with respect to transfer restrictions or any increase in annual interest rate) in exchange for the Exchange Notes. MAALP also agreed, if it determines that a registered exchange offer is not available or specified other circumstances occur, to use commercially reasonable efforts to file and have become effective a shelf registration statement relating to resales of the Exchange Notes. MAALP will be obligated to pay additional interest of up to 0.50% per annum on the Exchange Notes if it does not complete the exchange offers within 270 days after the issue date of the Exchange Notes and in other specified circumstances. We completed the exchange within the 270 day window and did not incur the additional interest.

On June 10, 2014, MAALP issued $400 million in aggregate principal amount of notes, maturing on June 15, 2024 with an interest rate of 3.75% per annum (the "2024 Notes"). The purchase price paid by the initial purchasers was 98.873% of the principal amount. The 2024 Notes are general unsecured senior obligations of MAALP and rank equally in right of payment with all other senior unsecured indebtedness of MAALP. Interest on the 2024 Notes is payable on June 15 and December 15 of each year, beginning on December 15, 2014. The net proceeds from the offering after deducting the original issue discount of approximately $4.5 million and underwriting commissions and expenses of approximately $2.6 million was approximately $392.9 million. The 2024 Notes have been reflected net of discount in the consolidated balance sheet. The Company also entered into five forward swaps related to the bond financing totaling $250 million, which resulted in a total effective interest rate of 3.98%.

The Indenture under which the 2023 and 2024 notes were issued and the Indentures contain certain covenants that, among other things, limit the ability of MAALP and its subsidiaries to incur secured and unsecured indebtedness if not in pro forma compliance with the following negative covenants: (1) total leverage not to exceed 60% of adjusted total assets; (2) secured leverage not to exceed 40% of adjusted total assets; and (3) a fixed charge coverage ratio of at least 1.50 to 1. In addition, MAALP is required to maintain at all times unencumbered consolidated total assets of not less than 150% of the aggregate principal amount of its outstanding unsecured debt. At December 31, 2014, MAALP was in compliance with each of these financial covenants.

Unsecured Term Loans

The Company also has three term loans, one each with KeyBank, Wells Fargo, and US Bank. The KeyBank term loan has a balance of $150 million, matures in 2017, and has a variable interest rate of LIBOR plus a spread of 1.10% to 2.05% based on our credit ratings. The Wells Fargo term loan has a balance of $250 million and matures in 2018. The US Bank term loan has a balance of $150 million and matures in 2020. Both the Wells Fargo and US Bank term loans have variable interest rates of LIBOR plus a spread of 0.90% to 1.90% based on our credit ratings.

Guarantees

MAA fully and unconditionally guarantees the following debt incurred by MAALP:

- $451.3 million of the Fannie Mae facilities, of which $436.9 million has been borrowed as of December 31, 2014;
- $500.0 million KeyBank credit facility, of which $59.0 million has been borrowed as of December 31, 2014;
- $49.1 million of property mortgages, all of which has been borrowed as of December 31, 2014;

- $310.0 million of senior unsecured notes, all of which has been borrowed as of December 31, 2014; and
- $550.0 million of term loans, all of which has been borrowed as of December 31, 2014

The following table summarizes the Company's indebtedness at December 31, 2014, (dollars in thousands):

	Borrowed Balance	Effective Rate	Contract Maturity
Fixed Rate Secured Debt			
Individual property mortgages	$1,128,203	4.0 %	4/20/2019
Fannie Mae conventional credit facilities	50,000	4.7 %	3/31/2017
Credit facility balances managed with interest rate swaps			
LIBOR-based interest rate swaps	75,000	4.8 %	3/31/2015
Total fixed rate secured debt	1,253,203	4.1 %	12/23/2018
Variable Rate Secured Debt [(1)]			
Fannie Mae conventional credit facilities	221,585	0.7 %	1/27/2017
Fannie Mae tax-free credit facilities	90,315	0.9 %	7/22/2031
Freddie Mac mortgages	27,013	3.4 %	11/1/2015
Total variable rate secured debt	338,913	1.0 %	11/1/2020
Total Secured Debt	$1,592,116	3.4 %	5/16/2019
Unsecured Debt			
Variable rate credit facility	59,000	1.3 %	8/7/2017
Term loan fixed with swaps	550,000	3.1 %	11/10/2017
Fixed rate bonds	1,323,399	4.5 %	12/3/2021
Total Unsecured Debt	$1,932,399	3.9 %	8/20/2020
Total Outstanding Debt	$3,524,515	3.7 %	11/17/2019

[(1)] Includes capped balances

The following table summarizes interest rate ranges and maturity of the Company's indebtedness at December 31, 2014 and the balance of the Company's indebtedness at December 31, 2013 (dollars in millions):

	At December 31, 2014				
	Actual Interest Rates	Current Average Interest Rate	Maturity	Balance	Balance at December 31, 2013
Fixed Rate:					
Taxable Secured	1.77 - 6.21%	4.00%	2015-2035	$1,178.2	$1,161.8
Unsecured	3.15 - 6.05%	4.45%	2015-2024	1,323.4	1,131.8
Interest rate swaps	2.38 - 6.63%	4.24%	2015-2018	625.0	769.0
				$3,126.6	$3,062.6
Variable Rate: [1]					
Taxable	0.71 - 0.91%	0.71%	2015-2033	83.5	122.7
Interest rate caps	0.71 - 1.02%	0.77%	2015-2033	255.4	287.4
Unsecured	1.27%	1.27%	2015	59.0	—
				$397.9	$410.1
				$3,524.5	$3,472.7

[1] Amounts are adjusted to reflect interest rate swap and cap agreements in effect at December 31, 2014, and 2013, respectively, which results in the Company paying fixed interest payments over the terms of the interest rate swaps and on changes in interest rates above the strike rate of the cap. Rates and maturities for capped balances are for the underlying debt, unless the strike rate has been reached.

The following table includes scheduled principal repayments on the borrowings at December 31, 2014, as well as the amortization of the fair market value of debt assumed (dollars in thousands):

Year	Amortization	Maturities	Total
2015	$10,682	$443,859	$454,541
2016	10,529	182,003	192,532
2017	11,703	322,727	334,430
2018	11,376	419,670	431,046
2019	10,516	559,774	570,290
Thereafter	60,438	1,481,238	1,541,676
	$115,244	$3,409,271	$3,524,515

7. DERIVATIVES AND HEDGING ACTIVITIES

Risk Management Objective of Using Derivatives

The Company is exposed to certain risk arising from both business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity and credit risk, primarily by managing the amount, sources and duration of its debt funding and the use of derivative financial instruments. Specifically, the Company enters into derivative financial instruments to manage exposures that arise from business activities that result in the payment of future contractual and forecasted cash amounts, principally related to the Company's borrowings, the value of which are determined by changing interest rates.

Cash Flow Hedges of Interest Rate Risk

The Company's objectives in using interest rate derivatives are to add stability to interest expense and to manage the Company's exposure to interest rate movements. To accomplish this objective, the Company uses interest rate swaps and interest rate caps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges

involve the receipt of variable amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. Interest rate caps designated as cash flow hedges involve the receipt of variable amounts from a counterparty if interest rates rise above the strike rate on the contract in exchange for an up front premium.

The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges is recorded in Accumulated other comprehensive income and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. During the years ended December 31, 2014, 2013 and 2012, such derivatives were used to hedge the variable cash flows associated with existing variable-rate debt. The ineffective portion of the change in fair value of the derivatives is recognized directly in earnings. During the years ended December 31, 2014, 2013 and 2012, the Company recorded ineffectiveness of $157,000 (increase to interest expense), $37,000 (decrease to interest expense) and $39,000 (increase to interest expense), respectively, mainly attributable to a mismatch in the underlying indices of the derivatives and the hedged interest payments made on our variable-rate debt.

Amounts reported in Accumulated other comprehensive income related to derivatives designated in qualifying cash flow hedges will be reclassified to Interest expense as interest payments are made on our variable-rate debt. During the next twelve months, the Company estimates that an additional $6.3 million will be reclassified to earnings as an increase to Interest expense, which primarily represents the difference between the Company's fixed interest rate swap payments and the projected variable interest rate swap payments.

As of December 31, 2014, the Company had the following outstanding interest rate derivatives that were designated as cash flow hedges of interest rate risk:

Interest Rate Derivative	Number of Instruments	Notional
Interest Rate Caps	6	$165,000,000
Interest Rate Swaps	9	$625,000,000

Non-designated Hedges

Derivatives not designated as hedges are not speculative and are used to manage the Company's exposure to interest rate movements and other identified risks but do not meet the strict hedge accounting requirements of FASB ASC 815, Derivatives and Hedging. Changes in the fair value of derivatives not designated in hedging relationships are recorded directly in earnings and resulted in losses of $146,000, $16,000, and $66,000 for the years ended December 31, 2014, 2013, and 2012, respectively.

As of December 31, 2014, the Company had the following outstanding interest rate derivatives that were not designated as hedges:

Interest Rate Derivative	Number of Instruments	Notional
Interest Rate Caps	14	$90,326,031

Tabular Disclosure of Fair Values of Derivative Instruments on the Balance Sheet

The table below presents the fair value of the Company's derivative financial instruments as well as their classification on the Consolidated Balance Sheet as of December 31, 2014 and December 31, 2013, respectively (dollars in thousands):

	Asset Derivatives			Liability Derivatives		
		December 31, 2014	December 31, 2013		December 31, 2014	December 31, 2013
Derivatives designated as hedging instruments	Balance Sheet Location	Fair Value	Fair Value	Balance Sheet Location	Fair Value	Fair Value
Interest rate contracts	Other assets	$72	$396	Fair market value of interest rate swaps	$13,392	$20,015
Total derivatives designated as hedging instruments		$72	$396		$13,392	$20,015
Derivatives not designated as hedging instruments						
Interest rate contracts	Other assets	$6	$49		$—	$—
Total derivatives not designated as hedging instruments		$6	$49		$—	$—

Tabular Disclosure of the Effect of Derivative Instruments on the Statement of Operations

The tables below present the effect of the Company's derivative financial instruments on the Consolidated Statement of Operations for the years ended December 31, 2014, 2013 and 2012, respectively (dollars in thousands):

Derivatives in Cash Flow Hedging Relationships	Amount of Gain or (Loss) Recognized in OCI on Derivative (Effective Portion)	Location of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Location of Gain or (Loss Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness	Amount of Gain (Loss) Recogniz in Income on Derivative (Ineffective Portion and Amount Exclude from Effectivene Testing)

									Testing)			
Years ended December 31,	2014	2013	2012		2014	2013	2012		2014	2013	201	
Interest rate contracts	$(12,335)	$10,684	$(8,411)	Interest expense	$(11,785)	$(16,370)	$(20,113)	Interest expense	$(157)	$37	$(3	
Total derivatives in cash flow hedging relationships	$(12,335)	$10,684	$(8,411)		$(11,785)	$(16,370)	$(20,113)		$(157)	$37	$(3	

Derivatives Not Designated as Hedging Instruments	Location of Gain or (Loss) Recognized in Income on Derivative	Amount of Gain or (Loss) Recognized in Income on Derivative		
For the year ended December 31,		2014	2013	2012
Interest rate products	Interest income/(expense)	$(146)	$(16)	$(66)
Total		$(146)	$(16)	$(66)

Credit-risk-related Contingent Features

As of December 31, 2014, derivatives that were in a net liability position and subject to credit-risk-related contingent features had a termination value of $14.6 million, which includes accrued interest but excludes any adjustment for nonperformance risk. These derivatives had a fair value, gross of asset positions, of $13.4 million at December 31, 2014.

Certain of the Company's derivative contracts contain a provision where if the Company defaults on any of its indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, then the Company could also be declared in default on its derivative obligations. As of December 31, 2014, the Company had not breached the provisions of these agreements. If the Company had breached these provisions, it could have been required to settle its obligations under the agreements at their termination value of $0.5 million.

Certain of the Company's derivative contracts contain a provision where the Company could be declared in default on its derivative obligations if repayment of the underlying indebtedness is accelerated by the lender due to the Company's default on the indebtedness. As of December 31, 2014, the Company had not breached the provisions of these agreements. If the Company had breached these provisions, it could have been required to settle its obligations under the agreements at their termination value of $13.6 million.

Certain of the Company's derivative contracts are credit enhanced by either FNMA or Freddie Mac. These derivative contracts require that the Company's credit enhancing party maintain credit ratings above a certain level. If the Company's credit support providers were downgraded below Baa1 by Moody’s or BBB+ by Standard & Poor’s, or S&P, the Company may be required to either post 100 percent collateral or settle the obligations at their termination value of $1.0 million as of December 31, 2014. Both FNMA and Freddie Mac are currently rated Aaa by Moody’s and AA+ by S&P, and therefore, the provisions of this agreement have not been breached and no collateral has been posted related to these agreements as of December 31, 2014.

Although the Company's derivative contracts are subject to master netting arrangements, which serve as credit mitigants to both the Company and its counterparties under certain situations, the Company does not net its derivative fair values or any existing rights or obligations to cash collateral on the consolidated Balance Sheet.

The table below presents a gross presentation, the effects of offsetting, and a net presentation of the Company's derivatives as of December 31, 2014 and December 31, 2013. The net amounts of derivative assets or liabilities can be reconciled to the Tabular Disclosure of Fair Values of Derivative Instruments above, which also provides the location that derivative assets and liabilities are presented on the Consolidated Balance Sheet (dollars in thousands):

Offsetting of Derivative Assets
As of December 31, 2014

				Gross Amounts Not Offset in the Statement of Financial Position		
	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Assets presented in the Statement of Financial Position	Financial Instruments	Cash Collateral Received	Net Amount
Derivatives	$78	$—	$78	$—	$—	$78

Offsetting of Derivative Liabilities
As of December 31, 2014

				Gross Amounts Not Offset in the Statement of Financial Position		
	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Liabilities presented in the Statement of Financial Position	Financial Instruments	Cash Collateral Posted	Net Amount
Derivatives	$13,392	$—	$13,392	$—	$—	$13,392

Offsetting of Derivative Assets
As of December 31, 2013

				Gross Amounts Not Offset in the Statement of Financial Position		
	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Assets presented in the Statement of Financial Position	Financial Instruments	Cash Collateral Received	Net Amount
Derivatives	$444	$—	$444	$—	$—	$444

Offsetting of Derivative Liabilities
As of December 31, 2013

				Gross Amounts Not Offset in the Statement of Financial Position		

	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Liabilities presented in the Statement of Financial Position	Financial Instruments	Cash Collateral Posted	Net Amount
Derivatives	$20,015	$—	$20,015	$—	$—	$20,015

Other Comprehensive Income

MAA's other comprehensive income consists entirely of gains and losses attributable to the effective portion of the Company's cash flow hedges. The chart below shows the change in the balance for the years ended December 31, 2014, 2013, and 2012:

Changes in Accumulated Other Comprehensive Income (Loss) by Component	Affected Line Item in the Consolidated Statements Of Operations	Gains and Losses on Cash Flow Hedges		
For the year ended December 31,		2014	2013	2012
Beginning balance		$108	$(26,054)	$(35,848)
Other comprehensive (loss) income before reclassifications		(12,335)	10,684	(8,411)
Amounts reclassified from accumulated other comprehensive income (interest rate contracts)	Interest (income)/expense	11,785	16,370	20,113
Net current-period other comprehensive loss (income) attributable to noncontrolling interest		30	(892)	(1,908)
Net current-period other comprehensive (loss) income attributable to MAA		(520)	26,162	9,794
Ending balance		$(412)	$108	$(26,054)

See also discussions in Note 8.

