

MID AMERICA APARTMENT COMMUNITIES INC.  
Form 10-K  
February 21, 2019

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K  
(Mark One)  
ANNUAL REPORT PURSUANT TO SECTION  
13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934

For the fiscal year ended December 31, 2018

OR  
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.)

Tennessee  
(Mid-America  
Apartments,  
L.P.)

(State  
or  
other  
jurisdiction of  
incorporation  
or  
organization)

(I.R.S. Employer Identification No.)

6815 Poplar  
Avenue, Suite  
500,

Germantown,  
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  
New York Stock Exchange

(Mid-America

Apartment

Communities,

Inc.)

8.50% New York Stock Exchange

Series

I

Cumulative

Redeemable

Preferred

Stock,

\$.01

par

value

per

share

(Mid-America

Apartment  
Communities,  
Inc.)  
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.  
Mid-America  
Apartment  
L.P.

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.)

Inc.  
Mid-America  
Apartment  
Communities,  
L.P.

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.  
Mid-America  
Apartment  
Communities,  
L.P.

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such  
files).

Mid-America  
Apartment  
Communities,  
Inc.

Mid-America  
Apartment  
L.P.

Indicate by  
check mark if  
disclosure of  
delinquent filers  
pursuant to Item  
405 of  
Regulation S-K  
(§229.405 of  
this chapter) 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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Mid-America Apartment Communities, Inc.

Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Mid-America Apartments, L.P.

Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
 Yes  No

Mid-America  
Apartment  
Communities,  
Inc.

Mid-America  
~~Apartment~~  
Communities,  
L.P.

The aggregate market value of the 80,246,503 shares of common stock of Mid-America Apartment Communities, Inc. held by non-affiliates was approximately \$8.1 billion based on the closing price of \$100.67 as reported on the New York Stock Exchange on June 29, 2018. 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 18, 2019 there were 113,888,340 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 21, 2019 are incorporated by reference into Part III of this report. We expect to file our proxy statement within 120 days after December 31, 2018.

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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, 2018 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. Mid-America Apartment Communities, Inc. and its 96.5% owned subsidiary, Mid-America Apartments, L.P., are both required to file annual reports under the Securities Exchange Act of 1934, as amended.

Unless the context otherwise requires, all references in this Annual Report on Form 10-K to "MAA" refer 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 Mid-America Apartments, L.P. Unless the context otherwise requires, all 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, "preferred stock" refers to the preferred stock of MAA, and "shareholders" refers to the holders of shares of MAA's common stock or preferred stock, as applicable. The common units of limited partnership interest in the Operating Partnership are referred to as "OP Units" and the holders of the OP Units are referred to as "common unitholders".

As of December 31, 2018, MAA owned 113,844,267 OP Units (96.5% of the total number of OP Units). MAA conducts substantially all of its business and holds substantially all of its assets, directly or indirectly, 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 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.

MAA is a multifamily focused, self-administered and self-managed real estate investment trust, or REIT. Management operates MAA and the Operating Partnership as one business. 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 partners. MAA's only material asset is its ownership of limited partnership interests in the Operating Partnership (other than cash held by MAA from time-to-time); 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 the real estate assets. Except for net proceeds from public equity issuances by MAA, which are contributed to the Operating Partnership in exchange for limited partnership 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 OP 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, treasury shares, accumulated other comprehensive income and redeemable common stock. The Operating Partnership's capital may include common capital and preferred capital of the general partner (MAA), limited partners' common capital and preferred capital, noncontrolling interest, accumulated other comprehensive income and redeemable common units. Holders of OP Units (other than MAA and its subsidiaries) may require the Operating Partnership to redeem their OP Units from time to time, in which case the Operating Partnership may, at its option, pay the redemption price either in cash (in an amount per OP Unit equal, in general, to the average closing price of MAA's common stock on the New York Stock Exchange, or NYSE, over a specified period prior to the redemption date) or by delivering one share of MAA's common stock (subject to adjustment under specified circumstances) for each OP Unit so redeemed.

In order to highlight the material differences between MAA and the Operating Partnership, this Annual Report on Form 10-K 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 consolidated financial statements, including Note 3 - Earnings per Common Share of MAA and Note 4 - Earnings per OP Unit of MAALP; Note 9 - Shareholders' Equity of MAA and Note 10 - Partners' Capital of MAALP; and Note 16 - Selected Quarterly Financial Information of MAA (Unaudited) and Note 17 - Selected Quarterly Financial Information of MAALP (Unaudited);
- the controls and procedures in Item 9A of this report; and
- the certifications included as Exhibits 31 and 32 to this report.

In the sections that combine disclosures 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, in that 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, or the Securities Act, 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 forecasted operating performance and results, 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, as described below, which may cause our 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. 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 actual results, performance or achievements to differ materially from those expressed or implied 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 and sector;
-

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;  
 the continuation of the good credit of our interest rate swap 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;  
 • cyber liability or potential liability for breaches of our privacy or information security systems;  
 potential liability for environmental contamination;  
 • adverse legislative or regulatory tax changes;  
 legal proceedings relating to various issues, which, among other things, could result in a class action lawsuit;  
 compliance costs associated with laws requiring access for disabled persons; and  
 other risks identified in this Annual Report on Form 10-K including under the caption "Item 1A. Risk Factors" 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.

New factors may also emerge from time to time that could have a material adverse effect on our business. Except as required by law, we undertake no obligation to publicly update or revise forward-looking statements contained in this Annual Report on Form 10-K to reflect events, circumstances or changes in expectations after the date on which this Annual Report on Form 10-K is filed.

## Item 1. Business.

### Overview

MAA is a multifamily focused, self-administered and self-managed real estate investment trust, or REIT. We own, operate, acquire and selectively develop apartment communities located in the Southeast, Southwest and Mid-Atlantic regions of the United States. As of December 31, 2018, we maintained full or partial ownership of apartment communities and commercial properties across 17 states and the District of Columbia, summarized as follows:

Multifamily Communities	Units
Consolidated	303 100,595
Unconsolidated	1 269
Total	304 100,864

Commercial Properties	Sq. Ft. (1)
Consolidated	4 260,000

(1) Excludes commercial space located at our multifamily apartment communities, which totals approximately 615,000 square feet of gross leasable space.

Our business is conducted principally through the Operating Partnership. MAA is the sole general partner of the Operating Partnership, holding 113,844,267 OP Units, comprising a 96.5% partnership interest in the Operating Partnership as of December 31, 2018. MAA and MAALP were formed in Tennessee in 1993. As of December 31, 2018, we had 2,508 full-time employees and 44 part-time employees.

## 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 dividends and distributions 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 investment cycles by taking an opportunistic approach to buying, selling, developing and renovating apartment communities;
- diversify investment capital across markets in which we operate to achieve a balanced portfolio and minimize volatile operating performance; and
- actively manage our capital structure to enhance predictability of earnings to fund our dividends and distributions.

## Operations

Our goal is to generate return on investment collectively and in each apartment community by increasing revenues, controlling operating expenses, maintaining high occupancy levels and reinvesting in the income producing capacity of each apartment community 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;
- implementing programs to control expenses through investment in cost-saving initiatives;
- analyzing individual asset productivity performances to identify best practices and improvement areas;
- 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;
- 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 management, along with various asset management functions, are proactively involved in supporting and reviewing property management through extensive reporting processes and frequent on-site visits. To maximize the amount of information shared between senior 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 and 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.

Investment in technology continues to drive operating efficiencies in our business and help us to better meet the changing needs of our residents. Our residents have the ability to conduct business with us 24 hours a day, 7 days a

week and complete online leasing applications and renewals via the use of our web-based resident Internet portal. Interacting with our residents through such technology has allowed us to improve resident satisfaction ratings and increase the efficiency of our operating teams.

#### Acquisitions

One of our growth strategies is to acquire apartment communities that are located in various markets throughout the Southeast, Southwest and Mid-Atlantic regions of the United States. Acquisitions, along with dispositions, help us achieve and maintain our desired product mix, geographic diversification and asset allocation. Portfolio growth allows for maximizing the efficiency of the existing management and overhead structure. We have extensive experience in the acquisition of apartment



communities. We will continue to evaluate opportunities that arise, and we will utilize this strategy to increase our number of apartment communities in strong and growing markets.

We acquired the following properties during the year ended December 31, 2018:

Multifamily Acquisition	Market	Units	Closing Date
Sync 36	Denver, CO	374	April 26, 2018

Commercial Acquisition	Market	Sq Ft	Closing Date
Hue Retail <sup>(1)</sup>	Raleigh, NC	7,500	August 1, 2018

Land Acquisition	Market	Acres	Closing Date
Westminster	Denver, CO	10	October 1, 2018
Long Point Road	Houston, TX	9	November 1, 2018

<sup>(1)</sup> We acquired the ground floor retail portion of one of our existing multifamily apartment communities.

### Dispositions

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 acquire, develop and redevelop additional apartment communities and 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. In deciding to sell an apartment community, we consider current market conditions and generally solicit competing bids from unrelated parties for these individual properties, considering 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, 2018, we disposed of five land parcels totaling approximately 76 acres.

### Development

As another part of our growth strategy, we invest in a limited number of development projects. Development activities may be conducted through wholly-owned affiliated companies or through joint ventures with unaffiliated parties. Typically, fixed price construction contracts are signed with unrelated parties to minimize construction risk. 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 typically serve as the developer. While we seek opportunistic new development investments offering attractive long-term investment returns, we intend to maintain a total development commitment that we consider modest in relation to our total balance sheet and investment portfolio. During the year ended December 31, 2018, we incurred \$57.1 million in development costs and completed 3 development projects.

The following multifamily projects were under development as of December 31, 2018 (dollars in thousands):

Project:	Market	Total Units	Units Completed	Cost to Date	Budgeted Cost	Estimated Cost Per Unit	Expected Completion
Post Parkside at Wade III	Raleigh, NC	150	—	\$7,235	\$25,000	\$ 167	4th Quarter 2019
Post Sierra at Frisco Bridges II	Dallas, TX	348	—	12,013	69,000	198	3rd Quarter 2020
Sync 36 II	Denver, CO	79	—	11,685	24,500	310	4th Quarter 2019
		577	—	\$30,933	\$118,500		

## Redevelopment

We focus on both interior unit upgrades and exterior amenities above and beyond routine capital upkeep on existing apartment communities across our portfolio that we believe have the ability to support additional rent growth. During the year ended December 31, 2018, we renovated 8,155 units at an average cost of \$6,138 per unit, achieving average rental rate increases of 10.5% above the normal market rate for similar but non-renovated units.