8. FAIR VALUE DISCLOSURE OF FINANCIAL INSTRUMENTS

Cash and cash equivalents, restricted cash, accounts payable, accrued expenses and other liabilities and security deposits are carried at amounts that reasonably approximate their fair value due to their short term nature.

On January 1, 2008, we adopted FASB ASC 820, Fair Value Measurements and Disclosures, or ASC 820. ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. ASC 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. ASC 820 establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity’s own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that we have the ability to access. Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals. Level 3 inputs are unobservable inputs for the asset or liability, which are typically based on an entity’s own assumptions, as there is little, if any, related market activity. In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

Fixed rate notes payable at December 31, 2014 and December 31, 2013, totaled $2.50 billion and $2.29 billion, respectively, and had estimated fair values of $2.54 billion and $2.30 billion (excluding prepayment penalties), respectively, based upon observable interest rates available for the issuance of debt with similar terms and remaining maturities as of December 31, 2014 and December 31, 2013. The carrying value of variable rate notes payable (excluding the effect of interest rate swap and cap agreements) at December 31, 2014 and December 31, 2013, totaled $1.02 billion and $1.18 billion, respectively, and had estimated fair values of $0.97 billion and $1.12 billion (excluding prepayment penalties), respectively, based upon observable interest rates available for the issuance of debt with similar terms and remaining maturities as of December 31, 2014 and December 31, 2013. We estimate the fair value of our notes receivable and debt instruments by discounting the remaining cash flows of the debt instrument at a discount rate equal to the replacement market credit spread plus the corresponding treasury

yields. We have determined that the majority of the inputs used to fair value our debt fall within Level 2 of the fair value hierarchy, and as a result, all of our debt held as of December 31, 2014 and December 31, 2013 was classified as Level 2 of the fair value hierarchy.

Currently, we use interest rate swaps and interest rate caps (options) to manage our interest rate risk. The valuation of these instruments is determined using widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. The fair values of interest rate swaps are determined using the market standard methodology of netting the discounted future fixed cash receipts (or payments) and the discounted expected variable cash payments (or receipts). The variable cash payments (or receipts) are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves.

The fair values of interest rate options (caps) are determined using the market standard methodology of discounting the future expected cash receipts that would occur if variable interest rates rise above the strike rate of the caps. The variable interest rates used in the calculation of projected receipts on the cap are based on an expectation of future interest rates derived from observable market interest rate curves and volatilities.

To comply with the provisions of ASC 820, we incorporate credit valuation adjustments to appropriately reflect both our own nonperformance risk and the respective counterparty’s nonperformance risk in the fair value measurements. In adjusting the fair value of our derivative contracts for the effect of nonperformance risk, we have considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts and guarantees. In conjunction with the FASB's fair value measurement guidance, we made an accounting policy election to measure the credit risk of our derivative financial instruments that are subject to master netting agreements on a net basis by counterparty portfolio.

We have determined that the majority of the inputs used to value our derivatives fall within Level 2 of the fair value hierarchy, and as a result, all of our derivatives held as of December 31, 2014 and December 31, 2013 were classified as Level 2 of the fair value hierarchy.

The table below presents our assets and liabilities measured at fair value on a recurring basis as of December 31, 2014 and December 31, 2013, aggregated by the level in the fair value hierarchy within which those measurements fall.

Assets and Liabilities Measured at Fair Value on a Recurring Basis at December 31, 2014
(dollars in thousands)

	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2014
Assets				
Derivative financial instruments	$—	$78	$—	$78
Liabilities				
Derivative financial instruments	$—	$13,392	$—	$13,392

Assets and Liabilities Measured at Fair Value on a Recurring Basis at December 31, 2013
(dollars in thousands)

	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2013
Assets				
Derivative financial instruments	$—	$444	$—	$444
Liabilities				
Derivative financial instruments	$—	$20,015	$—	$20,015

The fair value estimates presented herein are based on information available to management as of December 31, 2014 and December 31, 2013. These estimates are not necessarily indicative of the amounts we could ultimately realize. See also Note 7.

9. INCOME TAXES

For income tax purposes, dividends paid to holders of common stock primarily consist of ordinary income, return of capital, capital gains, qualified dividends and un-recaptured Section 1250 gains, or a combination thereof. For the years ended December 31, 2014, 2013 and 2012, dividends per share held for the entire year were estimated to be taxable as follows:

	2014			2013			2012		
	Amount	Percentage		Amount	Percentage		Amount	Percentage	
Ordinary income	$2.76	94.41	%	$2.36	84.9	%	$2.16	81.64	%
Capital gains	—	—	%	0.17	6.23	%	0.08	3.09	%
Return of capital	0.16	5.59	%	—	—	%	—	—	%
Un-recaptured Section 1250 gain	—	—	%	0.25	8.87	%	0.40	15.27	%
	$2.92	100.00	%	$2.78	100.00	%	$2.64	100.00	%

We designated the per share amounts above as capital gain dividends in accordance with the requirements of the Code. The difference between net income available to common shareholders for financial reporting purposes and taxable income before dividend deductions relates primarily to temporary differences such as depreciation and amortization, and deferral of gains on sold properties utilizing like kind exchanges under Internal Revenue Code, or IRC, section 1031.

Merger and Restructuring

As discussed in Note 2, on October 1, 2013, we completed our merger with Colonial. Pursuant to the merger agreement, OP Merger Sub merged with and into Colonial LP, with Colonial LP being the surviving entity of the merger and becoming a wholly-owned indirect subsidiary of MAALP. We believe that this transaction constitutes a tax free merger under IRC section 708. Immediately thereafter, MAA and Colonial combined through a merger of Colonial with and into MAA, with MAA surviving the merger. We believe that this merger constitutes a tax free merger under IRC section 368(a). As a result of the tax free merger treatment, the merger transactions did not result in the recognition of a gain to any holder of MAA, Colonial, MAALP, or Colonial LP.

On October 1, 2013, MAA re-identified hedging transactions for federal income tax purposes according to Reg. §1.1221-2(f) and all relevant state income tax purposes that were previously held by Colonial. This re-identification was made because the tax identity of Colonial changed by virtue of the merger into MAA. There were four hedging transactions re-identified for tax purposes, including the $50 million interest rate swap with Wells Fargo Bank, N.A. ("Wells Fargo") with a fixed interest rate of 2.465%, the $200 million interest rate swap with Wells Fargo with a fixed interest rate of 2.576%, the $50 million interest rate swap with Wells Fargo with a fixed interest rate of 1.064%, and the $100 million interest rate swap with Wells Fargo with a fixed interest rate of 1.133%.

Taxable REIT subsidiaries

We acquired the operations of a taxable REIT subsidiary, or TRS, Colonial Properties Services, Inc., or CPSI, through our merger with Colonial. As a result, CPSI's tax attributes are now included in the MAA consolidated financial statements. As discussed above, a TRS is an entity which is not entitled to a dividends paid deduction and is subject to Federal, state, and local income taxes. CPSI provides property development, construction services, leasing and management services for joint venture and third-party owned properties and administrative services to the company and engages in for-sale development activity. CPSI also owns and operates two multifamily apartment communities. We generally reimburse CPSI for payroll and other costs incurred in providing services to us. All inter-company transactions are eliminated in accompanying consolidated financial statements. We also hold certain undeveloped land through another TRS, MAA Copper Ridge, Inc. During the years ended December 31, 2014, 2013, and 2012, our TRSs recognized no income tax expense/(benefit).

CPSI uses the liability method of accounting for income taxes. Deferred income tax assets and liabilities result from temporary differences. Temporary differences are differences between tax bases of assets and liabilities and their reported amounts in the financial statements that will result in taxable or deductible amounts in future periods. The net deferred tax assets of the Company, consisting of the net deferred tax assets of CPSI and the net-loss deferred tax asset acquired by MAA from Colonial, have been fully offset by a valuation allowance. We record a valuation allowance against our net deferred tax assets when we determine that based on the weight of available evidence, it is more likely than not that our net deferred tax assets will not be realized. We considered the four sources of taxable income that should be considered when determining whether a valuation allowance is required (from least to most subjective):

- taxable income in prior carryback years, if carryback is permitted under the tax law;
- future reversals of existing taxable temporary differences (i.e., offset gross deferred tax assets against gross deferred tax liabilities);
- tax planning strategies; and
- future taxable income exclusive of reversing temporary differences and carryforwards.

For the years ended December 31, 2014 and 2013, the components of CPSI's deferred income tax assets and liabilities were as follows (dollars in thousands):

	December 31, 2014	December 31, 2013
Deferred tax assets:		
Real estate asset basis differences	$25,561	$27,014
Deferred revenue	18	19
Deferred expenses	13,923	15,261
Net operating loss carryforward	27,215	29,864
Accrued liabilities	3,974	4,168
	$70,691	$76,326
Deferred tax liabilities:		
Real estate asset basis differences	$(913)	$(1,631)
	$(913)	$(1,631)
Net deferred tax assets, before valuation allowance	$69,778	$74,695
Valuation allowance	(69,778)	(74,695)
Net deferred tax assets, included in other assets	$—	$—

For the years ended December 31, 2014, 2013 and 2012, the reconciliation of income tax attributable to continuing operations for the TRSs computed at the U.S. statutory rate to the income tax provision was as follows (dollars in thousands):

	December 31, 2014	December 31, 2013	December 31, 2012
Tax expense/(benefit) at U.S. statutory rates on TRS income subject to tax	$1,802	$(261)	$—
Effect of permanent differences and other	(1,110)	1	—
(Decrease) increase in valuation allowance	(692)	260	—
TRS income tax provision	$—	$—	$—

At December 31, 2014 and 2013, CPSI had net operating loss carryforwards, or NOLs of approximately $63.1 million and $68.8 million, respectively, for income tax purposes that expire in years 2031 to 2034. Utilization of the Company’s NOL carryforwards is subject to an annual limitation due to ownership change limitations provided by Section 382 of the Internal Revenue Code of 1986, as amended, and similar state provisions. The annual limitations may result in the expiration of NOL carryforwards before utilization. CPSI generated approximately $0.4 million of taxable income before loss carryforwards for the period ended December 31, 2014.

The Company's reserve for uncertain tax positions was immaterial for the years ended December 31, 2014, 2013 and 2012. If necessary, the Company accrues interest and penalties on unrecognized tax benefits as a component of income tax expense.

For the years ended December 31, 2014, 2013, and 2012, other expenses include estimated state franchise and other taxes, including franchise taxes in North Carolina and Tennessee. The income tax expense line item shown in the Statement of Operations represents the Texas-based margin tax for all Texas properties.

As of December 31, 2014, MAA held NOL carryforwards of approximately $46.3 million for income tax purposes that expire in years 2019 to 2031. We may use these NOLs to offset all or a portion of the taxable income generated at the REIT level.

Tax years 2011 through 2014 are subject to examination by the Internal Revenue Service. No tax examination is currently in process.

10. SHAREHOLDERS' EQUITY OF MAA

On December 31, 2014, 75,267,675 shares of common stock of MAA and 4,191,152 partnership units in the Operating Partnership were issued and outstanding, representing a total of 79,458,827 shares and units. At December 31, 2013, 74,830,726 shares of common stock of MAA and 4,227,384 partnership units in the Operating Partnership were outstanding, representing a total of 79,058,110 shares and units. There were 74,454 outstanding options as of December 31, 2014 compared to 356,143 outstanding options as of December 31, 2013.

During the year ended December 31, 2014, 9,270 shares of our common stock were acquired from employees to satisfy minimum tax withholding obligations that arose upon vesting of restricted stock granted pursuant to approved plans. During the year ended December 31, 2013, 5,029 shares were acquired for these purposes.

Noncontrolling Interest

Noncontrolling interest in the accompanying consolidated financial statements relates to the limited partner ownership interest in the Operating Partnership who are the holders of the Class A limited partner units of the Operating

Partnership, or Class A Units. MAA is the sole general partner of the Operating Partnership and holds all of the outstanding Class B general partner units of the Operating Partnership, or Class B Units. Net income is allocated to MAA and the noncontrolling interest based on their respective ownership percentages of the Operating Partnership. Issuance of additional Class A Units or Class B Units changes the ownership percentage of both the noncontrolling interest and MAA. The issuance of Class B Units generally occurs when MAA issues common stock and the issuance proceeds are contributed to the Operating Partnership in exchange for Class B Units equal to the number of common stock shares issued. At each reporting period, the allocation between Total MAA shareholders' equity and Noncontrolling interest is adjusted to account for the change in the respective percentage ownership of the underlying equity of the Operating Partnership.

MAA's Board of Directors established economic rights in respect to each Class A Unit that were equivalent to the economic rights in respect to each share of MAA common stock. The holders of Class A Units may redeem each of their units in

exchange for one share of common stock in MAA or cash, at the option of MAA. At December 31, 2014, a total of 4,191,152 Class A Units were outstanding and redeemable to MAA by the holders of the units for 4,191,152 shares of MAA common stock or approximately $313.0 million, based on the closing price of MAA's common stock on December 31, 2014 of $74.68 per share, at MAA's option. At December 31, 2013, a total of 4,227,384 Class A Units were outstanding and redeemable to MAA by the holders of the units for 4,227,384 shares of MAA common stock or approximately $256.8 million, based on the closing price of MAA's common stock on December 31, 2013 of $60.74 per share, at MAA's option.

The Operating Partnership pays the same per unit distribution in respect to the Class A Units as the per share distribution MAA pays in respect to the common stock. Operating Partnership net income for 2014, 2013 and 2012 was allocated approximately 5.3%, 4.6% and 4.5%, respectively, to holders of Class A Units and 94.7%, 95.4% and 95.5%, respectively, to MAA as the holder of all Class B Units.

Direct Stock Purchase and Distribution Reinvestment Plan

MAA has a Dividend and Distribution Reinvestment and Share Purchase Plan, or DRSPP, pursuant to which MAA's shareholders have the ability to reinvest all or part of their distributions from MAA's stock and holders of Class A Units have the ability to reinvest all or part of their distributions from MAALP into MAA's common stock. The DRSPP also provides the opportunity to make optional cash investments in common shares of at least $250, but not more than $5,000 in any given month, free of brokerage commissions and charges. MAA, in its absolute discretion, may grant waivers to allow for optional cash payments in excess of $5,000. To fulfill its obligations under the DRSPP, MAA may either issue additional shares of common stock or repurchase common stock in the open market. MAA has registered with the Securities and Exchange Commission the offer and sale of up to 9,600,000 shares of common stock pursuant to the DRSPP. MAA may elect to sell shares under the DRSPP at up to a 5% discount.

Common stock shares totaling 9,055 in 2014, 10,924 in 2013, and 14,260 in 2012 were acquired by shareholders under the DRSPP. MAA did not offer a discount for optional cash purchases in 2014, 2013 or 2012.

At the Market Offering

On February 25, 2013, as amended and restated as of November 19, 2013, MAA and its Operating Partnership entered into sales agreements with J.P. Morgan Securities LLC, BMO Capital Markets Corp., KeyBanc Capital Markets Inc. and UBS Securities LLC to sell up to 4,500,000 shares of our common stock, from time to time in at-the-market offerings or negotiated transactions through a controlled equity offering program, or ATM.

During the years ended December 31, 2014, 2013 and 2012, MAA sold 0 shares, 365,011 shares and 1,155,511 shares, respectively, of common stock for net proceeds of $0.0 million, $24.8 million and $75.9 million, respectively, through its ATM programs. The gross proceeds for these issuances were $0.0 million, $25.1 million and $77.0 million, respectively, for the years ended December 31, 2014, 2013 and 2012. As of December 31, 2014, there were 4,134,989 shares outstanding under MAA's ATM.

Stock Offerings

On March 2, 2012, we closed on an underwritten public offering of 1,955,000 shares of common stock. UBS Investment Bank and Jefferies & Company, Inc. acted as joint bookrunning managers. We received net proceeds of approximately $120.0 million after underwriter discounts. The gross proceeds for this offering were approximately $124.1 million. We had no such offerings during the years ended December 31, 2014 or 2013.

Stock Repurchase Plan

In 1999, MAA's Board of Directors approved a stock repurchase plan to acquire up to a total of 4.0 million shares of MAA's common stock. Through December 31, 2014, MAA has repurchased and retired approximately 1.9 million shares of common stock for a cost of approximately $42.0 million at an average price per common share of $22.54. No shares were repurchased in 2002 through 2014 under the plan.

Exercise of Stock Options

During the years ended December 31, 2014 and 2013, we issued 270,459 and 110,715 shares, respectively, related to the exercise of stock options. These exercises resulted in proceeds of $12.2 million and $6.2 million, respectively. During the year ended December 31, 2012, there were no stock options exercised.

11. PARTNERS' CAPITAL OF MID-AMERICA APARTMENTS, L.P.

Operating Partnership Units

Interests in MAALP are represented by Operating Partnership Units, or OP Units. As of December 31, 2014, there were 79,458,827 OP Units outstanding, 75,267,675 or 94.7% of which were owned by MAA, MAALP's general partner. The remaining 4,191,152 OP Units were owned by non-affiliated limited partners ("Class A Limited Partners"). As of December 31, 2013, there were 79,058,110 OP Units outstanding, 74,830,726 or 94.7% of which were owned by MAA and 4,227,384 of which were owned by the Class A Limited Partners.

MAA, as the sole general partner of MAALP, has full, complete and exclusive discretion to manage and control the business of the Operating Partnership subject to the restrictions specifically contained within the Partnership Agreement. Unless otherwise stated in the Partnership Agreement of MAALP, this power includes, but is not limited to, acquiring, leasing, or disposing of any real property; constructing buildings and making other improvements to properties owned; borrowing money, modifying or extinguishing current borrowings, issuing evidence of indebtedness, and securing such indebtedness by mortgage, deed of trust, pledge or other lien on the Operating Partnership's assets; and distribution of Operating Partnership cash or other assets in accordance with the Partnership Agreement. MAA can generally, at its sole discretion, issue and redeem OP Units and determine the consideration to be received or the redemption price to be paid, as applicable. The general partner may delegate these and other powers granted if the general partner remains in supervision of the designee.

Under the Partnership Agreement, the Operating Partnership may issue Class A OP Units and Class B OP Units. Class A OP Units may only be held by limited partners who are not affiliated with MAA, in its capacity as general partner of the Operating Partnership, while Class B OP Units may only be held by MAA, in its capacity as general partner of the Operating Partnership, and as of December 31, 2014, a total of 4,191,152 Class A OP Units in the Operating Partnership were held by limited partners unaffiliated with MAA, while a total of 75,267,675 Class B OP Units were held by MAA. In general, the limited partners do not have the power to participate in the management or control of the Operating Partnership's business except in limited circumstances including changes in the general partner and protective rights if the general partner acts outside of the provisions provided in the Partnership Agreement. The transferability of Class A OP Units is also limited by the Partnership Agreement.

Net income is allocated to the general partner and limited partners based on their respective ownership percentages of the Operating Partnership. Issuance or redemption of additional Class A OP Units or Class B OP Units changes the relative ownership percentage of the partners. The issuance of Class B OP Units generally occurs when MAA issues common stock and the proceeds from that issuance are contributed to the Operating Partnership in exchange for the issuance to MAA of a number of OP Units equal to the number of shares of common stock issued. Likewise, if MAA repurchases or redeems outstanding shares of common stock, the Operating Partnership generally redeems an equal number of Class B OP Units with similar terms held by MAA for a redemption price equal to the purchase price of those shares of common stock. At each reporting period, the allocation between general partner capital and limited partner capital is adjusted to account for the change in the respective percentage ownership of the underlying capital of the Operating Partnership. Holders of the Class A OP Units may require MAA to redeem their Class A OP Units, in which case MAA may, at its option, pay the redemption price either in cash (in an amount per Class A OP Unit equal, in general, to the average closing price of MAA's common stock on the New York Stock Exchange over a specified period prior to the redemption date) or by delivering one share of MAA common stock (subject to adjustment under specified circumstances) for each Class A OP Unit so redeemed.

At December 31, 2014, a total of 4,191,152 Class A OP Units were outstanding and redeemable for 4,191,152 shares of MAA common stock or approximately $312,995,231, based on the closing price of MAA’s common stock on

December 31, 2014 of $74.68 per share, at MAA's option. At December 31, 2013, a total of 4,227,384 Class A OP Units were outstanding and redeemable for 4,227,384 shares of MAA common stock or approximately $256,771,304, based on the closing price of MAA's common stock on December 31, 2013 of $60.74 per share, at MAA's option.

The Operating Partnership pays the same per unit distribution in respect to the OP Units as the per share dividend MAA pays in respect to its common and preferred stock.

12. EMPLOYEE BENEFIT PLANS

Following are details of employee benefit plans not previously discussed in Note 5.

401(k) Savings Plan

MAA's 401(k) Savings Plan, or 401(k) Plan, is a defined contribution plan that satisfies the requirements of Section 401(a) and 401(k) of the Code. MAA's Board of Directors has the discretion to approve matching contributions. MAA's contribution to this plan was approximately $935,000, $675,000 and $668,000 for the years ended December 31, 2014, 2013 and 2012, respectively.

Non-Qualified Deferred Compensation Retirement Plan

MAA has adopted a non-qualified deferred compensation retirement plan for key employees who are not qualified for participation in MAA’s 401(k) Plan. Under the terms of the plan, employees may elect to defer a percentage of their compensation and MAA may, but is not obligated to, match a portion of their salary deferral. The plan is designed so that the employees’ investment earnings under the non-qualified plan should be the same or materially similar to the earning assets in MAA’s 401(k) Plan. MAA’s match to this plan for the years ended December 31, 2014, 2013 and 2012 was approximately $82,000, $46,000 and $45,000, respectively.

Non-Qualified Deferred Compensation Plan for Outside Company Directors

In 1998, MAA established the Non-Qualified Deferred Compensation Plan for Outside Company Directors, or the Directors Deferred Compensation Plan, which allows non-employee directors to defer their director fees by having the fees held by MAA as shares of MAA's common stock. Directors can also choose to have their annual restricted stock grants issued into the Directors Deferred Compensation Plan. Amounts deferred through the Directors Deferred Compensation Plan are distributed to the directors in two annual installments beginning in the first 90 days of the year following the director’s departure from the board. Participating directors may choose to have the amount issued to them in shares of MAA's common stock or paid to them as cash at the market value as of the end of the year the director ceases to serve on the board.

For the years ended December 31, 2014, 2013 and 2012, directors deferred 9,415 shares, 7,173 shares and 5,549 shares of common stock, respectively, with weighted-average grant date fair values of $70.63, $66.77 and $66.12, respectively, into the Directors Deferred Compensation Plan.

The shares of common stock held in the Directors Deferred Compensation Plan are classified outside of permanent equity in redeemable stock with changes in redemption amount recorded immediately to retained earnings because the directors have redemption rights not solely within the control of MAA. Additionally, any shares that become mandatorily redeemable because a departed director has elected to receive a cash payout are recorded as a liability. MAA did not record a liability related to mandatorily redeemable shares for the years ended December 31, 2014, 2013 and 2012.

Employee Stock Ownership Plan

MAA's Employee Stock Ownership Plan, or ESOP, is a non-contributory stock bonus plan that satisfies the requirements of Section 401(a) of the Internal Revenue Code. Each of our employees is eligible to participate in the ESOP after completing one year of service. Participants' ESOP accounts will be 100% vested after three years of continuous service, with no vesting prior to that time. MAA contributed 22,500 shares of common stock to the ESOP upon conclusion of the initial offering. The Company did not contribute to the ESOP during 2014, 2013 or 2012. As

of December 31, 2014, there were 168,816 shares outstanding with a fair value of $12.6 million.

13. LEGAL PROCEEDINGS

The Company (by virtue of its merger with Colonial) and Colonial LP along with multiple other parties, are named defendants in lawsuits arising out of alleged construction deficiencies with respect to condominium units at Regatta at James Island in Charleston, South Carolina. Regatta at James Island property was developed by certain of the Company's subsidiaries prior to MAA's merger with Colonial and constructed by Colonial Construction Services, LLC. The condominiums were constructed in 2006 and all 212 units were sold. The lawsuits, one filed on behalf of the condominium homeowners association and one filed by three of the unit owners (purportedly on behalf of all unit owners), were filed in South Carolina state court (Charleston County) in August 2012, against various parties involved in the development and construction of the Regatta at James Island property, including the contractors, subcontractors, architect, developer, and product manufacturers. The plaintiffs are seeking

damages resulting primarily from alleged construction deficiencies, but the amount plaintiffs seek to recover has not been disclosed. The lawsuits are currently in discovery. The Company is continuing to investigate the matter and evaluate its options and intends to vigorously defend itself against these claims. No assurance can be given that the matter will be resolved favorably to the Company. The Company has included in its loss contingency an estimate of probable loss in connection with this matter, but currently cannot reasonably estimate any further possible loss, or any further range of reasonably possible loss, in connection with this matter.

In addition, the Company is subject to various other legal proceedings and claims that arise in the ordinary course of its business operations. Matters which arise out of allegations of bodily injury, property damage, and employment practices are generally covered by insurance. While the resolution of these other matters cannot be predicted with certainty, management currently believes the final outcome of such matters will not have a material adverse effect on the financial position, results of operations or cash flows of the Company.

Loss Contingencies

The outcomes of the claims, disputes and legal proceedings described or referenced above are subject to significant uncertainty. The Company records an accrual for loss contingencies when a loss is probable and the amount of the loss can be reasonably estimated. The Company reviews these accruals quarterly and makes revisions based on changes in facts and circumstances. When a loss contingency is not both probable and reasonably estimable, the Company does not accrue the loss. However, for material loss contingencies, if the unrecorded loss (or an additional loss in excess of the accrual) is at least a reasonable possibility and material, then the Company discloses a reasonable estimate of the possible loss, or range of loss, if such reasonable estimate can be made. If the Company cannot make a reasonable estimate of the possible loss, or range of loss, then that is disclosed.

The assessment of whether a loss is probable or a reasonable possibility, and whether the loss or range of loss is reasonably estimable, often involve a series of complex judgments about future events. Among the factors that the Company considers in this assessment, including with respect to the matters disclosed in this Note, are the nature of existing legal proceedings and claims, the asserted or possible damages or loss contingency (if reasonably estimable), the progress of the matter, existing law and precedent, the opinions or views of legal counsel and other advisers, the Company's experience in similar matters, the facts available to the Company at the time of assessment, and how the Company intends to respond, or has responded, to the proceeding or claim. The Company's assessment of these factors may change over time as individual proceedings or claims progress. For matters where the Company is not currently able to reasonably estimate a range of reasonably possible loss, the factors that have contributed to this determination include the following: (i) the damages sought are indeterminate; (ii) the proceedings are in the early stages; (iii) the matters involve novel or unsettled legal theories or a large or uncertain number of actual or potential cases or parties; and/or (iv) discussions with the parties in matters that are expected ultimately to be resolved through negotiation and settlement have not reached the point where the Company believes a reasonable estimate of loss, or range of loss, can be made. In such instances, the Company believes that there is considerable uncertainty regarding the timing or ultimate resolution of such matters, including a possible eventual loss or business impact, if any.

As of December 31, 2014 and December 31, 2013, the Company's accrual for loss contingencies was $12.3 million and $11.9 million in the aggregate, respectively.

14. RELATED PARTY TRANSACTIONS

Pursuant to management contracts with the Company’s joint ventures, the Company managed the operations of the joint venture apartment communities for a fee of 4.00% to 4.25% of the revenues of the joint venture. The Company received approximately $169,000, $647,000, and $899,000 as management fees from the joint ventures for the years ended December 31, 2014, 2013 and 2012, respectively. The Company also received approximately $19,000, $93,000,

and $346,000 in asset management fees for the years ended December 31, 2014, 2013 and 2012, respectively, and $0, $1,000, and $3,000 in construction management fees for the years ended December 31, 2014, 2013 and 2012, respectively, from our joint ventures. The Company had receivables from joint ventures totaling $15,000, $1,800,000, and $3,100,000, as of December 31, 2014, 2013, and 2012, respectively.

In addition to management contracts with joint ventures, the Company also receives advertising fees from a related party insurance company, Colonial Insurance Agency. These fees are received for allowing Colonial Insurance Agency to sell renter's insurance at some of the Company's multifamily properties. The Company received approximately $300,000, $70,000, and $0 as advertising revenue for the years ended December 31, 2014, 2013 and 2012, respectively.

All cash management of the Company is managed by the Operating Partnership. In general, cash receipts are remitted to the Operating Partnership and all cash disbursements are funded by the Operating Partnership. As a result of these transactions, the Operating Partnership had a payable to its General Partner (MAA) of $19,000, $19,000, and $617,000 at December 31, 2014, 2013, and 2012, respectively. The Partnership Agreement does not require that this due to/due from be settled in cash until liquidation of the Operating Partnership and therefore there is no regular settlement schedule for these amounts.

15. EARNINGS FROM DISCONTINUED OPERATIONS

In April 2014, the FASB issued ASU No. 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity. We adopted ASU 2014-08 during the period ending March 31, 2014. Due to the early adoption of ASU 2014-08, we did not classify Brookwood Mall, Colonial Village at North Arlington, Colonial Village at Vista Ridge, Greenbrook, Colonial Village at Inverness, Colonial Village at Charleston Place, Colonial Village at Huntleigh Woods, Colonial Village at Ashford Place or Colonial Promenade Huntsville, which were sold during 2014, as discontinued operations.