## Capital Structure

We use a combination of debt and equity sources to fund our business objectives. We maintain a capital structure, focused on maintaining access, flexibility and low costs, that we believe allows us to proactively source potential investment

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opportunities in the marketplace. We structure our debt maturities to avoid disproportionate exposure in any given year. Our primary debt financing strategy is to access the unsecured debt markets to provide our debt capital needs, but we also maintain a limited amount of secured debt and maintain our access to both the secured and unsecured debt markets for maximum flexibility. We also believe that we have significant access to the equity capital markets.

As of December 31, 2018, 28.6% of our total market capitalization consisted of debt borrowings, including 25.6% under unsecured credit facilities and unsecured senior notes and 3.0% under secured borrowings. We currently intend to target our total debt, net of cash held, to a range of approximately 32% to 38% 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 issue new equity to maintain our debt within the target range. Covenants for our unsecured senior notes limit our total debt to 60% or less of our adjusted total assets (as defined in the covenants for the bonds issued by MAALP). As of December 31, 2018, our total debt was approximately 32.6% of our adjusted total assets. We continuously review opportunities for lowering our cost of capital. We plan to continue using unsecured debt in order to take advantage of the lower cost of capital and flexibility provided by these markets. We will 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 focus on improving the net present value of our investments by generating cash flows from our portfolio of assets 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 over the life of the investments.

## 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 apartment communities offer features that our apartment communities do not have. Competing apartment communities can use concessions or lower rents to obtain temporary competitive advantages. Also, some competing apartment communities are larger or newer than our apartment communities. The competitive position of each apartment 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, however, that we are generally 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 technological needs of our residents;
- access to a wide variety of debt and equity capital sources;
- geographic diversification with a presence in 38 defined Metropolitan Statistical Areas across the Southeast, Southwest and Mid-Atlantic regions of the United States; 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 expiration management, improve expense control, increase resident retention efforts and align employee incentive plans with our performance. We also plan to continue to make capital improvements to both our apartment communities and individual units on a regular basis in order to maintain a competitive position in each individual market. 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.

#### Environmental Matters

As a part of our standard apartment community acquisition and development processes, we generally obtain environmental studies of the sites 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 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 property; 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. Should any potential environmental risks or conditions be discovered during our due diligence process, the potential costs of remediation will be assessed carefully and factored into the cost of acquisition, assuming the identified risks and factors are deemed to be manageable and within reason. 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.

#### Merger with Post Properties

We completed our merger with Post Properties, Inc., or Post Properties, on December 1, 2016. Accordingly, the consolidated net assets and results of operations of Post Properties are included in our consolidated financial statements from and after the merger closing date.

#### Qualification as a Real Estate Investment Trust

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 2018, MAA paid total distributions of \$3.69 per share of common stock to its shareholders, which was above the 90% REIT distribution requirement and was in excess of REIT taxable income.

#### Recent Developments

In February 2019, we closed on the disposition of a 0.4 acre land parcel located in the Atlanta, Georgia market, resulting in a net gain of \$9.0 million on the sale of non-depreciable real estate assets recognized in the first quarter of 2019. The gain on sale of non-depreciable real estate assets was not reflected in our initial earnings guidance for the first quarter of 2019 or the full year of 2019. We will review our 2019 earnings guidance in our earnings release and conference call discussing results for the quarter ending March 31, 2019.

In February 2019, we entered into a \$191.3 million fixed rate secured property mortgage with a fixed rate of 4.43%, maturing in February 2049.

#### Website Access to Our Reports

MAA and the Operating Partnership file combined periodic reports with the SEC. Our Annual Reports on Form 10-K, along with our Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to those reports, are available on our website at <https://www.maac.com> as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. 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 Annual Report on Form 10-K. All of the aforementioned materials may also be obtained free of charge by contacting our Investor Relations Department, 6815 Poplar Avenue, Suite 500, Germantown, TN 38138.

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 impact our business operations. If any of these risks occur, our business prospects, financial condition or results of operations could suffer, the market price of our capital stock and the trading price of our debt securities could decline and you could lose all or part of your investment in our capital stock or debt securities.

Risks Related to Our Real Estate Investments and Our Operations

Unfavorable market and economic conditions could adversely affect occupancy levels, rental revenues and the value of our properties.

Unfavorable market conditions in the areas in which we operate and unfavorable economic conditions may significantly affect our occupancy levels, our rental rates and collections, the value of the properties and our ability to acquire or dispose of apartment communities on economically favorable terms. Our ability to lease our apartment communities at favorable rates is adversely affected by the increase in supply in the multifamily and other rental markets and is dependent upon the overall level in the economy, which is adversely affected by, among other things, job losses and unemployment levels, personal debt levels, a downturn in the housing market, stock market volatility and uncertainty about the future. Some of our major expenses generally do not decline when related rents decline. We would expect that declines in our occupancy levels, rental revenues and/or the values of our apartment communities would cause us to have less cash available to make payments on our debt and to make distributions, which could adversely affect our financial condition or the market value of our securities. Factors that may affect our occupancy levels, our rental revenues, and/or the value of our apartment communities include the following, among others:

- downturns in global, national, regional and local economic conditions, particularly increases in unemployment;
- declines in mortgage interest rates and home pricing, making alternative housing more affordable;
- government or builder incentives with respect to home ownership, making alternative housing options more attractive;
- local real estate market conditions, including oversupply of apartments or other housing available for rent, or a reduction in demand for apartments in the area;
- declines in the financial condition of our residents, which may make it more difficult for us to collect rents from some residents;
- declines in market rental rates;
- declines in household formation; and
- increases in operating costs, if these costs cannot be passed through to our residents.

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

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. Our funds from operations may be insufficient because of factors that are beyond our control. Such events or conditions could include:

- competition from other apartment communities;
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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 increase in the number of condominiums and single family homes available for sale;

• 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 Fannie Mae, or the Federal Home Loan Mortgage Corporation, or Freddie Mac;
- 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 make distributions 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 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.

We are dependent on a concentration of our investments in a single asset class, making our results of operations more vulnerable to a downturn or slowdown in the sector or other economic factors.

As of December 31, 2018, substantially all of our investments are concentrated in the multifamily sector. As a result, we will be subject to risks inherent in investments in a single type of property. A downturn or slowdown in the demand for multifamily housing may have more pronounced effects on our results of operations or on the value of our assets than if we had diversified our investments into more than one asset class.

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

As of December 31, 2018, approximately 39.4% of our portfolio is located in our top five markets: Atlanta, Georgia; Dallas, Texas; Austin, Texas; Charlotte, North Carolina; and Orlando, Florida. In addition, our overall operations are concentrated in the Southeast, Southwest and Mid-Atlantic regions of the United States. 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 economic conditions, job growth and unemployment in any of these markets deteriorate or any of these areas experiences natural disasters, the value of our portfolio, our results of operations and our ability to make payments on our debt and to make distributions could be adversely affected.

Failure to succeed in new markets may have adverse consequences on our performance.

We may make acquisitions outside of our existing market areas if appropriate opportunities arise. Our historical experience in our existing markets does not ensure that we will be able to operate successfully in new markets, should we choose to enter them. We may be exposed to a variety of risks if we choose to enter new markets, including an inability to accurately evaluate local market conditions, to identify appropriate acquisition opportunities, to hire and retain key personnel, and a lack of familiarity with local governmental and permitting procedures. In addition, we may abandon opportunities to enter new markets that we have begun to explore for any reason and may, as a result, fail to recover expenses already incurred.

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

There are numerous other apartment communities and real estate companies, some of which may 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 generate revenues, 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 payments on our debt and to make distributions.

Acts of violence could decrease the value of our assets and could have an adverse effect on our business and results of operations.

Our apartment communities could directly or indirectly be the location or target of actual or threatened terrorist attacks, crimes, shootings or other acts of violence, the occurrence of which could impact the value of our communities through damage, destruction, loss or increased security costs, as well as result in operational losses due to reduced rental demand, and the availability of insurance may be limited or may be subject to substantial costs. If such an incident were to occur at one of our apartment communities, we may also become subject to significant liability claims. In addition, the adverse effects that actual or threatened terrorist attacks could have on national economic conditions, as well as economic conditions in the markets in which we operate, could similarly have a material adverse effect on our business and results of operations.

We rely on information technology systems in our operations, and any breach or security failure of those systems could materially adversely affect our business, financial condition, results of operations and reputation.

We rely on information technology systems to process, transmit and store information and to manage or support our business processes. We maintain confidential financial and business information regarding us and persons with which we do business on our information technology systems. We also collect and hold personally identifiable information of our residents and prospective residents in connection with our leasing and property management activities, and we collect and hold personally identifiable information of our employees in connection with their employment. In addition, we engage third party service providers that may collect and hold personally identifiable information of our residents, prospective residents and employees in connection with providing business services to us, including web hosting, property management, leasing, accounting and payroll services. The protection of the information technology systems on which we rely is critically important to us. We take steps, and generally require third party service providers to take steps, to protect the security of the information maintained in our and our service providers' information technology systems, including the use of systems, software, tools and monitoring to provide security for processing, transmitting and storing of the information. However, we face risks associated with breaches or security failures of the information technology systems on which we rely, which could result from, among other incidents, cyber-attacks or cyber-intrusions over the Internet, malware, computer viruses or employee error or misconduct. This risk of a breach or security failure, particularly through cyber-attacks or cyber-intrusion, has generally increased due to the rise in new technologies and the increased sophistication and activities of the perpetrators of attempted attacks and intrusions.

The security measures put in place by us and our service providers cannot provide absolute security and there can be no assurance that we or our service providers will not suffer a data security incident in the future, that unauthorized parties will not gain access to sensitive information stored on our or our service providers' 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. Even the most well protected information, networks, systems and facilities remain potentially vulnerable as the techniques used in such attempted security breaches evolve and generally are not recognized until launched against a target, and in some cases are designed to not be detected and, in fact, may not be detected. Accordingly, we and our providers may be unable to anticipate these techniques or to implement adequate security barriers or other preventative measures. Further, in the future, we may be required to expend additional resources to continue to enhance information security measures or to investigate and remediate any information security vulnerabilities.

A data security incident could compromise our or our service providers' information technology systems, and the information stored by us or our service providers, including personally identifiable information of residents, prospective residents and employees, could be accessed, misused, publicly disclosed, corrupted, lost or stolen. Any failure to prevent a breach or a security failure of our or our service providers' information technology systems could

interrupt our operations, damage our reputation and brand, damage our competitive position, make it difficult for us to attract and retain residents, subject us to liability claims or regulatory penalties and could materially and adversely affect our business, financial condition or results of operations.

Acquisitions of apartment communities involve various risks and may fail to meet expectations.

We have acquired in the past, and if presented with attractive opportunities we intend to 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's 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 revenues and profitability, and these additional investments may not produce the anticipated improvements in revenues or profitability;
- 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; and
- we may acquire properties that are subject to liabilities or that have problems relating to environmental condition, state of title, physical condition or compliance with zoning laws, building codes or other legal requirements and in each case, our acquisition may be without any, or with only limited, recourse with respect to unknown liabilities or conditions and we may be obligated to pay substantial sums to settle or cure it, which could adversely affect our cash flow and operating results.

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. In addition, if a transaction intended to qualify as a Section 1031 exchange is later determined to be taxable, we may face adverse consequences, and if the laws applicable to such transactions are amended or repealed, we may not be able to dispose of properties on a tax deferred basis. Intermediary agents of Section 1031 exchange transactions typically handle large sums of money in trusts. Misappropriation of funds by one of these agents could have a material negative impact on our results of operations. Additionally, misappropriation of funds could result in the disposal of the property not qualifying for a tax deferred basis and adversely affect our financial condition. It is also possible the qualification of a transaction as a Section 1031 exchange could be successfully challenged and determined to be currently taxable. In such case, our taxable income and earnings and profits would increase, which could increase the dividend income to our shareholders by reducing any return of capital they received. In some circumstances, we may be required to pay additional dividends or, in lieu of additional dividends, corporate income tax, possibly including interest and penalties. As a result, we may be required to borrow funds in order to pay additional dividends or taxes and the payment of such taxes could cause us to have less cash available to distribute to our shareholders. In addition, if a Section 1031 exchange were later to be determined to be taxable, we may be required to amend our tax returns for the applicable year in question, including any information reports sent to our shareholders; and

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federal tax laws applicable to REITs limit our ability to profit on the sale of communities, and this limitation may prevent us from selling communities when market conditions are favorable.

Property ownership through joint ventures could limit our ability to act exclusively in our interest.

From time to time, we may acquire and/or develop properties in joint ventures with other persons or entities when we believe circumstances warrant the use of such structures. In that case, we could become engaged in a dispute with one or more of our partners which might affect our ability to operate a jointly-owned property. Moreover, our partners could have business, economic or other objectives that are inconsistent with our objectives, including objectives that relate to the appropriate timing and terms of any sale or refinancing of a property. In some instances, our partners could have competing interests in our markets that could create conflicts of interest. Also, our partners might refuse to make capital contributions when due and we

may be responsible to our partners for indemnifiable losses. In general, we and our partners could each have the right to trigger a buy-sell arrangement, which could cause us to sell our interest, or acquire our partners' interest, at a time when we otherwise would not have initiated such a transaction and may result in the valuation of our interest in the joint venture (if we are the seller) or of our partners' interest in the joint venture (if we are the buyer) at levels which may not be representative of the valuation that would result from an arm's length marketing process. Other potential risks of a jointly-owned property include (i) a deadlock if we and our partners are unable to agree upon certain major and other decisions, (ii) a limitation of our ability to liquidate our position in the partnership or joint venture without the consent of the other partners and (iii) a requirement to provide guarantees in favor of lenders with respect to the indebtedness of the joint venture.

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 properly remediate, hazardous, toxic substances or petroleum product releases 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 the 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 apartment 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 apartment community that we seek to acquire or develop, 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 apartment 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 apartment communities; or
- that environmental matters will not have a material adverse effect on us and our ability to make payments on our debt and to make distributions.

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 apartment communities previously sold by our predecessors or by us. There have been a number of lawsuits against owners and operators of multifamily apartment 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 apartment 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 or health concerns, or allegations thereof, arise.

Extreme weather or natural disasters may cause property damage or disrupt business, which could harm our business and results of operations.

We have apartment communities located in areas that may be subject to extreme weather and natural disasters, including, but not limited to, earthquakes, winds, floods, hurricanes and fires. Such conditions may damage our properties, disrupt our operations and adversely impact our tenants. There can be no assurances that such conditions will not have a material adverse effect on our properties, operations or business.



Losses from catastrophes may exceed our insurance coverage, which may negatively impact our results of operations and reduce the value of our properties.

We carry comprehensive liability and property insurance on our apartment communities and intend to obtain similar coverage for apartment 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. Any losses we experience that are not fully covered by our insurance may negatively impact our results of operations and may reduce the value of our properties.

Increasing real estate taxes, utilities and insurance premiums 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 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 premiums should rise, without being offset by a corresponding increase in revenues, our results of operations could be negatively impacted, and our ability to make payments on our debt and to make distributions could be adversely 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 of 1990, or the ADA, the Fair Housing Act of 1988, or the FHA, 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 apartment 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, 2018, we had three development communities under construction totaling 577 units. We may make further investments in these and other development communities as opportunities arise and may do so through joint ventures with unaffiliated parties. 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;
- we may be unable to obtain financing for development activities under favorable terms, which could cause a delay in construction resulting in increased costs, decreases in revenue, and potentially cause us to abandon the opportunity;
- yields may be less than anticipated as a result of delays in completing projects, costs that exceed budget, higher than expected concessions for lease-up and lower rents than initially estimated;

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 an apartment 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 apartment community may fluctuate depending on a number of factors, including market and economic conditions, preventing us from meeting our profitability goals for that community;

when we sell to third parties apartment 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; and our failure to successfully enter into a joint venture agreement may prohibit an otherwise advantageous investment if we cannot raise the money through other means.

Short-term leases expose us to the effects of declining market rents and we may be unable to renew leases or relet units as leases expire.

Our apartment leases are generally for a term of one year or less. As these leases typically permit the residents to leave at the end of the lease term without penalty, our revenues are impacted by declines in market rents more quickly than if our leases were for longer terms. If we are unable to promptly renew the leases or relet the units, or if the rental rates upon renewal or reletting are significantly lower than expected rates, then our financial condition and results of operations may be adversely affected.

Legal proceedings that we become involved in from time to time could affect our business.

As an owner, operator and developer of multifamily apartment communities, we may become involved in various legal proceedings, including, but not limited to, proceedings related to commercial, development, employment, environmental, securities, shareholder, tenant or tort legal issues, some of which could result in a class action lawsuit. For example, as described in more detail in "Legal Proceedings" and Note 12 to the consolidated financial statements included elsewhere in this Annual Report on Form 10-K, we are currently a defendant in two class action lawsuits relating to tenant late fee policies at our Texas apartment communities.

Legal proceedings, if decided adversely to or settled by us, and not covered by insurance, could result in liability material to our financial condition, results of operations or cash flows. Likewise, regardless of outcome, legal proceedings could result in substantial costs and expenses, affect the availability or cost of some of our insurance coverage and significantly divert the attention of our management. There can be no assurance that we will be able to prevail in, or achieve a favorable settlement of, any pending or future legal proceedings to which we become subject.

#### 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, 2018, the amount of our total debt was approximately \$4.5 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;
- debt service obligations will reduce funds available for distribution 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;
- 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; and
- if one of our subsidiaries defaults, it could trigger a cross default or cross acceleration provision under other indebtedness, which could cause an immediate default or could allow the lenders to declare all funds borrowed

thereunder to be due and payable.

If any one of these events was 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, which could negatively impact our financial condition and results of operations.

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 either secured or unsecured indebtedness will not

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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 are unable to refinance our indebtedness on acceptable terms, if at all, we might be forced to dispose of one or more of our apartment 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 payments on our debt and to make distributions. 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 could adversely affect our results of operations and cash flows.

We have incurred and expect in the future to incur indebtedness that bears interest at variable rates. Interest rates could increase, which could result in higher interest expense on our variable-rate debt or increase interest rates when refinancing maturing fixed-rate debt, which could have a material adverse effect on us and our ability to make payments on our debt and to make distributions or cause us to be in default under certain debt instruments. In addition, an increase in market interest rates may lead holders of shares of our 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. During 2018, the Federal Reserve raised the federal funds rate by 0.25 points each quarter, resulting in a range of 2.25 percent to 2.5 percent after the Federal Reserve's December 2018 meeting. These increases in the federal funds rate and any future increases due to other key economic indicators, such as the unemployment rate or inflation, may cause interest rates and borrowing costs to rise, which may negatively impact our ability to access the debt markets on favorable terms. Any continued adverse economic conditions could have a material adverse effect on our business, financial condition and results of operations.

We may incur additional debt in the future, which may adversely impact our financial condition.

We currently fund the acquisition and development of apartment communities partially through borrowings (including our revolving credit facility) as well as from other sources such as sales of apartment communities which no longer meet our investment criteria. In addition, we may fund other of our capital requirements through debt. Our organizational documents do not contain any limitation on the amount of indebtedness that we may incur, and we may incur more debt in the future. 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 and an increased risk of default on our obligations, which could have a material adverse effect on our financial condition, our ability to access debt and equity capital markets in the future and our ability to make payments on our debt and to make distributions.

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

As of December 31, 2018, we had outstanding borrowings of approximately \$4.5 billion. Our indebtedness contains financial covenants as to interest coverage ratios, maximum secured debt, maintenance of unencumbered asset value, and total debt to gross assets, among others, and cross default provisions with other material debt. Our ability to comply with these financial covenants may be affected by changes in our operating and financial performance, changes in general business and economic conditions, adverse regulatory developments or other events adversely impacting us. 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 our financial condition and our ability to make payments on our debt and to make distributions.

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 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 payments on our debt and to make distributions.

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

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three ratings agencies based on their evaluation of our creditworthiness. These ratings are based on a number of factors, which include their assessment of our financial strength, liquidity, capital structure, asset quality, and sustainability of cash flows 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.

Financing may not be available and could be dilutive.

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. We and other companies in the real estate industry have experienced limited availability of financing from time to time. Restricted lending practices could impact our ability to obtain debt financing. 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 an investor acquires 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 the holder to sell the shares and turn over any profit to MAA, or MAA will redeem the shares. If MAA redeems the shares, the holder 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 the 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 an investor acquires shares in violation of the limits on ownership described above:

the holder may lose its power to dispose of the shares;

the holder may not recognize profit from the sale of such shares if the market price of the shares increases; and

the holder may be required to recognize a loss from the sale of such shares if the market price decreases.



Future offerings of debt or equity securities, which may rank senior to our common stock, may adversely affect the market price of our common stock.

If we decide to issue additional debt securities in the future, which would rank senior to our common stock, it is likely that they will be governed by an indenture or other instrument containing covenants restricting our operating flexibility. Additionally, any equity securities or convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of our common stock and may result in dilution to owners of our common stock. We and, indirectly, our shareholders, will bear the cost of issuing and servicing such securities. Because our decision to issue debt or equity securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of any future offerings. Thus, holders of our common stock will bear the risk of our future offerings reducing the market price of our common stock and diluting the value of their stock holdings.

The form, timing and amount of dividend distributions in future periods may vary and be impacted by economic and other considerations.