Willow Creek, which was one of the ten properties that we sold in 2014, the nine properties sold during 2013, and the nine properties sold during 2012 have been classified as discontinued operations in the Consolidated Statements of Operations. One additional property, Colonial Promenade Nord du Lac, was classified as held for sale as of December 31, 2014 and 2013 and is classified as discontinued operations as well. We expect to complete the sale of Colonial Promenade Nord du Lac during the first quarter of 2015. Willow Creek and Colonial Promenade Nord du Lac are included in discontinued operations because they had been designated as held for sale and were shown in discontinued operations as of December 31, 2013, and thus are not subject to ASU 2014-08.

The following table lists the communities classified as discontinued operations during the year ended December 31, 2014:

Community	Number of Units/Sq. Ft.	Date Sold	Location	Operating Segment
Willow Creek	285	January 15, 2014	Columbus, Georgia	Non-same store and other
Colonial Promenade Nord du Lac	195,536	Held for Sale	New Orleans, Louisiana	Non-same store and other

The following is a summary of income from continuing and discontinued operations attributable to MAA and noncontrolling interest for the years ended December 31, 2014, 2013 and 2012 (dollars in thousands):

	2014	2013	2012
Income from continuing operations:			
Attributable to MAA	$141,155	$36,146	$58,790
Attributable to noncontrolling interest	7,913	1,131	2,414
Income from continuing operations	$149,068	$37,277	$61,204
Income from discontinued operations:			
Attributable to MAA	$6,825	$79,135	$46,433
Attributable to noncontrolling interest	384	2,867	2,188
Income from discontinued operations	$7,209	$82,002	$48,621

The following is a summary of earnings from discontinued operations for MAA for the years ended December 31, 2014, 2013 and 2012 (dollars in thousands):

	2014	2013	2012
Revenues:			
Rental revenues	$3,129	$13,255	$27,598
Other revenues	(7)	1,189	2,706
Total revenues	3,122	14,444	30,304
Expenses:			
Property operating expenses	1,093	6,205	14,066
Depreciation and amortization	42	2,716	7,433
Interest expense	172	458	1,867
Total expenses	1,307	9,379	23,366
Income from discontinued operations before gain on sale	1,815	5,065	6,938
Net gain on insurance and other settlement proceeds on discontinued operations	—	93	48
Gain on sale of discontinued operations	5,394	76,844	41,635
Income from discontinued operations	$7,209	$82,002	$48,621

The following is a summary of earnings from discontinued operations for MAALP for the years ended December 31, 2014, 2013 and 2012 (dollars in thousands):

	2014	2013	2012
Revenues:			
Rental revenues	$3,129	$12,202	$25,374
Other revenues	(7)	1,099	2,514
Total revenues	3,122	13,301	27,888
Expenses:			
Property operating expenses	1,093	5,709	12,997
Depreciation and amortization	42	2,480	6,880
Interest expense	172	458	1,858
Total expenses	1,307	8,647	21,735
Income from discontinued operations before gain on sale	1,815	4,654	6,153
Net gain on insurance and other settlement proceeds on discontinued operations	—	93	48
Gain on sale of discontinued operations	5,394	65,520	41,635
Income from discontinued operations	$7,209	$70,267	$47,836

16. SEGMENT INFORMATION

As of December 31, 2014, we owned or had an ownership interest in 268 multifamily apartment communities in 14 different states from which we derived all significant sources of earnings and operating cash flows. Senior management evaluates performance and determines resource allocations by reviewing apartment communities individually and in the following reportable operating segments:

- Large market same store communities are generally communities in markets with a population of at least 1 million and at least 1% of the total public multifamily REIT units that we have owned and have been stabilized for at least a full 12 months and have not been classified as held for sale.

- Secondary market same store communities are generally communities in markets with populations of more than 1 million but less than 1% of the total public multifamily REIT units or markets with populations of less than 1 million that we have owned and have been stabilized for at least a full 12 months and have not been classified as held for sale.

- Non same store communities and other includes recent acquisitions, communities in development or lease-up, communities that have been identified for disposition, and communities that have undergone a significant casualty loss. Also included in non same store communities are non multifamily activities which represent less than 1% of our portfolio.

On the first day of each calendar year, we determine the composition of our same store operating segments for that year as well as adjusting the previous year, which allows us to evaluate full period-over-period operating comparisons. Properties in development or lease-up will be added to the same store portfolio on the first day of the calendar year after they have been owned and stabilized for at least a full 12 months. Communities are considered stabilized after achieving 90% occupancy for 90 days. Communities that have been identified for disposition are excluded from our same store portfolio.

We utilize net operating income, or NOI, in evaluating the performance of the segments. Total NOI represents total property revenues less total property operating expenses, excluding depreciation and amortization, for all properties held during the period regardless of their status as held for sale. We believe NOI is a helpful tool in evaluating the operating performance of our segments because it measures the core operations of property performance by excluding corporate level expenses and other items not related to property operating performance.

A redevelopment community is a community with a specific plan in place to upgrade at least half of the community's units over a period of time with new finishes, fixtures, and appliances, among other upgrades. These plans include spending a pre-defined amount of capital per unit to achieve a rent increase as a result of the upgrades. We separately identify redevelopment communities that would cause a material distortion of normal same store operating results. Routine renovations occur at a property as items need to be replaced as a normal part of operations and is done with an expectation to maintain the current level of quality at the property. There is no specified plan in place for routine renovations.

Note that all properties acquired from Colonial have been placed in our Non-Same Store and Other operating segment, as the properties are recent acquisitions and have not been owned and stabilized for at least 12 months as of the first day of the calendar year. Also note that management looks at segments for the parent company and does not breakout segments for the Operating Partnership, therefore the presentation below is for MAA only.

Revenues and NOI for each reportable segment for the years ended December 31, 2014, 2013 and 2012, were as follows (dollars in thousands):

	2014	2013	2012 [1]
Revenues			
Large Market Same Store	$252,029	$241,194	$243,721
Secondary Market Same Store	246,800	242,464	201,834
Non-Same Store and Other	490,298	150,429	29,434
Total property revenues	989,127	634,087	474,989
Management fee income	169	647	899
Total operating revenues	$989,296	$634,734	$475,888
NOI			
Large Market Same Store	$151,137	$142,988	$143,060
Secondary Market Same Store	148,609	147,607	119,764
Non-Same Store and Other	299,069	98,417	34,252
Total NOI	598,815	389,012	297,076
Discontinued operations NOI included above	(2,017)	(8,239)	(16,236)
Management fee income	169	647	899
Depreciation and amortization	(301,811)	(186,979)	(121,211)
Acquisition expense	(2,388)	(1,393)	(1,581)
Property management expense	(32,095)	(23,083)	(21,281)
General and administrative expense	(20,909)	(15,569)	(13,762)
Merger related expenses	(3,152)	(32,403)	—
Integration costs	(8,395)	(5,102)	—
Interest and other non-property income	908	488	430
Interest expense	(119,464)	(75,915)	(57,937)
Loss on debt extinguishment/modification	(2,586)	(426)	(654)
Amortization of deferred financing costs	(4,489)	(3,063)	(3,552)
Net casualty loss after insurance and other settlement proceeds	(476)	(143)	(6)
Gain on sale of depreciable real estate assets excluded from discontinued operations	42,649	—	—
Income tax expense	(2,050)	(893)	(803)
Gain on sale of non-depreciable real estate assets	350	—	45
Gain (loss) from real estate joint ventures	6,009	338	(223)
Discontinued operations	7,209	82,002	48,621
Net income attributable to noncontrolling interests	(8,297)	(3,998)	(4,602)
Net income attributable to MAA	$147,980	$115,281	$105,223

[1] The 2012 column shows the segment break down based on the 2013 same store portfolios. A comparison using the 2014 same store portfolio would not be comparative due to the nature of the classifications.

Assets for each reportable segment as of December 31, 2014 and 2013 were as follows (dollars in thousands):

	December 31, 2014	December 31, 2013
Assets		
Large Market Same Store	$1,253,995	$1,252,575
Secondary Market Same Store	1,003,426	796,697
Non-Same Store and Other	4,506,951	4,638,892

Corporate assets	66,656	153,761
Total assets	$6,831,028	$6,841,925

17. REAL ESTATE ACQUISITIONS AND DISPOSITIONS

The following chart shows our acquisition activity for the year ended December 31, 2014:

Community	Location	Units	Date Acquired
Grand Cypress [1]	Houston, Texas	312	January 15, 2014
Venue at Stonebridge Ranch [1]	Dallas, Texas	250	January 31, 2014
Stonefield Commons	Charlottesville, Virginia	251	June 2, 2014
Cityscape at Market Center	Dallas, Texas	454	June 12, 2014
Verandas at Southwood [1]	Tallahassee, Florida	300	July 23, 2014
Highlands of West Village	Atlanta, Georgia	480	October 30, 2014
Bulverde Oaks	San Antonio, Texas	328	October 31, 2014
Retreat at Vintage Park	Houston, Texas	323	November 24, 2014

[1] This property was acquired from Mid-America Multifamily Fund II, LLC, a joint venture fund in which MAA owned a one-third interest.

The following chart shows our disposition activity for the year ended December 31, 2014:

Community	Location	Units/Sq. Ft.	Date Sold
Willow Creek	Columbus, Georgia	285	January 15, 2014
CC Brookwood Village (Office)	Birmingham, Alabama	170,000	March 28, 2014
Brookwood Village (Retail)	Birmingham, Alabama	413,000	March 28, 2014
Ansley Village [1]	Macon, Georgia	294	May 29, 2014
Colonial Village at North Arlington	Fort Worth, Texas	240	June 27, 2014
Colonial Village at Vista Ridge	Fort Worth, Texas	300	June 27, 2014
Colonial Village at Charleston Place	Charlotte, North Carolina	214	July 10, 2014
Colonial Village at Inverness	Birmingham, Alabama	586	July 10, 2014
Greenbrook	Memphis, Tennessee	1,037	July 10, 2014
Colonial Village at Ashford Place	Mobile, Alabama	168	September 11, 2014
Colonial Village at Huntleigh Woods	Mobile, Alabama	233	September 11, 2014
Belterra [2]	Fort Worth, Texas	288	September 15, 2014
Colonial Promenade Huntsville	Huntsville, Alabama	23,000	December 19, 2014

[1] This property was sold by Mid-America Multifamily Fund II, LLC, a joint venture fund in which MAA owned a one-third interest.

[2] This property was sold by Belterra Investors, LLC, a joint venture fund in which MAA owned a 10% interest.

18. SUBSEQUENT EVENTS

Acquisitions

On January 15, 2015, we closed on the purchase of the 298-unit Residences at Burlington Creek apartment community located in Kansas City, Missouri.

Financings

On January 30, 2015, we paid off the $15.2 million remaining principal balance of the mortgage on the Farmington Village apartment community.

On February 17, 2015, we paid off the $91.1 million remaining principal balance on the tax free portion of the Fannie Mae credit facility. As part of this pay-off, we incurred debt extinguishment costs of approximately $0.4 million, primarily related to legal costs and early termination fees.

19. SELECTED QUARTERLY FINANCIAL INFORMATION OF MID-AMERICA APARTMENT COMMUNITIES, INC. (UNAUDITED)

On October 1, 2013, we completed our merger with Colonial. The following table sets forth selected unaudited quarterly financial information for MAA. The results of operations of Colonial are included from the closing date of the merger, October 1, 2013, through the end of our fiscal year, December 31, 2014.

(Dollars in thousands except per share data)

	Year Ended December 31, 2014			
	First	Second	Third	Fourth
Total operating revenues	$243,487	$244,554	$248,781	$252,474
Income from continuing operations before non-operating items	$38,829	$57,617	$63,495	$68,276
Interest expense	$(30,676)	$(30,163)	$(28,251)	$(30,374)
Loss (gain) from real estate joint ventures	$(24)	$2,919	$3,124	$(10)
Discontinued operations:				
Income from discontinued operations before gain (loss) on sale	$416	$449	$488	$462
Gain (loss) on sale of discontinued operations	$5,481	$—	$(103)	$16
Consolidated net income	$15,714	$33,386	$70,719	$36,458
Net income attributable to noncontrolling interest	$848	$1,773	$3,743	$1,933
Net income available for MAA common shareholders	$14,866	$31,613	$66,976	$34,525
Per share:				
Net income available per common share - basic	$0.20	$0.42	$0.89	$0.46
Net income available per common share - diluted	$0.20	$0.42	$0.89	$0.46
Dividend paid	$0.7300	$0.7300	$0.7300	$0.7300

	Year Ended December 31, 2013			
	First	Second	Third	Fourth
Total operating revenues	$127,920	$131,801	$135,406	$239,607
Income from continuing operations before non-operating items	$36,847	$31,920	$32,405	$15,719
Interest expense	$(15,545)	$(15,189)	$(14,923)	$(30,258)
Gain from real estate joint ventures	$54	$47	$60	$177
Discontinued operations:				
Income from discontinued operations before gain on sale	$1,782	$1,697	$972	$614
Gain on sale of discontinued operations	$—	$43,121	$28,788	$4,935
Consolidated net income (loss)	$22,005	$61,028	$46,056	$(9,810)
Net income (loss) attributable to noncontrolling interest	$825	$1,939	$1,772	$(538)
Net income (loss) available for MAA common shareholders	$21,180	$59,089	$44,284	$(9,272)
Per share:				
Net income (loss) available per common share - basic	$0.50	$1.38	$1.04	$(0.12)
Net income (loss) available per common share - diluted	$0.50	$1.37	$1.04	$(0.12)
Dividend paid	$0.6950	$0.6950	$0.6950	$0.6950

Some of the financial data in the tables above differ from the values as originally reported in their respective Form 10-Qs or Form 10-Ks due to the reclassification of certain properties into discontinued operations. See also Note 15. In addition to the reclassifications associated with discontinued operations, we also revised certain cash flows for immaterial amounts within the interim Statements of Cash Flows as indicated in the table below. The classification adjustments impacting net operating cash flows primarily related to proceeds from the exercise of stock options and escrow releases from expired 1031(b) exchanges. The cash outflow associated with the establishment of escrow accounts to effect future acquisitions under 1031(b) exchanges was originally included in the investing section of the Statement of Cash Flows for the twelve months ended December 31, 2013. The corresponding cash inflow from the expired 1031(b) exchanges was presented in the operating section of the quarterly Statements of Cash Flows in subsequent interim periods but should have also been recorded in the investing section. The Company's Form 10-Q's to be filed in 2015 will also reflect these adjustments in the comparative 2014 interim Statements of Cash Flows.