Though our Board of Directors has a history of declaring dividends in advance of the quarter they are paid, the form, timing and amount of dividend distributions will be declared, and standing practice changed, at the discretion of the Board of Directors. The form, timing and amount of dividend distributions will depend on actual cash from operations, our financial condition, capital requirements, the annual distribution requirements under the REIT provisions of the Code and other factors as our Board of Directors may consider relevant. Our Board of Directors may modify our dividend policy from time to time.

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, 868,000 of which have been designated as 8.50% Series I Cumulative Redeemable Preferred Stock, which we refer to as MAA Series I preferred stock. In addition to the MAA Series I preferred stock, the Board of Directors may establish the preferences and rights of any other series of 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, 2018, 867,846 shares of preferred stock were issued and outstanding, all of which shares were MAA Series I preferred stock.

#### 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 common stock 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. In addition, although MAA's common stock is listed on the NYSE, the daily trading volume of MAA's common stock 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 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 common stock.

The stock markets, including the NYSE, on which MAA lists its common stock, have, at times, 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 of the Operating Partnership and all 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 unitholders of the Operating Partnership 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 unitholders of the Operating Partnership 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 unitholders of the Operating Partnership. Also, MAA owns approximately 96.5% 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 common stock 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 common stock 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 MAA's common stock.

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 make payments on its debt and to make distributions to its unitholders, which may cause MAA to not have the funds to make 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, to make payments on its debt or to make distributions to its 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, MAA will be subject to federal income tax on its taxable income at regular corporate rates without the benefit of the dividends paid deduction applicable to REITs. In addition, unless MAA is entitled to relief under applicable statutory provisions, MAA would be ineligible to make an election for treatment as a REIT for the four taxable years following the year in which it 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. MAA's failure to qualify as a REIT also could impair its ability to expand its business and raise capital, and would adversely affect the value of MAA's 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. MAA cannot assure, however, that it is qualified or will remain qualified as a REIT. 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 qualification as a REIT.

Even if MAA qualifies as a REIT, MAA will be subject to various federal, state and local taxes, including property taxes and income taxes on taxable income that MAA does not timely 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 those TRSs will be subject to federal income tax at regular corporate rates on their taxable income without the benefit of the dividends paid deduction applicable to REITs.

Furthermore, we have a subsidiary that has elected to be treated as a REIT, and if our subsidiary REIT were to fail to qualify as a REIT, it is possible that we also would fail to qualify as a REIT unless we (or the subsidiary REIT) could qualify for certain relief provisions. The qualification of our subsidiary REIT as a REIT will depend on satisfaction, on an annual or quarterly basis, of numerous requirements set forth in highly technical and complex provisions of the Code for which there are only limited judicial or administrative interpretations. A determination as to whether such requirements are satisfied involves various factual matters and circumstances not entirely within our control. The fact that we hold substantially all of our assets through the Operating Partnership and its subsidiaries further complicates the application of the REIT requirements for us. No assurance can be given that our subsidiary REIT will qualify as a REIT for any particular year.

If any REIT previously acquired by us failed to qualify as a REIT for U.S. federal income tax purposes, we would incur adverse tax consequences and our financial condition and results of operations would be materially adversely affected.

Prior to the merger with Post Properties, Post Properties operated in a manner intended to allow it to qualify as a REIT for U.S. federal income tax purposes. If Post Properties, or any other REIT previously acquired by MAA (each, a "Merged REIT"), is determined to have lost its REIT status at any time prior to its merger with MAA, MAA would be subject to serious adverse tax consequences, including:

MAA would be required to pay U.S. federal income tax at regular corporate rates on the taxable income of such Merged REIT without the benefit of the dividends paid deduction for the taxable years that the Merged REIT did not qualify as a REIT and for which the statute of limitations period remains open; and MAA would be required to pay any federal alternative minimum tax liability of the Merged REIT and any applicable state and local tax liability, in each case, for all taxable years that remain open under the applicable statute of limitations periods.

MAA is liable for any tax liability of a Merged REIT with respect to any periods prior to the merger of such Merged REIT with MAA. If a Merged REIT failed to qualify as a REIT, then in the event of a taxable disposition by MAA of an asset previously held by the Merged REIT during a specified period of up to 5 years following the merger of the Merged REIT with MAA, MAA will be subject to corporate income tax with respect to any built-in gain inherent in such asset as of the date of such merger. In addition, unless an applicable statutory relief provision applies, if a Merged REIT failed to qualify as a REIT for a taxable year, then the Merged REIT would not have been entitled to re-elect to be taxed as a REIT until the fifth taxable year following the year during which it was disqualified. Furthermore, if both MAA and a Merged REIT were "investment companies" under the "investment company" rules set forth in Section 368 of the Code at the time of the merger of MAA and such Merged REIT, the failure of MAA or such Merged REIT to have qualified as a REIT at the time of their merger could result in such merger being treated as taxable for federal income tax purposes. As a result of all these factors, the failure by a Merged REIT to have qualified as a REIT could jeopardize MAA's qualification as a REIT and require the Operating Partnership to provide material

amounts of cash to MAA to satisfy MAA's additional tax liabilities and, therefore, could have a material adverse effect on MAA's business prospects, financial condition or results of operations and on MAA's ability to make payments on our debt and to make distributions.

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.

Certain dispositions of property by us may generate prohibited transaction income, resulting in a 100% penalty tax on any gain attributable to the disposition.

Any gain resulting from a transfer of property that we hold as inventory or primarily for sale to customers in the ordinary course of business would be treated for federal income tax purposes as income from a prohibited transaction that is subject to a 100% penalty tax. Since we acquire properties for investment purposes, we do not believe that our occasional transfers or disposals of property would be considered prohibited transactions. Whether property is held for investment purposes is a question of fact that depends on all the facts and circumstances surrounding the particular transaction. As such, the IRS may contend that certain transfers or disposals of properties by us are prohibited transactions. If the IRS were to argue successfully that a transfer or disposition of property constituted a prohibited transaction, then we would be required to pay a 100% penalty tax on any gain allocable to us from the prohibited transaction. In addition, income from a prohibited transaction might adversely affect our ability to satisfy the income tests for qualification as a REIT for federal income tax purposes. A safe harbor to the characterization of the disposition of property as a prohibited transaction and the resulting imposition of the 100% tax is available; however, we cannot assure that we will be able to comply with such safe harbor in connection with any property dispositions.

The recently enacted legislation informally titled the Tax Cuts and Jobs Act and other legislative, regulatory and administrative developments may adversely affect MAA or its shareholders.

On December 22, 2017, President Trump signed into law P.L. 115-97, informally titled the Tax Cuts and Jobs Act, or the Tax Act. The Tax Act makes major changes to the Code, including a number of provisions of the Code that affect the taxation of REITs and their shareholders. Certain provisions of the Tax Act that may impact us and our shareholders include:

- temporarily reducing individual U.S. federal income tax rates on ordinary income; the highest individual U.S. federal income tax rate will be reduced from 39.6% to 37% (through taxable years ending in 2025);
- reducing the maximum corporate income tax rate from 35% to 21%;
- permitting a deduction for certain pass-through business income, including dividends received from REITs that are not designated as capital gain dividends or qualified dividend income, which generally will allow individuals, trusts and estates to deduct up to 20% of such amounts, resulting in an effective maximum U.S. federal income tax rate of 29.6% on such dividends (through taxable years ending in 2025);
- reducing the highest rate of withholding with respect to distributions to non-U.S. shareholders attributable to gains from the sale or exchange of U.S. real property interests from 35% to 21%;
- limiting the deduction for net operating losses to 80% of taxable income (prior to the application of dividends paid deduction);
- amending the limitation on the deduction of net interest expense for all businesses, other than certain electing businesses, including real estate businesses (which could adversely affect the taxation of any taxable REIT subsidiaries); and
- eliminating the corporate alternative minimum tax.

The individual and collective impact of these provisions and other provisions of the Tax Act on MAA and its shareholders is uncertain, and may not become evident for some period of time. In addition, other legislative, regulatory or administrative changes may be enacted or promulgated, either prospectively or with retroactive effect, and may adversely affect MAA or its shareholders. MAA's shareholders and prospective shareholders should consult their individual tax advisors regarding the implications of the Tax Act and other potential legislative, regulatory or administrative changes on their investment in MAA's capital stock.

Item 1B. Unresolved Staff Comments.

None.

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## 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 Southeast, Southwest and Mid-Atlantic regions of the United States with the potential for above average growth and return on investment. Approximately 68% 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 upscale amenities, extensive landscaping and attention to aesthetic detail.

The following table summarizes our apartment community portfolio and occupancy levels by location, as of December 31, 2018:

	Number of Communities	Number of Units <sup>(1)</sup>	Average Unit Size (Square Footage)	Average Occupancy <sup>(2)</sup>	
Atlanta, GA	28	10,664	1,040.4	95.9	%
Dallas, TX	29	9,404	884.2	95.3	%
Austin, TX	21	6,475	935.6	95.8	%
Charlotte, NC	21	6,149	965.0	96.2	%
Tampa, FL	14	5,220	1,015.6	96.3	%
Orlando, FL	12	4,498	1,027.4	96.2	%
Houston, TX	14	4,479	882.4	96.2	%
Raleigh/ Durham, NC	14	4,397	1,016.5	96.3	%
Fort Worth, TX	11	4,249	902.9	95.8	%
Washington, DC	10	4,080	926.4	96.7	%
Nashville, TN	10	3,776	1,019.6	95.6	%
Jacksonville, FL	10	3,496	964.4	96.6	%
Charleston, SC	10	2,726	956.9	95.8	%
Phoenix, AZ	7	2,301	980.2	96.7	%
Savannah, GA	9	2,219	1,021.3	96.6	%
Memphis, TN	4	1,811	974.2	95.7	%
Greenville, SC	8	1,748	902.0	96.4	%
Richmond, VA	6	1,668	862.3	96.7	%
San Antonio, TX	4	1,504	910.3	96.0	%
Birmingham, AL	5	1,462	1,054.8	96.2	%
Little Rock, AR	5	1,368	981.5	95.4	%
Jackson, MS	4	1,241	970.1	96.2	%
Huntsville, AL	3	1,228	1,089.9	97.3	%
Chattanooga, TN	4	943	905.7	96.2	%
Lexington, KY	4	924	914.4	96.2	%
Norfolk / Hampton / Virginia Beach, VA	3	788	924.5	96.9	%
Las Vegas, NV	2	721	953.5	96.3	%
Tallahassee, FL	2	604	1,111.2	96.1	%
Kansas City, MO / KS	2	603	965.9	95.9	%
Columbia, SC	2	576	1,028.6	96.8	%
South Florida, FL	1	480	1,189.4	96.2	%
Gainesville, FL	2	468	1,137.7	97.3	%
Louisville, KY	1	384	845.7	96.2	%
Gulf Shores, AL	1	324	993.0	96.9	%

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Panama City, FL	1	254	1,117.5	97.6	%
Charlottesville, VA	1	251	943.5	97.3	%
Same Store	285	93,483	968.3	96.1	%
Atlanta, GA	2	770	859.1	61.5	%
Austin, TX	1	642	788.9	94.4	%
Charleston, SC	1	442	939.5	81.6	%
Dallas, TX	2	362	957.4	93.9	%
Denver, CO	2	733	832.1	61.6	%
Greenville, SC	1	336	1,029.5	94.6	%
Gulf Shores, AL	1	96	2,145.8	96.7	%
Houston, TX	1	388	866.4	96.2	%
Kansas City, MO	1	507	1,008.1	86.3	%
Nashville, TN	2	599	811.2	88.1	%
Orlando, FL	1	776	986.9	94.9	%
Phoenix, AZ	1	322	901.3	95.7	%
Raleigh/Durham, NC	1	803	892.6	95.7	%
Richmond, VA	1	336	994.2	96.7	%
Non-Same Store <sup>(3)</sup>	18	7,112	918.4	86.5	%
Total	303		100,595		

(1) Number of Units excludes development units not yet delivered.

(2) Average Occupancy is calculated by dividing the average daily number of units occupied in 2018 by the average daily total number of units available in 2018 at each apartment community.

(3) Non-Same Store total excludes 269 units in a joint venture property in Washington, D.C.

Thirty of our multifamily properties reflected in the above table also include commercial components totaling approximately 615,000 square feet of gross leasable space. We also owned four commercial properties totaling approximately 260,000 square feet of combined gross leasable space as of December 31, 2018. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" for a discussion of our Same Store and Non-Same Store portfolios.

## Mortgage Financing

As of December 31, 2018, we had \$476.2 million of indebtedness collateralized, secured, and outstanding as set forth in Schedule III, Real Estate and Accumulated Depreciation included elsewhere in this Annual Report on Form 10-K.

### Item 3. Legal Proceedings.

In September 2010, the United States Department of Justice, or the DOJ, filed suit against Post Properties (and by virtue of the merger with Post Properties, MAA) in United States District Court for the District of Columbia alleging that certain of Post Properties' apartments violated accessibility requirements of the FHA and the ADA. The DOJ sought, among other things, an injunction against us, requiring us to retrofit the properties and comply with FHA and ADA standards in future design and construction, as well as monetary damages and civil penalties. In October 2018, we reached an agreement in principle with the DOJ to settle the lawsuit. In November 2018, the settlement agreement was fully executed. In December 2018, a stipulation of dismissal of the case with prejudice was filed with the District Court, concluding the case.

In December 2017, the Equal Rights Center, a non-profit civil rights organization, filed suit against MAA and the Operating Partnership in the United States District Court for the District of Columbia. This suit alleged that we maintained and enforced a criminal records screening policy at certain of our apartment communities, all of which we acquired in the Post Properties merger, which violated the FHA. The suit sought injunctive relief, actual and punitive damages and attorneys' fees and costs. In October 2018, the parties agreed to a settlement, and the District Court entered a Consent Order concluding the case.

In June 2016, plaintiffs Cathi Cleven and Tara Cleven, on behalf of a purported class of plaintiffs, filed a complaint against MAA and the Operating Partnership in the United States District Court for the Western District of Texas, Austin Division. In January 2017, Areli Arellano and Joe L. Martinez joined the lawsuit as additional plaintiffs. The lawsuit alleges that we (but not Post Properties) charged late fees at our Texas properties that violate Section 92.019 of the Texas Property Code, or Section 92.019, which provides that a landlord may not charge a tenant a late fee for failing to pay rent unless, among other things, the fee is a reasonable estimate of uncertain damages to the landlord that are incapable of precise calculation and result from the late payment of rent. The plaintiffs are seeking monetary damages and attorneys' fees and costs. In September 2018, the District Court certified a class proposed by the plaintiffs. Additionally, in September 2018, the District Court denied our motion for summary judgment and granted the plaintiffs' motion for partial summary judgment. Because the District Court certified a class prior to granting the plaintiffs' motion for partial summary judgment, the District Court's ruling applies to the entire class. In October 2018, the Fifth Circuit Court of Appeals accepted our petition to review the District Court's order granting class certification. We intend to appeal the District Court's order granting plaintiff's motion for summary judgment to the Fifth Circuit Court of Appeals if permission to appeal is granted. We will continue to vigorously defend the action and pursue such appeals.

In April 2017, plaintiff Nathaniel Brown, on behalf of a purported class of plaintiffs, filed a complaint against the Operating Partnership, as the successor by merger to Post Properties' primary operating partnership, and MAA in the United States District Court for the Western District of Texas, Austin Division. The lawsuit alleges that Post Properties (and, following the Post Properties merger, the Operating Partnership) charged late fees at its Texas properties that violate Section 92.019. The plaintiffs are seeking monetary damages and attorneys' fees and costs. In September 2018, the District Court certified a class proposed by the plaintiff. Additionally, in September 2018, the District Court denied our motion for summary judgment and granted the plaintiff's motion for partial summary judgment. Because the District Court certified a class prior to granting the plaintiff's motion for partial summary judgment, the District Court's ruling applies to the entire class. In October 2018, the Fifth Circuit Court of Appeals accepted our petition to review the District Court's order granting class certification. We intend to appeal the District

Court's order granting plaintiff's motion for summary judgment to the Fifth Circuit Court of Appeals if permission to appeal is granted. We will continue to vigorously defend the action and pursue such appeals.

In addition, we are subject to various other legal proceedings arising in the course of our business operations. While no assurances can be given, we do not currently believe that any of these other outstanding matters will have a material adverse effect on our financial condition, results of operations or cash flows in the event of a negative outcome.

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.

#### Market Information

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 18, 2019, there were approximately 2,700 holders of record of the common stock. MAA believes it has a significantly larger number of beneficial owners of its common stock.

#### Direct Stock Purchase and Distribution Reinvestment Plan

We have established the dividend and distribution reinvestment stock purchase plan, or DRSP, under which holders of common stock, preferred stock and OP Units can elect to automatically reinvest their distributions in shares of MAA common stock. The DRSP 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 DRSP, 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 DRSP at up to a 5% discount. In 2018, 2017, and 2016, we had issuances with no discounts through our DRSP of 9,721 shares, 9,568 shares, and 7,906 shares, respectively.

Mid-America Apartments, L.P.

#### Operating Partnership Units

There is no established public trading market for the Operating Partnership's OP Units. From time-to-time, we issue shares of MAA's 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. As of December 31, 2018, there were 117,955,568 OP Units outstanding in the Operating Partnership, of which 113,844,267 OP Units, or 96.5%, were owned by MAA and 4,111,301 OP Units, or 3.5%, 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 MAA common stock per one OP Unit or a cash payment based on the market value of MAA's common stock at the time of redemption, at the option of MAA. During the year ended December 31, 2018, MAA issued a total of 80,283 shares of common stock upon redemption of OP Units.

#### At-the-Market Offering

We have entered into distribution agreements with J.P. Morgan Securities LLC, BMO Capital Markets Corp. and KeyBanc Capital Markets Inc. to sell up to an aggregate of 4.0 million shares of 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, 2018, there were 4.0 million shares available to be sold under the ATMs.

#### Stock Repurchase Plan

On December 8, 2015, MAA's Board of Directors authorized the repurchase of up to 4.0 million shares of MAA common stock, which represented approximately 5.3% of MAA's common stock outstanding at the time of such authorization. The December 2015 authorization replaced and superseded any previous authorization. From time to time, we may repurchase shares under the current authorization when we believe that shareholder value would be enhanced. Factors affecting this determination include, among others, the share price and expected rates of return. As of December 31, 2018, no shares have been repurchased under the current authorization.



## Purchases of Equity Securities

The following table reflects repurchases of shares of MAA's common stock during the three months ended December 31, 2018:

	Total Number of Shares Purchased <sup>(1)</sup>	Average Price Paid per Share <sup>(2)</sup>	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 <sup>(3)</sup>
October 1, 2018 - October 31, 2018	—	\$ —	—	4,000,000
November 1, 2018 - November 30, 2018	—	\$ —	—	4,000,000
December 1, 2018 - December 31, 2018	93	\$ 97.20	—	4,000,000
Total	93		—	4,000,000

This column reflects the shares of common stock surrendered by employees to satisfy their statutory minimum (1) federal and state tax obligations associated with the vesting of restricted shares under the Second Amended and Restated 2013 Stock Incentive Plan.

(2) The price per share is based on the closing price of MAA's common stock as of the date of determination of the statutory minimum for federal and state tax obligations.

(3) This column reflects the number of shares of MAA's common stock that are available for purchase under the 4.0 million share repurchase program authorized by MAA's Board of Directors in December 2015.

## Comparison of Five-year Cumulative Total Returns

The following graph compares the cumulative total returns of the shareholders of MAA since December 31, 2013 with the S&P 500 Index and the FTSE NAREIT Equity REIT Index. 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.

	Year Ending December 31,					
	2013	2014	2015	2016	2017	2018
MAA	\$100.00	\$128.42	\$162.40	\$181.23	\$192.59	\$190.58
S&P 500	100.00	113.69	115.26	129.05	157.22	150.33
FTSE NAREIT Equity REIT Index	100.00	130.14	134.30	145.74	153.36	146.27

## Item 6. Selected Financial Data.

The following tables set forth selected financial data on a historical basis for MAA and the Operating Partnership. 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

(In thousands, except per share data)

	Year Ended December 31,				
	2018	2017	2016	2015	2014
Operating Data:					
Rental and other property revenues	\$1,571,346	\$1,528,987	\$1,125,348	\$1,042,779	\$992,332
Income from continuing operations	231,022	340,536	224,402	350,745	150,946
Discontinued operations:					
Loss from discontinued operations before gain on sale	—	—	—	—	(63 )
Gain on sale of discontinued operations	—	—	—	—	5,394
Net income	231,022	340,536	224,402	350,745	156,277
Net income attributable to noncontrolling interests	8,123	12,157	12,180	18,458	8,297
Dividends to MAA Series I preferred shareholders	3,688	3,688	307	—	—
Net income available for MAA common shareholders	\$219,211	\$324,691	\$211,915	\$332,287	\$147,980
Per Common Share Data:					
Weighted average shares outstanding:					
Basic	113,638	113,407	78,502	75,176	74,982
Effect of dilutive securities <sup>(1)</sup>	198	280	298	—	—
Diluted	113,836	113,687	78,800	75,176	74,982
Earnings per common share - basic:					
Income from continuing operations available for common shareholders	\$1.93	\$2.86	\$2.69	\$4.41	\$1.90
Discontinued property operations	—	—	—	—	0.07
Net income available for common shareholders	\$1.93	\$2.86	\$2.69	\$4.41	\$1.97
Earnings per common share - diluted:					
Income from continuing operations available for common shareholders	\$1.93	\$2.86	\$2.69	\$4.41	\$1.90
Discontinued property operations	—	—	—	—	0.07
Net income available for common shareholders	\$1.93	\$2.86	\$2.69	\$4.41	\$1.97
Dividends declared per common share <sup>(2)</sup>	\$3.7275	\$3.5325	\$3.3300	\$3.1300	\$2.9600