	Three months ended March 31, 2014		Six months ended June 30, 2014		Nine months ended September 30, 2014	
	As reported	As adjusted	As reported	As adjusted	As reported	As adjusted
Net cash provided by operating activities	$113,832	$96,061	$224,405	$188,360	$323,085	$296,761
Restricted cash	16,783	787	21,318	(5,183)	15,062	(11,262)
Exercise of stock options	1,775	—	9,544	—	—	—
Net cash provided by (used in) investing activities	12,264	28,327	(152,737)	(126,469)	(81,402)	(55,134)
Return (funding) of escrow for future acquisitions	(10,298)	4,395	(41,640)	(16,742)	(30,487)	(5,589)
Purchases of real estate and other assets	(49,450)	(24,857)	(166,388)	(141,795)	(180,272)	(155,679)
Normal capital improvements	(10,502)	(15,033)	(43,176)	(45,695)	(71,140)	(72,045)
Construction capital and other improvements	(1,843)	(3,521)	(3,420)	(5,271)	(4,456)	(6,287)
Renovations to existing real estate assets	(1,356)	(1,417)	(5,901)	(7,801)	(11,950)	(15,484)
Development	(16,279)	(33,232)	(29,393)	(46,346)	(40,752)	(57,705)
Net cash used in financing activities	(93,528)	(91,753)	(134,683)	(125,139)	(243,250)	(243,250)
Exercise of stock options	$—	$1,775	$—	$9,544	$11,916	$11,916

20. SELECTED QUARTERLY FINANCIAL INFORMATION OF MID-AMERICA APARTMENTS, L.P. (UNAUDITED)

On October 1, 2013, we completed our merger with Colonial. The following table sets forth selected unaudited quarterly financial information for MAALP. The results of operations of Colonial are included from the closing date of the merger, October 1, 2013, through the end of our fiscal year, December 31, 2014.

(Dollars in thousands except per unit data)

	Year Ended December 31, 2014			
	First	Second	Third	Fourth
Total operating revenues	$243,487	$244,554	$248,781	$252,474
Income from continuing operations before non-operating items	$38,829	$57,617	$63,495	$68,276
Interest expense	$(30,676)	$(30,163)	$(28,251)	$(30,374)
(Loss) gain from real estate joint ventures	$(24)	$2,919	$3,124	$(10)
Discontinued operations:				
Income from discontinued operations before gain (loss) on sale	$416	$449	$488	$462
Gain (loss) on sale of discontinued operations	$5,481	$—	$(103)	$16
Net income available for common unitholders	$15,714	$33,386	$70,719	$36,458
Per unit:				
Net income available per common unit - basic	$0.20	$0.42	$0.89	$0.46
Net income available per common unit - diluted	$0.20	$0.42	$0.89	$0.46
Distribution paid	$0.7300	$0.7300	$0.7300	$0.7300

	Year Ended December 31, 2013			
	First	Second	Third	Fourth
Total operating revenues	$127,920	$131,801	$135,406	$239,607
Income from continuing operations before non-operating items	$36,847	$31,920	$32,405	$15,719
Interest expense	$(15,545)	$(15,189)	$(14,923)	$(30,258)
Gain from real estate joint ventures	$54	$47	$60	$177
Discontinued operations:				
Income from discontinued operations before gain on sale	$1,570	$1,511	$973	$600
Gain on sale of discontinued operations	$—	$31,779	$28,806	$4,935
Net income (loss) available for common unitholders	$21,793	$49,500	$46,075	$(9,824)
Per unit:				
Net income (loss) available per common unit - basic	$0.49	$1.12	$1.04	$(0.12)
Net income (loss) available per common unit - diluted	$0.49	$1.12	$1.04	$(0.12)
Distribution paid	$0.6950	$0.6950	$0.6950	$0.6950

Some of the financial data in the tables above differ from the values as originally reported in their respective Form 10-Qs or Form 10-Ks due to the reclassification of certain properties into discontinued operations. See also Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements, Note 15. In addition to the reclassifications associated with discontinued operations, we also revised certain cash flows for immaterial amounts within the interim Statements of Cash Flows as indicated in the table below. The classification adjustments impacting net operating cash flows primarily related to proceeds from the exercise of stock options and escrow releases from expired 1031(b) exchanges. The cash outflow associated with the establishment of escrow accounts to effect future acquisitions under 1031(b) exchanges was originally included in the investing section of the Statement of Cash Flows for the twelve months ended December 31, 2013. The corresponding cash inflow from the expired 1031(b) exchanges was presented in the operating section of the quarterly Statements of Cash Flows in subsequent interim periods but should have also been recorded in the investing section. The Company's Form 10-Q's to be filed in 2015 will also reflect these adjustments in the comparative 2014 interim Statements of Cash Flows.

	Three months ended March 31, 2014		Six months ended June 30, 2014		Nine months ended September 30, 2014	
	As reported	As adjusted	As reported	As adjusted	As reported	As adjusted
Net cash provided by operating activities	$113,832	$96,061	$224,405	$188,360	$323,085	$296,761
Restricted cash	16,783	787	21,318	(5,183)	15,062	(11,262)
Exercise of stock options	1,775	—	9,544	—	—	—
Net cash provided by (used in) investing activities	12,264	28,327	(152,737)	(126,469)	(81,402)	(55,134)
Return (funding) of escrow for future acquisitions	(10,298)	4,395	(41,640)	(16,742)	(30,487)	(5,589)
Purchases of real estate and other assets	(49,450)	(24,857)	(166,388)	(141,795)	(180,272)	(155,679)
Normal capital improvements	(10,502)	(15,033)	(43,176)	(45,695)	(71,140)	(72,045)
Construction capital and other improvements	(1,843)	(3,521)	(3,420)	(5,271)	(4,456)	(6,287)
Renovations to existing real estate assets	(1,356)	(1,417)	(5,901)	(7,801)	(11,950)	(15,484)
Development	(16,279)	(33,232)	(29,393)	(46,346)	(40,752)	(57,705)
Net cash used in financing activities	(93,528)	(91,753)	(134,683)	(125,139)	(243,250)	(243,250)
Exercise of stock options	$—	$1,775	$—	$9,544	$11,916	$11,916

Mid-America Apartment Communities, Inc.
Mid-America Apartments, L.P.
Schedule III
Real Estate and Accumulated Depreciation
December 31, 2014
(Dollars in thousands)

Property	Location	Encumbrances		Initial Cost		Costs Capitalized subsequent to Acquisition		Gross Amount carried at December 31, 2014 (17)			Accumulated Depreciation	Net	Date of Construction
				Land	Buildings and Fixtures	Land	Buildings and Fixtures	Land	Buildings and Fixtures	Total			
Birchall at Ross Bridge	Birmingham, AL	—		$2,640	$28,842	$—	$722	$2,640	$29,564	$32,204	$(3,409)	$28,795	2009
Colonial Grand at Riverchase Trails	Birmingham, AL	—		3,761	22,079	—634		3,761	22,713	26,474	(1,374)	25,100	2010
Colonial Village at Trussville	Birmingham, AL	—		3,402	31,813	—711		3,402	32,524	35,926	(1,761)	34,165	1996/97
Eagle Ridge	Birmingham, AL	—	(1)	851	7,667	—4,186		851	11,853	12,704	(6,962)	5,742	1986
Colonial Grand at Traditions	Gulf Shores,AL	—		3,211	25,162	—886		3,211	26,048	29,259	(1,524)	27,735	2007
Abbington Place	Huntsville, AL	—	(1)	524	4,724	—2,845		524	7,569	8,093	(4,570)	3,523	1987
Colonial Grand at Edgewater	Huntsville, AL	28,092		4,943	38,673	—1,630		4,943	40,303	45,246	(2,033)	43,213	1990
Paddock Club Huntsville	Huntsville, AL	—		909	10,152	830	3,640	1,739	23,792	25,531	(12,386)	13,145	1993
Colonial Grand at Madison	Madison, AL	22,801		3,601	28,934	—499		3,601	29,433	33,034	(1,667)	31,367	2000
Paddock Club Montgomery	Montgomery, AL	—	(1)	965	13,190	—1,882		965	15,072	16,037	(6,886)	9,151	1999
Cypress Village	Orange Beach, AL	—		1,290	12,238	—324		1,290	12,562	13,852	(688)	13,164	2008
Colonial Grand at Liberty Park	Vestavia Hills, AL	18,177		3,922	30,977	—1,101		3,922	32,078	36,000	(1,746)	34,254	2000
	Phoenix, AZ	—		7,901	27,182	—1,277		7,901	28,459	36,360	(6,373)	29,987	2007

Edge at Lyon's Gate												
Sky View Ranch	Gilbert, AZ	—		2,668	14,577	—890	2,668	15,467	18,135	(3,104)	15,031	2007
Talus Ranch	Phoenix, AZ	—		12,741	47,701	—1,853	12,741	49,554	62,295	(14,182)	48,113	2005
Colonial Grand at Inverness Commons	Mesa, AZ	—		4,219	26,255	—689	4,219	26,944	31,163	(1,435)	29,728	2001
Colonial Grand at Scottsdale	Scottsdale, AZ	—		3,612	20,273	—846	3,612	21,119	24,731	(1,118)	23,613	1999
Colonial Grand at OldTown Scottsdale	Scottsdale, AZ	—		7,820	51,627	—1,735	7,820	53,362	61,182	(2,759)	58,423	2001
Calais Forest	Little Rock, AR	—		1,026	9,244	—8,011	1,026	17,255	18,281	(10,527)	7,754	1987
Napa Valley	Little Rock, AR	—		960	8,642	—4,882	960	13,524	14,484	(8,035)	6,449	1984
Palisades at Chenal Valley	Little Rock, AR	—		2,560	25,234	—1,591	2,560	26,825	29,385	(2,880)	26,505	2006
Ridge at Chenal Valley	Little Rock, AR	—		2,626	—	—26,697	2,626	26,697	29,323	(1,655)	27,668	2012
Westside Creek I & II	Little Rock, AR	—		1,271	11,463	—7,613	1,271	19,076	20,347	(10,462)	9,885	1984/86
Tiffany Oaks	Altamonte Springs, FL	—	(1)	1,024	9,219	—5,795	1,024	15,014	16,038	(9,819)	6,219	1985
Indigo Point	Brandon, FL	—	(1)	1,167	10,500	—3,534	1,167	14,034	15,201	(7,581)	7,620	1989
Paddock Club Brandon	Brandon, FL	—		2,896	26,111	—4,885	2,896	30,996	33,892	(16,659)	17,233	1998

Property	Location	Encumbrances		Initial Cost		Costs Capitalized subsequent to Acquisition		Gross Amount carried at December 31, 2014 (17)			Accumulated Depreciation	Net	Date of Construction	Life used to compute depreciation in latest income statement (18)
				Land	Buildings and Fixtures	Land	Buildings and Fixtures	Land	Buildings and Fixtures	Total				
Colonial Grand at Lakewood Ranch	Bradenton, FL	—		2,980	40,230	—	974	2,980	41,204	44,184	(2,131)	42,053	1999	1 - 40
Preserve at Coral Square	Coral Springs, FL	—		9,640	40,004	—	7,815	9,640	47,819	57,459	(17,375)	40,084	1996	1 - 40
Anatole	Daytona Beach, FL	6,900	(5)	1,237	7,879	—	3,710	1,237	11,589	12,826	(6,298)	6,528	1986	1 - 40
Paddock Club Gainesville	Gainesville, FL	—		1,806	15,879	—	3,255	1,809	19,131	20,940	(7,806)	13,134	1999	1 - 40
The Retreat at Magnolia Park	Gainesville, FL	—		2,046	16,338	—	264	2,046	16,602	18,648	(2,088)	16,560	2009	1 - 40
Colonial Grand at Heathrow	Heathrow, FL	21,003		4,161	35,684	—	842	4,161	36,526	40,687	(1,991)	38,696	1997	1 - 40
Atlantic Crossing	Jacksonville, FL	—		4,000	19,495	—	1,169	4,020	20,644	24,664	(2,716)	21,948	2008	1 - 40
Cooper's Hawk	Jacksonville, FL	—		854	7,500	—	3,670	854	11,170	12,024	(4,401)	7,623	1987	1 - 40
Hunter's Ridge at Deerwood	Jacksonville, FL	—		1,513	13,835	—	6,610	1,520	20,445	21,978	(11,940)	10,038	1987	1 - 40
Lakeside	Jacksonville, FL	—		1,430	12,883	—	9,590	1,430	22,473	23,903	(15,254)	8,649	1985	1 - 40
Lighthouse at Fleming Island	Jacksonville, FL	—	(1)	4,043	37,052	—	4,598	4,043	39,650	43,693	(15,703)	27,990	2003	1 - 40
Paddock Club Mandarin	Jacksonville, FL	—		1,411	14,967	—	2,769	1,411	17,736	19,147	(7,896)	11,251	1998	1 - 40
St. Augustine	Jacksonville, FL	13,235	(15)	2,857	17,475	—	7,174	2,857	13,649	16,506	(6,373)	7,133	1987	1 - 40
St. Augustine II	Jacksonville, FL	—	(1)	—	—	—	13,368	—	13,368	13,368	(2,022)	11,346	2008	1 - 40
		—		6,436	36,069	—	492	6,436	36,561	42,997	(4,413)	38,584	2009	1 - 40

Tattersall at Tapestry Park	Jacksonville, FL												
Woodhollow	Jacksonville, FL	—	(1)	1,686	16,170	(8)	9,803	1,678	24,982	26,660	(5,278)	11,382	1986	1 - 40
Paddock Club Lakeland	Lakeland, FL	—	(1)	2,220	20,452	21,083	358	1,228	41,810	43,038	(16,789)	13,249	1988/90	1 - 40
Colonial Grand at Town Park	Lake Mary, FL	33,378		5,745	57,562	—	944	5,745	57,506	63,251	(13,272)	59,979	2005	1 - 40
Colonial Grand at Town Park Reserve	Lake Mary, FL	—		3,480	30,311	—	127	3,480	30,438	33,918	(6,907)	13,312	2004	1 - 40
Colonial Grand at Lake Mary	Lake Mary, FL	—		3,780	30,543	—	216	3,780	30,759	34,539	(7,680)	35,859	2012	1 - 40
Colonial Grand at Lake Mary II	Lake Mary, FL	—		1,260	10,654	—	90	1,260	10,744	12,004	(2,409)	12,395	2012	1 - 40
CG at Lake Mary III	Lake Mary, FL	—		1,306	9,996	—	10,768	1,306	20,764	22,070	(2,232)	19,838	2014	1 - 40
Paddock Park Ocala	Ocala, FL	6,805	(2)	2,284	24,970	—	5,884	2,284	30,854	33,138	(6,307)	13,831	1986/88	1 - 40
Retreat at Lake Nona	Orlando, FL	—		7,840	40,175	—	1,780	7,840	42,955	50,795	(5,506)	47,329	2006	1 - 40
Colonial Grand at Heather Glen	Orlando, FL	—		4,662	37,988	—	1,514	4,662	39,502	44,164	(4,997)	60,167	2000	1 - 40
Colonial Grand at Randal Lakes	Orlando, FL	—		5,659	59,553	—	10,319	5,659	69,872	75,531	(11,392)	65,139	2013	1 - 40
Park Crest at Innisbrook	Palm Harbor, FL	29,009		6,906	26,613	—	107	6,906	26,720	33,626	(5,364)	28,256	2000	1 - 40
The Club at Panama Beach	Panama City, FL	—		898	14,276	(5)	3,623	893	17,899	18,792	(2,864)	9,928	2000	1 - 40
Colonial Village at Twin Lakes	Sanford, FL	25,654		3,094	47,793	—	630	3,094	48,423	51,517	(14,646)	48,868	2005	1 - 40
Paddock Club Tallahassee	Tallahassee, FL	—		530	4,805	950	14,233	1,480	19,038	20,518	(10,896)	9,621	1992	1 - 40
Verandas at Southwood	Tallahassee, FL	21,448		3,605	25,914	—	(288)	3,605	25,626	29,231	(6,561)	28,865	2003	1 - 40