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Balance Sheet Data:

Real estate owned, at cost	\$ 13,700,988	\$ 13,336,995	\$ 13,016,663	\$ 8,217,579	\$ 8,071,187
Real estate assets, net	11,151,701	11,261,924	11,341,862	6,718,366	6,697,508
Total assets	11,323,781	11,491,919	11,604,491	6,847,781	6,821,778
Total debt	4,528,328	4,502,057	4,499,712	3,427,568	3,512,699
Noncontrolling interest	222,349	233,982	238,282	165,726	161,287
Total MAA shareholders' equity and redeemable stock	6,159,254	6,350,320	6,413,892	3,000,347	2,896,435

Other Data (at end of period):

Funds from operations	\$ 712,690	\$ 699,561	\$ 463,385	\$ 452,372	\$ 404,087	
Market capitalization (shares and units) <sup>(3)</sup>	\$ 11,288,348	\$ 11,849,463	\$ 11,528,965	\$ 7,225,894	\$ 5,933,985	
Ratio of total debt to total capitalization <sup>(4)</sup>	28.6	% 27.5	% 28.1	% 32.2	% 37.3	%
Number of multifamily apartment communities, including joint venture ownership interest <sup>(5)</sup>	304	302	303	254	268	
Number of multifamily units, including joint venture ownership interest <sup>(5)</sup>	100,864	99,792	99,393	79,496	82,316	

(1) See Note 3 to the consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

(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 shares of common stock, regardless of classification on the balance sheet, as well as OP Units (value based on common stock equivalency).

(4) Total capitalization is market capitalization plus total debt.

(5) Multifamily apartment communities and unit totals have not been adjusted to exclude properties held for sale.

## Mid-America Apartments, L.P.

## Selected Financial Data

(In thousands, except per unit data)

	Year Ended December 31,				
	2018	2017	2016	2015	2014
<b>Operating Data:</b>					
Rental and other property revenues	\$ 1,571,346	\$ 1,528,987	\$ 1,125,348	\$ 1,042,779	\$ 992,332
Income from continuing operations	231,022	340,536	224,402	350,745	150,946
<b>Discontinued operations:</b>					
Loss from discontinued operations before gain on sale	—	—	—	—	(63 )
Gain on sale of discontinued operations	—	—	—	—	5,394
Net income	231,022	340,536	224,402	350,745	156,277
Dividends to preferred unitholders	3,688	3,688	307	—	—
Net income available for MAALP common unitholders	\$ 227,334	\$ 336,848	\$ 224,095	\$ 350,745	\$ 156,277
<b>Per Common Unit Data:</b>					
<b>Weighted average units outstanding:</b>					
Basic	117,777	117,617	82,661	79,361	79,188
Effect of dilutive securities <sup>(1)</sup>	198	280	298	—	—
Diluted	117,975	117,897	82,959	79,361	79,188
<b>Earnings per common unit - basic:</b>					
Income from continuing operations available for common unitholders	\$ 1.93	\$ 2.86	\$ 2.70	\$ 4.41	\$ 1.90
Discontinued property operations	—	—	—	—	0.07
Net income available for common unitholders	\$ 1.93	\$ 2.86	\$ 2.70	\$ 4.41	\$ 1.97
<b>Earnings per common unit - diluted:</b>					
Income from continuing operations available for common unitholders	\$ 1.93	\$ 2.86	\$ 2.70	\$ 4.41	\$ 1.90
Discontinued property operations	—	—	—	—	0.07
Net income available for common unitholders	\$ 1.93	\$ 2.86	\$ 2.70	\$ 4.41	\$ 1.97
Distributions declared per common unit <sup>(2)</sup>	\$ 3.7275	\$ 3.5325	\$ 3.3300	\$ 3.1300	\$ 2.9600
<b>Balance Sheet Data:</b>					
Real estate owned, at cost	\$ 13,700,988	\$ 13,336,995	\$ 13,016,663	\$ 8,217,579	\$ 8,071,187
Real estate assets, net	11,151,701	11,261,924	11,341,862	6,718,366	6,697,508
Total assets	11,323,781	11,491,919	11,604,491	6,847,781	6,821,778
Total debt	4,528,328	4,502,057	4,499,712	3,427,568	3,512,699
Total Operating Partnership capital and redeemable units	6,379,278	6,581,977	6,649,849	3,166,054	3,057,703
<b>Other Data (at end of period):</b>					
Number of multifamily apartment communities, including joint venture ownership interest <sup>(3)</sup>	304	302	303	254	268
	100,864	99,792	99,393	79,496	82,316

Number of multifamily units, including joint venture ownership interest <sup>(3)</sup>

(1) See Note 4 to the consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

(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) Multifamily apartment communities and unit totals have not been adjusted to exclude properties held for sale.

As previously discussed, the consolidated assets, liabilities, and results of operations of Post Properties are included in MAA's selected financial data from the closing date of the merger, December 1, 2016, through the end of MAA's fiscal year, December 31, 2018. Likewise, the consolidated assets, liabilities, and results of operations of Post Properties' primary operating partnership are included in the Operating Partnership's selected financial data from the closing date of the merger, December 1, 2016, through the end of the Operating Partnership's fiscal year, December 31, 2018.

#### 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 MAA is the sole general partner and in which MAA owned a 96.5% limited partner interest as of December 31, 2018. MAA conducts all of its business through the Operating Partnership and its various subsidiaries. This discussion should be read in conjunction with the consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

MAA is a multifamily focused, self-administered and self-managed real estate investment trust, or REIT. We own, operate, acquire and selectively develop apartment communities located in the Southeast, Southwest and Mid-Atlantic regions of the United States. As of December 31, 2018, we owned and operated 303 apartment communities through the Operating Partnership and its subsidiaries, and we had an ownership interest in one apartment community through an unconsolidated real estate joint venture. In addition, as of December 31, 2018, we owned four commercial properties, and 30 of our apartment communities included retail components. Our multifamily and commercial properties are located across 17 states and the District of Columbia.

We report in two segments, Same Store communities and Non-Same Store and Other. Our Same Store segment represents those communities that have been owned and stabilized for at least 12 months as of the first day of the calendar year. Our Non-Same Store and Other segment includes recently acquired communities, communities being developed or in lease-up, communities undergoing extensive renovations, communities identified for disposition, and communities that have incurred a significant casualty loss. Also included in our Non-Same Store and Other segment are non-multifamily activities.

Effective January 1, 2018, we revised our reportable segment presentation. The revision eliminated the prior distinction between large and secondary same store markets and combined the two previously reportable segments into the Same Store reportable segment referred to above. Additional information regarding the composition of our segments is included in Note 14 to the consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

## Overview

For the year ended December 31, 2018, net income available for MAA common shareholders was \$219.2 million compared to \$324.7 million for the year ended December 31, 2017. Results for the year ended December 31, 2018 included \$2.6 million of expense related to the mark-to-market adjustment of the bifurcated embedded derivative related to the MAA Series I preferred stock issued in the merger with Post Properties and \$4.5 million of gains related to the sale of real estate assets. Results for the year ended December 31, 2017 included \$8.8 million of income related to the adjustment of the bifurcated embedded derivative and \$127.4 million of gains related to the sale of real estate assets. Revenues for the year ended December 31, 2018 increased 2.8% compared to the year ended December 31, 2017, driven by a 1.9% increase in our Same Store segment and a 13.5% increase in our Non-Same Store and Other segment. Property operating expenses, excluding depreciation and amortization, for the year ended December 31, 2018 increased by 3.1% compared to the year ended December 31, 2017, due to a 2.0% increase in our Same Store segment and to a 14.6% increase in our Non-Same Store and Other segment. The drivers of these increases are discussed below in the "Results of Operations" section.

Over the past three years, our growth has been driven by our acquisition strategy to invest in growing markets in the Southeast, Southwest and Mid-Atlantic regions of the United States. As a result of the merger with Post Properties, we acquired 61 apartment communities in 2016. We acquired one apartment community in 2018, two in 2017, and five in 2016 apart from the merger with Post Properties. No apartment communities were disposed in 2018. We disposed of five apartment communities in 2017 and 12 in 2016.

## Trends

During the year ended December 31, 2018, demand for apartments continued to be relatively strong, as it was during the year ended December 31, 2017. Average daily physical occupancy for our Same Store portfolio was 96.1% for the year ended December 31, 2018, in line with the 96.1% average daily physical occupancy achieved during the year ended December 31, 2017. Average effective rent per unit from our Same Store portfolio continued to increase, up 1.9% for the year ended December 31, 2018 as compared to the year ended December 31, 2017.

An important part of our portfolio strategy is to maintain diversity of markets, submarkets, product types and price points in the Southeast, Southwest and Mid-Atlantic regions of the United States. This diversity tends to mitigate exposure to economic issues in any one geographic market or area. We believe that a well-balanced portfolio, including inner loop, suburban and downtown/central business district locations and various monthly rent price points, will perform well in "up" cycles as well as weather "down" cycles better. Through our investment in 38 defined Metropolitan Statistical Areas, we are diversified across markets, urban and suburban submarkets, and a variety of monthly rent pricing points.

Though overall demand continues to be strong, the current elevated supply levels are impacting rent growth for our portfolio, particularly for apartment communities located in urban submarkets. Properties in suburban submarkets have been impacted somewhat less by supply, primarily because less new development has occurred in those submarkets. Multifamily permitting is typically a leading indicator of future supply levels. While multifamily permitting across our markets was down in 2017 as compared to 2016, to date, the U.S. Census Bureau's data for 2018 suggested multifamily permitting across our markets was up as compared to 2017. It is difficult to project supply levels based on this data because not all permitted projects are ultimately built. However, given the current supply level and the 2018 permitting data, it is possible that supply in some of our markets could remain elevated over the next couple of years.

Demand for our apartments is primarily driven by general economic conditions in our markets. In particular, job growth relative to new supply is a critical factor in our ability to maintain occupancy and increase rents. To the extent that economic conditions continue to support increased job growth, we believe that we may be able to maintain occupancy more effectively and increase rents. Also, we believe that more disciplined credit terms for residential mortgages should continue to

favor rental demand at existing multifamily apartment communities. Furthermore, rental competition from single family homes has not been a major competitive factor impacting our portfolio. For the year ended December 31, 2018, total move outs attributable to single family home rentals for our portfolio represented less than 7% of total move outs, as it did in the year ended December 31, 2017. We have seen significant rental competition from single family homes 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, Southwest and Mid-Atlantic regions) will continue to support apartment rental demand in our markets.