Property	Location	Encumbrances		Initial Cost		Costs Capitalized subsequent to Acquisition		Gross Amount carried at December 31, 2014 (17)			Accumulated Depreciation	Date of Construction	Life used to compute depreciation in latest income statement (18)
				Land	Buildings and Fixtures	Land	Buildings and Fixtures	Land	Buildings and Fixtures	Total			
Belmere	Tampa, FL	—	(1)	852	7,667	—	5,787	852	13,454	14,306	(6,224)	5,082	1984	1 - 40
Links at Carrollwood	Tampa, FL	—		817	7,355	110	5,394	927	12,749	13,676	(6,503)	6,173	1980	1 - 40
Village Oaks	Tampa, FL	—		2,739	19,055	153	1,529	2,892	20,584	23,476	(4,500)	18,976	2005	1 - 40
Colonial Grand at Hampton Preserve	Tampa, FL	—		6,269	59,535	—	561	6,273	60,096	66,369	(29,588)	72,781	2012	1 - 40
Colonial Grand at Seven Oaks	Wesley Chapel, FL	20,997		3,054	42,768	—	496	3,054	43,264	46,318	(15,225)	44,093	2004	1 - 40
Colonial Grand at Windermere	Windermere, FL	—		2,736	36,710	—	318	2,737	37,028	39,765	(11,863)	37,826	2009	1 - 40
Allure at Brookwood	Atlanta, GA	—		11,568	58,758	—	2,618	11,568	61,376	72,944	(44,543)	62,020	2008	1 - 40
Allure in Buckhead	Atlanta, GA	—		8,639	39,844	—	4,260	8,639	44,104	52,743	(27,223)	30,520	2002	1 - 40
Village Residential														
Sanctuary at Oglethorpe	Atlanta, GA	23,500		6,875	35,441	—	3,161	6,875	38,602	45,477	(18,200)	33,277	1994	1 - 40
Bradford Pointe	Augusta, GA	—		772	6,949	—	3,436	772	10,385	11,157	(7,064)	5,093	1986	1 - 40
Westbury Creek	Augusta, GA	3,380	(10)	400	3,626	—	2,013	400	5,639	6,039	(3,345)	2,694	1984	1 - 40
Fountain Lake	Brunswick, GA	—		502	4,551	—	3,004	502	7,555	8,057	(4,414)	3,643	1983	1 - 40
Whisperwood	Columbus, GA	—		4,286	36,722	—	19,172	4,286	55,894	60,180	(35,229)	30,951	1986	1 - 40
Terraces at Fieldstone	Conyers, GA	—		1,284	15,819	—	2,654	1,284	18,473	19,757	(7,956)	11,801	1999	1 - 40
Prescott	Duluth, GA	—	(3)	3,842	40,011	—	2,480	3,842	42,491	46,333	(21,787)	20,546	2001	1 - 40
Colonial Grand at Berkeley Lake	Duluth, GA	—		1,966	15,707	—	394	1,966	16,101	18,067	(11,020)	17,047	1998	1 - 40

Colonial Grand at River Oaks	Duluth, GA	11,836		4,360	10,579	— 612	4,360	11,191	8,551	(1,138)	17,413	1992	1 - 40
Colonial Grand at River Plantation	Duluth, GA	—		2,059	9,158	— 583	2,059	9,741	1,800	(1,236)	20,564	1994	1 - 40
Colonial Grand at McDaniel Farm	Duluth, GA	—		3,982	2,206	— 984	3,985	3,190	7,172	(2,074)	35,109	1997	1 - 40
Colonial Grand at Pleasant Hill	Duluth, GA	—		6,753	2,202	— 1,223	6,753	3,425	0,178	(1,996)	38,182	1996	1 - 40
Colonial Grand at Mount Vernon	Dunwoody, GA	15,632		6,863	3,748	— 623	6,864	4,373	1,236	(2,262)	29,970	1997	1 - 40
Lake Lanier Club I	Gainesville, GA	—		3,560	0,611	— 3,427	3,566	0,038	9,598	(8,185)	20,417	1998	1 - 40
Lake Lanier Club II	Gainesville, GA	—	(3)	3,158	8,383	— 1,646	3,158	0,029	3,176	(6,925)	16,258	2001	1 - 40
Colonial Grand at Shiloh	Kennesaw, GA	31,059		4,865	5,893	— 949	4,866	6,845	1,706	(2,648)	49,028	2002	1 - 40
Millstead Village	LaGrange, GA	—		3,109	9,240	— (202)	3,109	9,038	2,136	(8,911)	30,227	1998	1 - 40
Austin Chase	Macon, GA	—		1,402	2,687	— 4,063	1,406	6,750	8,158	(8,948)	9,211	1996	1 - 40
The Vistas	Macon, GA	—		595	5,403	— 2,296	595	7,699	8,294	(4,643)	3,651	1985	1 - 40
Colonial Grand at Barrett Creek	Marietta, GA	19,514		5,666	6,186	— 703	5,666	6,889	2,550	(1,714)	30,830	1999	1 - 40
Colonial Grand at Godley Station	Pooler, GA	13,788		1,806	5,454	— 527	1,806	5,981	7,781	(1,860)	35,920	2001	1 - 40
Colonial Grand at Godley Lake	Pooler, GA	—		1,750	0,893	— 494	1,750	0,387	3,167	(7,714)	31,428	2008	1 - 40
Avala at Savannah Quarters	Savannah, GA	—		1,504	4,862	— 664	1,505	5,526	7,026	(6,199)	23,827	2009	1 - 40

Property	Location	Encumbrances	Initial Cost		Costs Capitalized subsequent to Acquisition		Gross Amount carried at December 31, 2014 (17)			Accumulated Depreciation	Net	Date of Construction	Life used to compute depreciation in latest income statement (18)
			Land	Buildings and Fixtures	Land	Buildings and Fixtures	Land	Buildings and Fixtures	Total				
Georgetown Grove	Savannah, GA	—	1,288	8,579	—	2,833	1,288	14,412	15,700	(8,167)	7,533	1997	1 - 40
Colonial Grand at Hammocks	Savannah, GA	—	2,443	6,863	—	1,038	2,443	7,901	10,344	(2,945)	38,397	1997	1 - 40
Colonial Village at Greentree	Savannah, GA	—	1,711	0,494	—	322	1,711	0,816	12,527	(647)	11,779	1984	1 - 40
Colonial Village at Huntington	Savannah, GA	—	2,528	1,223	—	173	2,528	1,396	10,915	(508)	10,407	1986	1 - 40
Colonial Village at Marsh Cove	Savannah, GA	—	5,238	1,555	—	251	5,238	1,806	14,037	(632)	13,405	1983	1 - 40
Oaks at Wilmington Island	Savannah, GA	—	2,912	5,315	—	2,584	2,912	7,899	30,811	(8,206)	22,605	1999	1 - 40
Highlands of West Village I	Smyrna, GA	42,869	9,052	2,395	—	2,675	9,052	5,070	55,122	(245)	54,877	2006	1 - 40
Highlands of West Village II	Smyrna, GA	—	5,358	0,338	—	13	5,358	0,351	35,709	(170)	35,539	2012	1 - 40
Huntington Chase	Warner Robins, GA	—	1,160	0,437	—	2,936	1,160	3,373	14,533	(6,789)	7,744	1997	1 - 40
Southland Station	Warner Robins, GA	—	1,470	3,284	—	3,925	1,470	7,209	18,679	(10,307)	8,372	1988	1 - 40
Terraces at Townelake	Woodstock, GA	—	1,331	1,918	1,628	1,608	3,083	3,526	56,545	(37,141)	19,404	1999	1 - 40
Fairways at Hartland	Bowling Green, KY	—	1,038	8,342	—	3,793	1,038	8,135	14,173	(7,773)	6,400	1996	1 - 40
Grand Reserve at Pinnacle	Lexington, KY	—	(1) 2,024	4,525	—	3,285	2,024	4,810	36,834	(13,960)	22,874	2000	1 - 40
Lakepointe	Lexington, KY	—	411	3,699	—	2,500	411	6,199	6,610	(4,158)	2,452	1986	1 - 40
		—	(1) 694	6,242	—	3,566	694	9,808	10,502	(6,544)	3,958	1989	1 - 40

Mansion, The	Lexington, KY													
Village, The	Lexington, KY	—	(1)	900	8,097	—	4,786	900	12,883	13,783	(8,613)	5,170	1989	1 - 40
Stonemill Village	Louisville, KY	—		1,160	9,518	—	9,432	1,160	19,950	21,110	(12,622)	8,488	1985	1 - 40
Crosswinds	Jackson, MS	—	(1)	1,535	13,826	—	5,332	1,535	19,158	20,693	(12,101)	8,592	1989	1 - 40
Pear Orchard	Jackson, MS	—	(1)	1,351	12,168	—	8,560	1,351	20,728	22,079	(13,592)	8,487	1985	1 - 40
Reflection Pointe	Jackson, MS	5,880	(6)	710	8,770	138	8,198	848	16,968	17,816	(10,435)	7,381	1986	1 - 40
Lakeshore Landing	Ridgeland, MS	—		676	6,284	—	2,568	676	8,852	9,528	(3,684)	5,844	1974	1 - 40
Savannah Creek	Southaven, MS	—	(1)	778	7,013	—	4,386	778	11,399	12,177	(6,455)	5,722	1989	1 - 40
Sutton Place	Southaven, MS	—		894	8,053	—	4,274	894	12,327	13,221	(7,627)	5,594	1991	1 - 40
Market Station	Kansas City, MO	—		5,814	46,241	—	467	5,814	46,708	52,522	(3,588)	48,934	2010	1 - 40
Colonial Grand at Desert Vista	North Las Vegas, NV	—		4,092	29,826	—	389	4,092	30,215	34,306	(6,697)	32,609	2009	1 - 40
Colonial Grand at Palm Vista	North Las Vegas, NV	—		4,902	25,643	—	667	4,902	26,310	31,212	(9,512)	29,700	2007	1 - 40
Colonial Village at Beaver Creek	Apex, NC	—		7,493	34,863	—	478	7,493	35,341	42,834	(12,842)	40,992	2007	1 - 40
Hermitage at Beechtree	Cary, NC	—	(1)	900	8,099	—	5,029	900	13,128	14,028	(8,804)	6,224	1988	1 - 40
Waterford Forest	Cary, NC	—	(3)	4,002	20,250	—	2,922	4,002	23,172	27,174	(8,052)	19,124	1996	1 - 40
1225 South Church I	Charlotte, NC	—		4,782	22,342	—	710	4,782	23,052	27,834	(2,513)	25,321	2010	1 - 40
1225 South Church II	Charlotte, NC	—		4,832	—	—	22,336	4,832	22,336	27,168	(1,037)	26,131	2013	1 - 40

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			Land	Buildings and Fixtures	Land	Buildings and Fixtures	Land	Buildings and Fixtures	Total			
Colonial Grand at Ayrsley	Charlotte, NC	—	1,240	52,119	—	485	1,240	52,604	53,844	(4,495)	2008	1 - 40
Colonial Grand at Ayrsley II	Charlotte, NC	—	1,241	11,659	—	109	1,241	11,768	13,009	(948)	2013	1 - 40
Colonial Grand at Beverly Crest	Charlotte, NC	15,804	3,164	24,004	—	1,114	3,164	25,118	28,279	(1,272)	1996	1 - 40
Colonial Grand at Legacy Park	Charlotte, NC	—	2,892	28,272	—	613	2,892	28,885	31,776	(1,571)	2001	1 - 40
Colonial Grand at Mallard Creek	Charlotte, NC	15,940	4,592	27,713	—	319	4,592	28,032	32,623	(3,561)	2005	1 - 40
Colonial Grand at Mallard Lake	Charlotte, NC	17,992	3,250	31,389	—	868	3,250	32,257	35,507	(1,768)	1998	1 - 40
Colonial Grand at University Center	Charlotte, NC	—	1,620	17,499	—	230	1,620	17,729	19,349	(911)	2005	1 - 40
Colonial Reserve at South End	Charlotte, NC	—	4,628	48,282	—	12,112	4,628	56,394	61,022	(2,115)	2013	1 - 40
Colonial Village at Chancellor Park	Charlotte, NC	—	5,312	28,016	—	775	5,312	28,791	34,103	(2,469)	1999	1 - 40
Colonial Village at Greystone	Charlotte, NC	14,369	4,126	25,974	—	778	4,126	26,752	30,878	(1,328)	1998/2000	1 - 40
Colonial Village at	Charlotte, NC	—	2,260	19,489	—	421	2,260	19,910	22,170	(1,086)	2002	1 - 40

South Tryon Colonial Village at Stone Point	Charlotte, NC	—	2,141	11,564	—	668	2,141	12,232	14,373	(814)	13,559	1986	1 - 40
Colonial Village at Timber Crest	Charlotte, NC	11,813	2,901	17,192	—	445	2,901	17,637	20,538	(890)	19,648	2000	1 - 40
Enclave	Charlotte, NC	—	1,461	18,984	—	206	1,461	19,190	20,651	(381)	19,770	2008	1 - 40
Colonial Grand at Cornelius	Cornelius, NC	—	4,572	29,151	—	337	4,572	29,488	34,059	(1,676)	32,383	2009	1 - 40
Colonial Grand at Patterson Place	Durham, NC	15,666	2,592	27,126	—	523	2,592	27,649	30,239	(1,463)	28,776	1997	1 - 40
Colonial Village at Woodlake	Durham, NC	—	2,741	17,686	—	442	2,741	18,128	20,869	(1,045)	19,824	1996	1 - 40
Colonial Village at Deerfield	Durham, NC	—	3,271	15,609	—	455	3,271	16,064	19,335	(1,041)	18,294	1985	1 - 40
Colonial Grand at Research Park	Durham, NC	—	4,203	37,682	—	519	4,203	38,201	42,402	(2,120)	40,282	2002	1 - 40
Colonial Grand at Autumn Park	Greensboro, NC	—	4,182	26,214	—	435	4,182	26,649	30,831	(1,358)	29,473	2001/04	1 - 40
Colonial Grand at Huntersville	Huntersville, NC	15,041	4,253	31,948	—	480	4,253	32,428	36,679	(1,778)	34,901	2008	1 - 40
Colonial Village at Matthews	Matthews, NC	14,262	3,072	21,830	—	1,439	3,072	23,269	26,340	(1,348)	24,992	2008	1 - 40
Colonial Grand at Matthews Commons	Matthews, NC	—	3,692	28,536	—	486	3,692	29,022	32,714	(1,520)	31,194	2008	1 - 40
Colonial Grand at Arringdon	Morrisville, NC	19,703	6,403	31,134	—	552	6,403	31,686	38,089	(1,728)	36,359	2003	1 - 40
Colonial Grand at Brier Creek	Raleigh, NC	25,996	7,372	50,202	—	538	7,372	50,740	58,112	(2,648)	55,464	2010	1 - 40
Colonial Grand at Brier Falls	Raleigh, NC	—	6,574	48,910	—	486	6,574	49,396	55,970	(2,539)	53,429	2008	1 - 40
	Raleigh, NC	10,741	2,241	18,434	—	740	2,241	19,174	21,415	(943)	20,472	1997	1 - 40