Rising interest rates may have a significant impact on our business and results of operations. As of December 31, 2018, we had approximately \$4.5 billion of debt, of which 25% had variable rate interest and 75% had fixed or hedged interest rates. To the extent interest rates rise, our net interest expense on variable rate debt will increase as will potentially our net interest expense on any debt refinancing. Given the short-term nature of our leases, to the extent interest rates rise due to general economic growth, we would expect increases in interest expense to be somewhat offset by positive leasing trends.

Our focus is on maintaining strong physical occupancy while increasing pricing where possible through our revenue management system. As noted above, average daily physical occupancy for the year ended December 31, 2018 was sustained at 96.1%. As we continue through the typically slower winter leasing season, we believe that the current level of physical occupancy and continued strong job growth in our markets position us well for this period and sets us up to achieve modestly improved pricing growth in 2019.

## Results of Operations

### Comparison of the Year Ended December 31, 2018 to the Year Ended December 31, 2017

For the year ended December 31, 2018, we achieved net income available for MAA common shareholders of \$219.2 million, a 32.5% decrease as compared to the year ended December 31, 2017, and total revenue growth of \$42.4 million, representing a 2.8% increase in property revenues as compared to the year ended December 31, 2017. The following discussion describes the primary drivers of the decrease in net income available for MAA common shareholders for the year ended December 31, 2018 as compared to the year ended December 31, 2017.

### Property Revenues

The following table reflects our property revenues by segment for the years ended December 31, 2018 and December 31, 2017 (dollars in thousands):

	December 31, 2018	December 31, 2017	Increase	% Increase	
Same Store	\$1,441,811	\$1,414,839	\$26,972	1.9	%
Non-Same Store and Other	129,535	114,148	15,387	13.5	%
Total	\$1,571,346	\$1,528,987	\$42,359	2.8	%

The increase in property revenues for our Same Store segment as compared to the year ended December 31, 2017 was the primary driver of total property revenue growth. The Same Store segment generated a 1.9% increase in revenues for the year ended December 31, 2018, primarily a result of average effective rent per unit growth of 1.9% and stable occupancy as compared to the year ended December 31, 2017. The increase in property revenues from the Non-Same Store and Other segment for the year ended December 31, 2018 as compared to year ended December 31, 2017 was primarily the result of recent property acquisitions and continued lease-up of recent development communities.

### Property Operating Expenses



Property operating expenses include costs for property personnel, building repairs and maintenance, real estate taxes and insurance, utilities, landscaping, and other operating expenses. The following table reflects our property operating expenses by segment for the years ended December 31, 2018 and December 31, 2017 (dollars in thousands):

	December	December	Increase	%	
	31, 2018	31, 2017		Increase	
Same Store	\$ 536,055	\$ 525,663	\$ 10,392	2.0	%
Non-Same Store and Other	58,533	51,068	7,465	14.6	%
Total	\$ 594,588	\$ 576,731	\$ 17,857	3.1	%

The increase in property operating expenses for our Same Store segment as compared to the year ended December 31, 2017 was primarily driven by increases in real estate tax expense of \$7.7 million and personnel expenses of \$4.4 million, partially offset by a decrease in building repairs and maintenance expense of \$2.5 million. The increase in property operating expenses from our Non-Same Store and Other segment was primarily the result of increases in real estate tax expense of \$4.2 million driven by recently completed communities previously in our development pipeline and other operating expense of \$3.0 million.

#### Depreciation and Amortization

Depreciation and amortization expense for the year ended December 31, 2018 was \$489.8 million, a decrease of \$3.9 million as compared to the year ended December 31, 2017. The decrease was primarily due to a \$25.8 million decrease in amortization expense, which was driven by certain intangible assets acquired as a result of the merger with Post Properties becoming fully amortized in the second quarter of 2017. As a result, we recognized no amortization expense for those assets in the year ended December 31, 2018. The decrease in amortization expense was partially offset by a \$21.9 million increase to depreciation expense for the year ended December 31, 2018 as compared to the year ended December 31, 2017. The increase in depreciation expense was primarily driven by the recognition of depreciation expense associated with our capital asset spend during the year ended December 31, 2018, which was related to our development and redevelopment activities made in the normal course of business as well as property acquisitions during the year ended December 31, 2018.

#### Other Income and Expenses

Property management expenses for the year ended December 31, 2018 were \$47.6 million, an increase of \$4.0 million as compared to the year ended December 31, 2017. The increase was primarily due to increases in personnel costs. General and administrative expenses for the year ended December 31, 2018 were \$34.8 million, a decrease of \$5.4 million as compared to the year ended December 31, 2017, primarily due to decreases in legal expense. Merger and integration expenses for the year ended December 31, 2018 were \$9.1 million, a decrease of \$10.9 million as compared to the year ended December 31, 2017, primarily due to declining year-over-year integration activities related to the merger with Post Properties.

Interest expense for the year ended December 31, 2018 was \$173.6 million, an increase of \$18.8 million as compared to the year ended December 31, 2017. The increase was primarily due to an increase of approximately 18 basis points in our effective interest rate during the year ended December 31, 2018 compared to the year ended December 31, 2017 combined with a decrease in interest capitalized from our development pipeline during the year ended December 31, 2018 compared to the year ended December 31, 2017.

We did not dispose of any apartment communities during the year ended December 31, 2018. For the year ended December 31, 2017, we disposed of five apartment communities, resulting in gains on sale of depreciable real estate assets of \$127.4 million. Gain on sale of non-depreciable assets for the year ended December 31, 2018 was \$4.5 million, an increase of \$4.5 million as compared to the year ended December 31, 2017. Although we disposed of only one land parcel more in the year ended December 31, 2018 as compared to the year ended December 31, 2017, the gain on sale of non-depreciable assets increased primarily due to the nature of the real estate assets sold.

Other non-operating income for the year ended December 31, 2018 was \$5.4 million, a decrease of \$8.9 million as compared to the year ended December 31, 2017. The decrease was primarily due to the recognition of \$2.6 million of expense from the net mark-to-market adjustment of the bifurcated embedded derivative related to the MAA Series I preferred stock during the year ended December 31, 2018 as compared to the recognition of \$8.8 million of income from the net mark-to-market adjustment of the bifurcated embedded derivative during the year ended December 31, 2017.

Comparison of the Year Ended December 31, 2017 to the Year Ended December 31, 2016

For the year ended December 31, 2017, we achieved net income available for MAA common shareholders of \$324.7 million, as compared to \$211.9 million for the year ended December 31, 2016. Total revenue grew \$403.6 million for the year ended December 31, 2017 as compared to the year ended December 31, 2016, representing a 35.9% increase in property revenues. The following discussion describes the primary drivers of the increase in net income available for MAA common shareholders for the year ended December 31, 2017 as compared to the year ended December 31, 2016. The comparison of the year ended December 31, 2017 to the year ended December 31, 2016 shows the segment break down based on our Same Store portfolio for the year ended December 31, 2017. A comparison using our 2018 Same Store portfolio would not be comparative due to the nature of the classifications.

## Property Revenues

The following table reflects our property revenues by segment for the years ended December 31, 2017 and December 31, 2016 (dollars in thousands):

	December 31, 2017	December 31, 2016	Increase	% Increase
Same Store	\$1,021,138	\$992,721	\$28,417	2.9 %
Non-Same Store and Other	507,849	132,627	375,222	282.9 %
Total	\$1,528,987	\$1,125,348	\$403,639	35.9 %

The Same Store segment generated a 2.9% increase in revenues for the year ended December 31, 2017, primarily a result of average effective rent per unit growth of 3.0% as compared to the year ended December 31, 2016. The increase in property revenues for the year ended December 31, 2017 as compared to the year ended December 31, 2016 from our Non-Same Store and Other segment was primarily the result of the merger with Post Properties, as we classified the properties we acquired in the merger in our Non-Same Store and Other segment.

## Property Operating Expenses

Property operating expenses include costs for property personnel, building repairs and maintenance, real estate taxes and insurance, utilities, landscaping and other operating expenses. The following table reflects our property operating expenses by segment for the years ended December 31, 2017 and December 31, 2016 (dollars in thousands):

	December 31, 2017	December 31, 2016	Increase	% Increase
Same Store	\$380,390	\$372,154	\$8,236	2.2 %
Non-Same Store and Other	196,341	51,202	145,139	283.5 %
Total	\$576,731	\$423,356	\$153,375	36.2 %

The increase in property operating expenses for our Same Store segment as compared to the year ended December 31, 2016 was primarily driven by increases in real estate tax expense of \$6.2 million and personnel expenses of \$2.3 million. The increase in property operating expenses for our Non-Same Store and Other segment was primarily due to the merger with Post Properties.

## Depreciation and Amortization

Depreciation and amortization expense for the year ended December 31, 2017 was \$493.7 million, an increase of \$170.8 million as compared to the year ended December 31, 2016. The increase was primarily driven by the full year of depreciation and amortization expense resulting from the merger with Post Properties compared to only one month of comparable depreciation and amortization in 2016. As a result of the merger with Post Properties, depreciation expense and amortization expense increased \$138.2 million and \$23.2 million, respectively, for the year ended December 31, 2017 as compared to the year ended December 31, 2016. The remaining increase was primarily driven by our capital asset spend and other asset acquisition activity.

## Other Income and Expenses

Property management expenses for the year ended December 31, 2017 were \$43.6 million, an increase of \$9.5 million as compared to the year ended December 31, 2016. The increase was primarily due to the growth in our portfolio as a result of the merger with Post Properties. General and administrative expenses for the year ended December 31, 2017 were \$40.2 million, an increase of \$11.2 million as compared to the year ended December 31, 2016, primarily due to increases in legal expense. Merger and integration expenses for the year ended December 31, 2017 were \$20.0

million, a decrease of \$20.8 million as compared to the year ended December 31, 2016, as we incurred significant merger related expenses in 2016 to complete the merger with Post Properties on December 1, 2016.

Interest expense for the year ended December 31, 2017 was \$154.8 million, an increase of \$24.8 million as compared to the year ended December 31, 2016. The increase was primarily due to increased borrowing as we assumed several loans as a result of the merger with Post Properties, including a secured loan with a face value of \$186.0 million and two unsecured loans with face values of \$150.0 million and \$250.0 million, respectively. We also entered into a new \$300.0 million term loan on the closing date of the merger with Post Properties. Interest expense for the year ended December 31, 2017 increased \$16.0 million due to these borrowings resulting from the merger with Post Properties.