Colonial Grand at Crabtree Valley											
Hue	Raleigh, NC	—	3,629	29,910	—	1,362	3,629	31,272	34,901	(2,981)	30,980	2009	1 - 40
Colonial Grand at Trinity	Raleigh, NC	30,760	5,243	45,138	—	818	5,243	45,956	51,199	(8,570)	48,629	2000/02	1 - 40
Commons Preserve at Brier Creek	Raleigh, NC	—	5,852	31,980	(19)	23,556	5,833	55,536	61,369	(11,612)	39,757	2004	1 - 40
Providence at Brier Creek	Raleigh, NC	—	4,629	29,007	—	1,163	4,629	30,170	34,799	(6,782)	28,017	2007	1 - 40

Property	Location	Encumbrances		Initial Cost		Costs Capitalized subsequent to Acquisition		Gross Amount carried at December 31, 2014 (17)			Accumulated Depreciation	Net	Date of Construction	Life used to compute depreciation in latest income statement (18)
				Land	Buildings and Fixtures	Land	Buildings and Fixtures	Land	Buildings and Fixtures	Total				
Colonial Grand at Wilmington	Wilmington, NC	25,912		4,192	25,121	—	1,057	4,192	26,178	30,370	(1,562)	28,808	1998/2002	1 - 40
Corners, The	Winston-Salem, NC	—		685	6,165	—	3,234	685	9,399	10,084	(4,708)	3,376	1982	1 - 40
Colonial Village at Glen Eagles	Winston-Salem, NC	—		3,406	15,002	—	1,004	3,406	16,006	19,412	(681)	18,731	1990/2000	1 - 40
Colonial Village at Mill Creek	Winston-Salem, NC	—		2,357	7,354	—	368	2,357	7,722	10,079	(467)	9,612	1984	1 - 40
Colony at South Park	Aiken, SC	—	(1)	862	7,867	—	2,068	862	9,935	10,797	(4,173)	6,624	1989/91	1 - 40
Woodwinds	Aiken, SC	—		503	4,540	—	2,465	503	7,005	7,508	(4,198)	3,310	1988	1 - 40
Tanglewood	Anderson, SC	—		427	3,853	—	3,298	427	7,151	7,578	(4,856)	2,722	1980	1 - 40
Colonial Grand at Cypress Cove	Charleston, SC	—		3,628	28,645	—	686	3,628	29,331	32,959	(1,597)	31,362	2001	1 - 40
Colonial Village at Hampton Pointe	Charleston, SC	—		3,972	22,790	—	1,190	3,972	23,980	27,952	(1,303)	26,649	1986	1 - 40
Colonial Grand at Quarterdeck	Charleston, SC	—		920	24,097	—	1,868	920	25,965	26,885	(1,267)	25,618	1987	1 - 40
Colonial Village at Westchase	Charleston, SC	—		4,572	20,091	—	604	4,572	20,695	25,267	(1,300)	23,967	1985	1 - 40
River's Walk	Charleston, SC	—		5,200	—	—	28,733	5,200	28,733	33,933	(248)	33,685	2013	1 - 40
Fairways, The	Columbia, SC	7,735	(7)	910	8,207	—	3,585	910	11,792	12,702	(7,565)	5,137	1992	1 - 40
Paddock Club	Columbia, SC	—	(1)	1,840	6,560	—	4,229	1,840	10,789	12,629	(2,283)	10,346	1991	1 - 40
Columbia Colonial Village at	Goose Creek, SC	—		1,321	14,163	—	797	1,321	14,960	16,281	(904)	15,377	1985	1 - 40

Windsor Place														
Highland Ridge	Greenville, SC	—		482	4,337	—	2,473	482	6,810	7,292	(4,221)	3,071	1984	1 - 40
Howell Commons	Greenville, SC	—	(1)	1,304	4,740	—	4,168	1,304	8,908	10,212	(2,879)	7,333	1987	1 - 40
Paddock Club	Greenville, SC	—	(1)	1,200	10,800	—	2,147	1,200	12,947	14,147	(7,673)	6,474	1996	1 - 40
Greenville Park	Greenville, SC	—	(1)	325	2,925	35	4,856	360	7,781	8,141	(5,426)	2,715	1983	1 - 40
Haywood Spring Creek	Greenville, SC	—		597	5,374	(1)	3,166	583	8,540	9,123	(5,652)	3,471	1985	1 - 40
Runaway Bay	Mt. Pleasant, SC	8,365	(4)	1,087	5,269	(2)	6,570	1,083	13,839	14,922	(8,792)	6,130	1988	1 - 40
Colonial Grand at Commerce Park	North Charleston, SC	—		2,783	30,966	—	386	2,784	34,352	37,136	(1,816)	35,320	2008	1 - 40
535 Brookwood	Simpsonville, SC	13,156		1,216	18,666	—	613	1,216	19,279	20,495	(5,053)	17,442	2008	1 - 40
Park Place	Spartanburg, SC	—		723	6,504	—	3,224	723	9,728	10,451	(5,942)	4,509	1987	1 - 40
Farmington Village	Summerville, SC	15,200		2,802	26,295	—	883	2,802	27,178	29,976	(6,763)	23,213	2007	1 - 40
Colonial Village at Waters Edge	Summerville, SC	—		2,109	3187	—	1,352	2,103	10,539	12,642	(690)	11,952	1985	1 - 40
Hamilton Pointe	Chattanooga, TN	—	(1)	1,131	10,632	—	3,782	1,131	14,414	15,545	(5,877)	9,668	1989	1 - 40
Hidden Creek	Chattanooga, TN	—	(1)	972	8,954	—	2,642	972	11,596	12,568	(4,919)	7,649	1987	1 - 40
Steeplechase	Chattanooga, TN	—	(1)	217	1,957	—	3,236	217	5,193	5,410	(3,477)	1,933	1986	1 - 40
Windridge	Chattanooga, TN	5,265	(11)	817	7,416	—	4,221	817	11,637	12,454	(4,840)	5,614	1984	1 - 40
Bradford Chase	Jackson, TN	—		523	4,711	—	2,317	523	7,028	7,551	(4,684)	2,867	1987	1 - 40

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Oaks, The	Jackson, TN	—		177	1,594	12	2,395	189	3,989	4,178	(2,706)	1,472	1978	1 - 40
Post House Jackson	Jackson, TN	5,095	(16)	443	5,078	—	4,382	443	9,460	9,903	(5,581)	4,322	1987	1 - 40
Post House North	Jackson, TN	3,375	(8)	381	4,299	(57)	3,254	324	7,553	7,877	(4,829)	3,048	1987	1 - 40
Woods at Post House	Jackson, TN	—		240	6,839	—	2,903	240	9,742	9,982	(6,746)	3,236	1997	1 - 40
Kirby Station	Memphis, TN	—	(1)	1,148	8,337	—	9,729	1,148	18,066	21,214	(12,007)	9,207	1978	1 - 40
Lincoln on the Green	Memphis, TN	—	(1)	1,498	20,483	—	15,038	1,498	35,521	37,019	(22,207)	14,812	1992	1 - 40
Park Estate	Memphis, TN	—		178	1,141	—	4,901	178	6,042	6,220	(4,619)	1,601	1974	1 - 40
Reserve at Dexter Lake	Memphis, TN	—		1,266	16,043	2,143	38,454	3,409	54,497	57,906	(21,100)	36,806	2000	1 - 40
Paddock Club Murfreesboro	Murfreesboro, TN	—		915	14,774	—	2,829	915	17,603	18,518	(7,675)	10,843	1999	1 - 40
Aventura at Indian Lake Village	Nashville, TN	—		4,928	28,053	—	864	4,928	28,917	33,845	(3,256)	30,589	2010	1 - 40
Avondale at Kennesaw	Nashville, TN	18,131		3,426	26,443	—	1,124	3,426	27,567	30,993	(3,680)	27,313	2008	1 - 40
Brentwood Downs	Nashville, TN	—		1,198	10,739	(2)	6,966	1,196	17,705	18,901	(11,377)	7,524	1986	1 - 40
Colonial Grand at Bellevue	Nashville, TN	22,623		8,624	24,229	—	596	8,624	24,825	33,449	(7,021)	26,428	1996	1 - 40
Grand View Nashville	Nashville, TN	—		2,963	33,673	—	5,812	2,963	39,485	42,448	(15,333)	27,115	2001	1 - 40
Monthaven Park	Nashville, TN	—		2,736	36,902	—	4,692	2,736	41,594	44,330	(13,258)	31,072	2000	1 - 40
Park at Hermitage	Nashville, TN	6,645	(12)	1,524	14,800	—	8,634	1,524	23,434	24,958	(15,060)	9,898	1987	1 - 40
Venue at Cool Springs	Nashville, TN	—		6,670	—	—	50,074	6,670	50,074	56,744	(4,043)	52,701	2012	1 - 40
Verandas at Sam Ridley	Nashville, TN	22,315		3,328	28,308	—	869	3,328	29,177	32,505	(4,466)	28,039	2009	1 - 40
Northwood	Arlington, TX	—		886	8,051	—	2,454	886	10,505	11,391	(4,353)	7,038	1980	1 - 40
	Austin, TX	—		1,598	14,398	—	10,968	1,598	25,366	26,964	(15,719)	11,245	1983	1 - 40

Balcones Woods													
Colonial Grand at Canyon Creek	Austin, TX	15,667		3,632	22,137	—	680	3,632	22,817	26,449	(8,795)	34,626	2008	1 - 40
Colonial Grand at Canyon Ranch	Austin, TX	—		3,728	28,201	—	557	3,728	28,758	32,486	(15,266)	23,220	2003	1 - 40
Colonial Grand at Double Creek	Austin, TX	—		3,139	29,375	—	257	3,139	29,632	32,771	(13,685)	31,086	2013	1 - 40
Colonial Grand at Onion Creek	Austin, TX	—		4,903	32,010	—	546	4,903	32,556	37,459	(18,879)	36,579	2009	1 - 40
Grand Reserve at Sunset Valley	Austin, TX	—		3,150	10,393	—	2,942	3,150	14,335	17,485	(5,481)	12,004	1996	1 - 40
Colonial Village at Quarry Oaks	Austin, TX	27,365		4,634	34,461	—	1,845	4,634	36,306	40,940	(17,976)	38,951	1996	1 - 40
Colonial Grand at Wells Branch	Austin, TX	—		3,094	42,282	394	422	3,388	42,705	46,093	(13,707)	34,386	2008	1 - 40
Legacy at Western Oaks	Austin, TX	30,643		9,140	49,339	—	(3,023)	9,140	46,316	55,456	(16,359)	51,027	2001	1 - 40
Silverado	Austin, TX	—		2,904	24,009	—	1,945	2,905	25,953	28,858	(8,148)	20,706	2003	1 - 40
Stassney Woods	Austin, TX	4,050	(13)	1,627	21,501	—	6,108	1,627	27,609	29,236	(8,973)	6,257	1985	1 - 40
Travis Station	Austin, TX	3,585	(14)	2,286	8,169	—	6,969	2,286	13,138	15,424	(8,252)	7,167	1987	1 - 40

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Woods, The	Austin, TX	—	1,405	12,769	—	6,704	1,405	19,473	20,878	(8,821)	13,057	1977	1 - 40
Colonial Village at Shoal Creek	Bedford, TX	23,260	4,982	27,377	—	1,182	4,982	28,559	33,541	(1,674)	31,867	1996	1 - 40
Colonial Village at Willow Creek	Bedford, TX	26,954	3,109	33,488	—	1,646	3,109	35,134	38,243	(1,881)	36,362	1996	1 - 40
Colonial Grand at Hebron	Carrollton, TX	—	4,234	42,237	—	342	4,234	42,579	46,813	(2,144)	44,669	2011	1 - 40
Colonial Grand at Silverado	Cedar Park, TX	—	3,282	24,935	—	505	3,282	25,440	28,722	(1,376)	27,346	2005	1 - 40
Colonial Grand at Silverado Reserve	Cedar Park, TX	—	3,953	31,705	—	687	3,953	32,392	36,345	(1,709)	34,636	2005	1 - 40
Grand Cypress	Cypress, TX	17,182	3,882	24,267	—	531	3,882	24,798	28,678	(846)	27,832	2008	1 - 40
Courtyards at Campbell	Dallas, TX	—	988	8,893	—	3,808	988	12,701	13,689	(7,269)	6,420	1986	1 - 40
Deer Run	Dallas, TX	—	1,251	21,271	—	5,047	1,251	26,318	27,570	(9,358)	8,212	1985	1 - 40
Grand Courtyard	Dallas, TX	—	2,730	22,240	—	2,368	2,730	24,608	27,338	(7,655)	19,682	2000	1 - 40
Legends at Lowe's Farm	Dallas, TX	—	5,046	41,091	—	1,015	5,046	42,106	47,152	(4,812)	42,340	2008	1 - 40
Colonial Reserve at Medical District	Dallas, TX	—	4,053	33,779	—	425	4,053	34,204	38,257	(4,642)	36,615	2007	1 - 40
Watermark	Dallas, TX	—	960	14,438	—	1,751	960	16,189	17,149	(6,109)	11,040	2002	1 - 40
		—	1,821	10,960	—	961	1,821	11,921	13,742	(723)	13,019	1984	1 - 40
		(3)											

Colonial Village at Main Park	Duncanville, TX											
Colonial Grand at Bear Creek	Euless, TX	24,560		6,453	30,048	—	1,576	6,453	31,624	38,077	(7,874)	36,203	1998	1 - 40
Colonial Grand at Fairview	Fairview, TX	—		2,173	35,077	—	287	2,173	35,364	37,537	(1,764)	35,772	2012	1 - 40
La Valencia at Starwood	Frisco, TX	21,334		3,246	26,069	—	694	3,246	26,763	30,009	(4,047)	25,962	2009	1 - 40
Colonial Reserve at Frisco	Frisco, TX	—		1,968	34,018	—	738	1,968	34,756	36,724	(4,671)	35,052	2013	1 - 40
Bridges Colonial Village at Grapevine	Grapevine, TX	—		2,353	29,757	—	1,328	2,353	31,085	33,438	(6,664)	31,772	1985/1986	1 - 40
Greenwood Forest	Houston, TX	—		3,462	23,482	—	(394)	3,462	23,088	26,550	(3,324)	25,226	1994	1 - 40
Legacy Pines	Houston, TX	—	(3)	2,157	19,066	(15)	3,404	2,142	22,470	24,612	(2,695)	14,917	1999	1 - 40
Park Place (Houston)	Houston, TX	—		2,061	15,830	—	3,120	2,061	18,950	21,011	(5,711)	15,300	1996	1 - 40
Ranchstone	Houston, TX	—		1,480	14,807	—	2,154	1,480	16,961	18,441	(4,852)	13,589	1996	1 - 40
Reserve at Woodwind Lakes	Houston, TX	10,445		1,968	19,928	—	2,939	1,968	22,867	24,835	(7,046)	17,789	1999	1 - 40
Retreat at Vintage Park	Houston, TX	—		8,214	40,352	—	17	8,214	40,369	48,583	(886)	48,492	2014	1 - 40
Cascade at Fall Creek	Humble, TX	—		3,230	19,926	—	1,008	3,230	20,934	24,164	(5,243)	18,922	2007	1 - 40
Chalet at Fall Creek	Humble, TX	—		2,752	20,085	—	764	2,752	20,849	23,601	(4,580)	18,024	2006	1 - 40
Bella Casita	Irving, TX	—	(3)	2,522	16,432	—	1,192	2,522	17,624	20,146	(3,869)	26,276	2007	1 - 40
Remington Hills	Irving, TX	—		4,392	21,822	—	2,147	4,392	23,969	28,359	(9,361)	26,998	1984	1 - 40
Colonial Reserve at Las Colinas	Irving, TX	—		3,904	40,691	—	841	3,904	41,532	45,436	(4,987)	43,447	2006	1 - 40
Colonial Grand at Valley Ranch	Irving, TX	25,654		5,074	37,397	—	3,545	5,074	40,942	46,016	(12,159)	43,855	1997	1 - 40

Property	Location	Encumbrances	Initial Cost		Costs Capitalized subsequent to Acquisition		Gross Amount carried at December 31, 2014 (17)			Accumulated Depreciation	Net	Date of Construction	Life used to compute depreciation in latest income statement (18)
			Land	Buildings and Fixtures	Land	Buildings and Fixtures	Land	Buildings and Fixtures	Total				
Lane at Towne Crossing	Mesquite, TX	—	1,311	11,867	(78)	2,955	1,303	14,822	16,125	(6,227)	9,898	1983	1 - 40
Colonial Village at Oakbend	Lewisville, TX	22,097	5,592	28,616	—	1,167	5,592	29,783	35,375	(1,668)	33,707	1997	1 - 40
Times Square at Craig Ranch	McKinney, TX	—	1,130	28,058	—	2,686	1,130	30,744	31,874	(4,812)	27,062	2009	1 - 40
Venue at Stonebridge Ranch	McKinney, TX	15,214	4,039	19,528	—	(38)	4,039	19,490	23,529	(414)	22,915	2000	1 - 40
Cityscape at Market Center	Plano, TX	—	8,636	60,407	—	147	8,636	60,554	69,190	(900)	68,290	2013	1 - 40
Highwood	Plano, TX	—	864	7,783	—	3,782	864	11,565	12,429	(6,974)	5,455	1983	1 - 40
Los Rios Park	Plano, TX	—	3,273	28,823	—	4,050	3,273	32,873	36,146	(3,525)	32,621	2000	1 - 40
Boulder Ridge	Roanoke, TX	—	3,382	26,930	—	5,427	3,382	32,357	35,739	(10,887)	24,852	1999	1 - 40
Copper Ridge	Roanoke, TX	—	4,166	66	—	21,257	4,166	21,257	25,423	(3,328)	22,095	2009	1 - 40
Colonial Grand at Ashton Oaks	Round Rock, TX	—	5,536	36,241	—	683	5,536	36,924	42,460	(5,994)	40,466	2009	1 - 40
Colonial Grand at Round Rock	Round Rock, TX	24,970	4,694	45,379	—	612	4,694	45,991	50,685	(2,422)	48,263	1997	1 - 40
Colonial Village at Sierra Vista	Round Rock, TX	11,117	2,566	16,488	—	553	2,566	17,041	19,607	(270)	18,637	1999	1 - 40
Alamo Ranch	San Antonio, TX	—	2,388	26,982	—	1,522	2,388	28,504	30,892	(3,969)	26,923	2009	1 - 40
Bulverde Oaks	San Antonio, TX	—	4,257	36,759	—	44	4,257	36,803	41,060	(156)	40,904	2014	1 - 40
Haven at Blanco	San Antonio, TX	—	5,456	45,958	—	1,461	5,456	47,419	52,875	(3,815)	49,060	2010	1 - 40

Stone Ranch at Westover Hills	San Antonio, TX	18,788		4,024	24,992	—	1,574	4,024	26,566	30,590	(4,675)	25,892	2009	1 - 40
Cypresswood Court	Spring, TX	—	(3)	576	5,190	—	3,503	576	8,693	9,269	(5,910)	3,359	1984	1 - 40
Villages at Kirkwood	Stafford, TX	—		1,918	18,846	—	2,201	1,918	21,047	22,965	(9,872)	13,093	1996	1 - 40
Green Tree Place	Woodlands, TX	—	(3)	539	4,850	—	3,150	539	8,000	8,539	(5,424)	3,115	1984	1 - 40
Stonefield Commons	Charlottesville, VA	—		11,036	36,689	—	141	11,036	36,830	47,866	(3,450)	47,320	2013	1 - 40
Adalay Bay	Chesapeake, VA	—		5,280	30,341	—	1,363	5,280	32,704	37,984	(4,143)	34,842	2002	1 - 40
Colonial Village at Greenbrier	Fredericksburg, VA	—		4,842	21,677	—	484	4,842	22,161	27,003	(3,120)	25,883	1980	1 - 40
Seasons at Celebrate Virginia I	Fredericksburg, VA	—		6,960	32,083	—	503	6,960	32,586	39,546	(5,428)	36,118	2011	1 - 40
Seasons at Celebrate Virginia II	Fredericksburg, VA	—		7,530	37,534	—	206	7,530	37,740	45,270	(4,120)	44,150	2013	1 - 40
Station Square at Cosner's Corner	Fredericksburg, VA	—		8,586	35,700	—	197	8,586	35,897	44,477	(7,464)	43,013	2013	1 - 40
Colonial Village at Hampton Glen	Glen Allen, VA	—		4,852	21,678	—	659	4,852	22,337	27,189	(3,202)	25,986	1986	1 - 40
Colonial Village at West End	Glen Allen, VA	12,861		4,661	18,908	—	418	4,661	19,326	23,987	(7,006)	22,981	1987	1 - 40
Township	Hampton, VA	10,800	(9)	1,508	9,189	—	8,993	1,507	17,182	18,691	(10,124)	8,567	1987	1 - 40
Colonial Village at Tradewinds	Hampton, VA	—		5,631	15,660	—	759	5,631	16,419	22,050	(890)	21,160	1988	1 - 40
Colonial Village at Waterford	Midlothian, VA	—		6,733	29,221	—	1,177	6,733	30,398	37,131	(1,682)	35,449	1989	1 - 40
Ashley Park	Richmond, VA	—		4,761	13,365	—	449	4,761	13,814	18,575	(863)	17,712	1988	1 - 40

Property	Location	Encumbrances	Initial Cost		Costs Capitalized subsequent to Acquisition		Gross Amount carried at December 31, 2014 (17)			Ac De
			Land	Buildings and Fixtures	Land	Buildings and Fixtures	Land	Buildings and Fixtures	Total	
Colonial Village at Chase Gayton	Richmond, VA	—	6,021	29,004	—	937	6,021	29,941	35,962	(1,(
Hamptons at Hunton Park	Richmond, VA	—	4,930	35,598	—	2,230	4,930	37,828	42,758	(4,7
Colonial Village at Harbour Club	Virginia Beach, VA	—	3,483	14,796	—	509	3,483	15,305	18,788	(80
Total Residential Properties		1,123,407	877,816	6,059,058	5,194	920,645	883,010	6,979,703	7,862,713	(1,3
Colonial Promenade Craft Farms	Gulf Shores, AL	—	2,769	5,109	—	21	2,769	5,130	7,899	(29
Allure at Buckhead	Atlanta, GA	—	867	3,465	—	—	867	3,465	4,332	(30
Highlands of West Village	Smyrna, GA	—	2,500	8,446	—	199	2,500	8,645	11,145	(50
1225 South Church	Charlotte, NC	—	43	199	9	242	52	441	493	(49
Bella Casita at Las Colinas	Irving, TX	—	46	186	—	126	46	312	358	(42
Times Square at Craig Ranch	McKinney, TX	—	253	1,310	—	1,163	253	2,473	2,726	(19
Total Commercial Properties		—	6,478	18,715	9	1,751	6,487	20,466	26,953	(94
Colonial Promenade Huntsville	Huntsville, AL	—	2,700	—	—	—	2,700	—	2,700	—
220 Riverside	Jacksonville, FL	—	2,500	—	—	31,342	2,500	31,342	33,842	(4
Colonial Grand at Bellevue (Phase II)	Nashville, TN	—	8,656	4,549	—	21,137	8,656	25,686	34,342	—
Station Square at Cosner's Corner	Fredericksburg, VA	—	4,245	—	—	403	4,245	403	4,648	—
		—	18,101	4,549	—	52,882	18,101	57,431	75,532	(4

Total Active Development Properties									
Total Properties	1,123,407	902,395	6,082,322	5,203	975,278	907,598	7,057,600	7,965,198	(1,3
Total Land Held for Future Developments	—	47,242	—	—	—	47,242	—	47,242	—
Corporate Properties	—	—	—	—	23,267	—	23,267	23,267	(15
Total Other	—	47,242	—	—	23,267	47,242	23,267	70,509	(15
Total Real Estate Assets, net of Joint Ventures	$1,123,407	$949,637	$6,082,322	$5,203	$998,545	$954,840	$7,080,867	$8,035,707	$(1

(1) Encumbered by a $360.0 million FNMA facility, with $345.8 million available and $345.8 million outstanding with a variable interest rate of 1.29% on which there exist two interest rate swap agreements totaling $75 million at an average rate of 4.14% and six interest rate caps totaling $165 million at an average rate of 4.58% at December 31, 2014.

(2) Encumbered by $6.8 million in bonds on which there exists a $6.8 million interest rate cap of 6.00% which terminates on October 24, 2017.

(3) Encumbered by a $128 million loan with an outstanding balance of $128 million and a fixed interest rate of 5.08% which matures on June 10, 2021.

(4) Encumbered by $8.4 million in bonds on which there exists a $8.4 million interest rate cap of 6.00% which terminates on March 1, 2019.

(5) Encumbered by $6.9 million in bonds on which there exists a $6.9 million interest rate cap of 6.00% and maturing on October 15, 2017.

(6) Encumbered by $5.9 million in bonds on which there exists a $5.9 million interest rate cap of 6.00% which terminates on October 31, 2017.

(7) Encumbered by $7.7 million in bonds on which there exists a $7.7 million interest rate cap of 6.00% which terminates on October 31, 2017.

(8) Encumbered by $3.4 million in bonds on which there exists a $3.4 million interest rate cap of 6.00% which terminates on October 31, 2017.

(9) Encumbered by $10.8 million in bonds on which there exists a $10.8 million interest rate cap of 6.00% which matures on October 15, 2017.

(10) Encumbered by $3.4 million in bonds with $0.4 million having a variable rate of 0.909% and $3.0 million with a variable rate of 0.872% on which there exists a $3.0 million interest rate cap of 6.00% which terminates on May 31, 2018.

(11) Encumbered by $5.3 million in bonds with $0.4 million having a variable rate of 0.909% and $4.9 million with a variable rate of 0.872% on which there exists a $4.9 million interest rate cap of 6.00% which terminates on May 31, 2018.

(12) Encumbered by $6.6 million in bonds on which there exists a $6.6 million interest rate cap of 6.00% which terminates on November 15, 2016.

(13) Encumbered by $4.1 million in bonds on which there exists a $4.1 million interest rate cap of 6.00% which terminates on November 15, 2016.

(14) Encumbered by $3.6 million in bonds on which there exists a $3.6 million interest rate cap of 6.00% which terminates on November 15, 2016.

(15) Encumbered by $13.2 million in bonds on which there exists a $13.2 million interest rate cap of 6.00% which terminates on March 1, 2019.

(16) Encumbered by $5.1 million in bonds on which there exists a $5.1 million interest rate cap of 6.00% which terminates on March 1, 2019.

(17) The aggregate cost for Federal income tax purposes was approximately $6.66 billion at December 31, 2014. The aggregate cost for book purposes exceeds the total gross amount of real estate assets for Federal income tax purposes, principally due to purchase accounting adjustments recorded under accounting principles generally accepted in the United States of America.

(18) Depreciation is on a straight line basis over the estimated useful asset life which ranges from 8 to 40 years for land improvements and buildings, 5 years for furniture, fixtures and equipment, and 6 months for fair market value of residential leases.

(19) The table above excludes the net assets of Colonial Promenade Nord du Lac, which total $36.5 million, as this property is held for sale.

Mid-America Apartment Communities, Inc.
Mid-America Apartments, L.P.
Schedule III
Real Estate Investments and Accumulated Depreciation
A summary of activity for real estate investments and accumulated depreciation is as follows (dollars in thousands):

	Year Ended December 31,		
	2014	2013	2012
Real estate investments:			
Balance at beginning of year	$7,689,119	$3,729,706	$3,379,929
Acquisitions (1)	407,889	3,999,895	344,869
Less: FMV of Leases included in Acquisitions	(4,968)	(51,728)	(3,144)
Improvement and development	186,043	130,824	134,118
Assets held for sale	(626)	(4,897)	—
Disposition of real estate assets (2)	(241,750)	(114,681)	(126,066)
Balance at end of year	$8,035,707	$7,689,119	$3,729,706
Accumulated depreciation:			
Balance at beginning of year	$1,138,315	$1,040,473	$973,126
Depreciation	276,991	165,885	124,691
Assets held for sale	—	(6,164)	—
Disposition of real estate assets (2)	(41,628)	(61,879)	(57,344)
Balance at end of year	$1,373,678	$1,138,315	$1,040,473

MAA's consolidated balance sheet at December 31, 2014, 2013, and 2012, includes accumulated depreciation of $15,279,000, $14,108,000, and $12,855,000, respectively, in the caption "Corporate properties, net".

(1) Includes non-cash activity related to acquisitions.
(2) Includes assets sold, casualty losses, and removal of certain fully depreciated assets.

See accompanying reports of independent registered public accounting firms.

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