Gains on sale of depreciable assets totaled \$127.4 million for the year ended December 31, 2017, an increase of \$47.0 million as compared to the year ended December 31, 2016. Although disposition activity decreased year-over-year, the gain on sale of depreciable assets increased primarily due to the nature of the real estate assets sold.

Other non-operating income for the year ended December 31, 2017 was \$14.4 million, an increase of \$16.2 million as compared to the year ended December 31, 2016. The increase was primarily due to an \$8.8 million increase in income from the net mark-to-market adjustment of the bifurcated embedded derivative related to the MAA Series I preferred stock issued in the merger with Post Properties. The increase in other non-operating income was also driven by a \$3.3 million net gain on debt extinguishment.

During the year ended December 31, 2017, we recorded quarterly dividend distributions to holders of MAA's Series I preferred stock totaling \$3.7 million. As there were no shares of MAA Series I preferred stock issued and outstanding until completion of the merger with Post Properties on December 1, 2016, preferred dividends only impacted our results of operations for one month totaling \$0.3 million for the year ended December 31, 2016.

#### Funds from Operations

Funds from operations, or FFO, a non-GAAP financial measure, represent net income available for MAA common shareholders (computed in accordance with the United States generally accepted accounting principles, or GAAP) excluding extraordinary items, asset impairment and gains or losses on disposition of operating properties, plus net income attributable to noncontrolling interests, depreciation and amortization of real estate, and adjustments for joint ventures. Because noncontrolling interest is added back, FFO, when used in this Annual Report on Form 10-K, represents FFO attributable to the Company.

FFO should not be considered as an alternative to net income or any other GAAP measurement, as an indicator of operating performance or as an alternative to cash flow from operating, investing, and financing activities as a measure of liquidity. Management believes that FFO is helpful to investors in understanding our operating performance primarily 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. While our calculation of FFO is in accordance with the National Association of Real Estate Trust's, or NAREIT's, definition, it may differ from the methodology for calculating FFO utilized by other REITs and, accordingly, may not be comparable to such other REITs.

The following table presents a reconciliation of net income available for MAA common shareholders to FFO for the years ended December 31, 2018, 2017 and 2016, as we believe net income available for MAA common shareholders is the most directly comparable GAAP measure (dollars in thousands):

	Year ended December 31,		
	2018	2017	2016
Net income available for MAA common shareholders	\$219,211	\$324,691	\$211,915
Depreciation and amortization of real estate assets	484,722	489,503	319,528
Loss (gain) on sale of depreciable real estate assets	39	(127,386 )	(80,397 )
Loss on disposition within unconsolidated entities	—	—	98
Depreciation and amortization of real estate assets of real estate joint venture	595	596	61
Net income attributable to noncontrolling interests	8,123	12,157	12,180
Funds from operations attributable to the Company	\$712,690	\$699,561	\$463,385

FFO for the year ended December 31, 2018 were \$712.7 million, an increase of \$13.1 million as compared to the year ended December 31, 2017, primarily as a result of increases in property revenues of \$42.4 million and gain on sale of

non-depreciable assets of \$4.5 million, in addition to a decrease in merger and integration expenses of \$10.9 million. The increases to FFO were offset by increases in interest expense of \$18.8 million and property operating expenses, excluding depreciation and amortization, of \$17.9 million, in addition to a decrease in other non-operating income of \$8.9 million.

FFO for the year ended December 31, 2017 were \$699.6 million, an increase of \$236.2 million as compared to the year ended December 31, 2016, primarily as a result of increases in property revenues of \$403.6 million and other non-operating income of \$16.2 million, in addition to a decrease in merger and integration expenses of \$20.8 million. The increases to FFO were offset by increases in property operating expenses, excluding depreciation and amortization, of \$153.4 million, interest expense of \$24.8 million, general and administrative expenses of \$11.2 million, property management expenses of \$9.5 million and preferred dividends of \$3.4 million.

## 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.

### Operating Activities

Net cash provided by operating activities was \$734.3 million for the year ended December 31, 2018, as compared to \$660.8 million for the year ended December 31, 2017. The increase in operating cash flows was primarily driven by our operating performance as well as the timing of cash payments.

### Investing Activities

Net cash used in investing activities was \$366.4 million for the year ended December 31, 2018, as compared to net cash used in investing activities of \$294.2 million for the year ended December 31, 2017. The primary drivers of the change were as follows (dollars in thousands):

	Primary drivers of cash (outflow) inflow during the year ended December 31,		Increase (Decrease) in Net Cash
	2018	2017	
Purchases of real estate and other assets	\$(129,487)	\$(136,065)	\$ 6,578
Capital improvements, development and other	(254,715 )	(343,890 )	89,175
Proceeds from disposition of real estate assets	19,982	187,245	(167,263 )

The decrease in cash outflows for purchases of real estate and other assets was driven by the acquisition activity during the year ended December 31, 2018 as compared to the year ended December 31, 2017. The decrease in cash outflows for capital improvements, development and other as compared to the prior year was primarily due to the decrease in activity in our development pipeline during the year ended December 31, 2018 as compared to the prior year. The decrease in cash inflows related to proceeds from disposition of real estate assets was primarily due to the sale of five land parcels during the year ended December 31, 2018, as compared to the sale of five apartment communities and four land parcels during the prior year.

### Financing Activities

Net cash used in financing activities was \$405.1 million for the year ended December 31, 2018, as compared to net cash used in financing activities of \$399.5 million for the year ended December 31, 2017. The primary drivers of the change were as follows (dollars in thousands):

	Primary drivers of cash inflow (outflow) during the year ended December 31,		Increase (Decrease) in Net Cash
	2018	2017	
Net change in credit lines	\$50,000	\$(160,000)	\$ 210,000
Proceeds from notes payable	869,630	597,480	272,150
Principal payments on notes payable	(878,610)	(413,557 )	(465,053 )
Dividends paid on common shares	(419,849)	(395,294 )	(24,555 )



The increase in cash inflow related to the net change in credit lines resulted from the increase in net borrowings of \$50.0 million on our unsecured revolving credit facility during the year ended December 31, 2018, as compared to the decrease in net borrowings of \$160.0 million on the unsecured revolving credit facility during the year ended December 31, 2017. The increase in cash inflows from proceeds from notes payable primarily resulted from the issuances of \$400.0 million of senior unsecured notes, \$172.0 million of secured property mortgages and a \$300.0 million unsecured term loan during the year ended December 31, 2018, compared to the issuance of \$600.0 million of senior unsecured notes during the year ended December 31, 2017. The increase in cash outflows from principal payments on notes payable primarily resulted from the retirement of \$568.0 million of secured property mortgages and an \$80.0 million secured credit facility during the year ended December 31, 2018, as compared to the retirement of \$233.6 million of secured property mortgages and \$168.0 million of senior unsecured notes during the year ended December 31, 2017. The increase in cash outflows from dividends paid on common shares primarily resulted from the increase in the annual dividend rate to \$3.69 per share during the year ended December 31, 2018, as compared to the annual dividend rate of \$3.48 per share during the year ended December 31, 2017.

## Equity

As of December 31, 2018, MAA owned 113,844,267 OP Units, comprising a 96.5% limited partnership interest in MAALP, while the remaining 4,111,301 outstanding OP Units were held by limited partners of MAALP other than MAA and its subsidiaries. Holders of OP Units (other than MAA and its subsidiaries) may require us to redeem their OP Units from time to time, in which case MAA may, at its option, pay the redemption price either in cash (in an amount per OP Unit equal, in general, to the average closing price of MAA's common stock on the NYSE over a specified period prior to the redemption date) or by delivering one share of MAA's common stock (subject to adjustment under specified circumstances) for each OP Unit so redeemed. In addition, MAA has registered under the Securities Act 4,111,301 shares of its common stock that, as of December 31, 2018, were issuable upon redemption of OP Units, in order for those shares to be sold freely in the public markets.

For more information regarding our equity capital resources, see Note 9 and Note 10 to the consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

## Debt

The following schedule reflects our fixed and variable rate debt, including the impact of our interest rate swaps, outstanding as of December 31, 2018 (dollars in thousands):

	Principal Balance	Average Years to Maturity	Effective Rate	
Unsecured debt				
Fixed rate or swapped	\$2,942,000	6.0	3.8	%
Variable rate	1,140,000	0.1	3.4	%
Fair market value adjustments, debt issuance costs and discounts	(28,698 )			
Total unsecured rate maturity	\$4,053,302	4.3	3.7	%
Secured debt				
Conventional - fixed rate	\$476,161	12.2	4.6	%
Fair market value adjustments and debt issuance costs	(1,135 )			
Total secured rate maturity	\$475,026	12.2	4.6	%
Total debt	\$4,528,328	5.1	3.8	%
Total fixed or hedged debt	\$3,389,249	6.8	3.9	%

As of December 31, 2018, we had entered into interest rate swaps totaling a notional amount of \$600.0 million, of which \$300.0 million related to issued debt, while the remaining \$300.0 million hedges the first 10 years of interest payments on debt we anticipate will be issued in 2019. To date, we believe the interest rate swaps have proven to be highly effective hedges.

The following schedule presents the contractual maturity dates of our outstanding debt, net of fair market value adjustments, debt issuance costs and discounts, as of December 31, 2018 (dollars in thousands):

	Unsecured Revolving Credit Facility	Public Bonds	Other Unsecured	Secured	Total
2019	\$ —	\$ —	\$319,508	\$13,524	\$333,032
2020	540,000	—	149,883	159,097	848,980
2021	—	—	222,294	122,837	345,131

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2022	—	248,522	416,075	—	664,597
2023	—	346,826	12,217	—	359,043
Thereafter	—	1,778,037	19,940	179,568	1,977,545
Total	\$ 540,000	\$ 2,373,385	\$ 1,139,917	\$ 475,026	\$ 4,528,328

The following schedule reflects the interest rate maturities of our outstanding fixed or hedged debt, net of fair market value adjustments, debt issuance costs and discounts, as of December 31, 2018 (dollars in thousands):

	Fixed Rate Debt	Interest Rate Swaps	Total Fixed Rate Balances	Contract Rate	
2019	\$33,508	\$—	\$33,508	4.4	%
2020	159,097	299,353	458,450	3.2	%
2021	195,459	—	195,459	5.2	%
2022	365,244	—	365,244	3.6	%
2023	359,043	—	359,043	4.3	%
Thereafter	1,977,545	—	1,977,545	3.9	%
Total	\$3,089,896	\$299,353	\$3,389,249	3.9	%

#### Unsecured Revolving Credit Facility

In October 2015, the Operating Partnership entered into an unsecured revolving credit facility agreement with a syndicate of banks led by KeyBank National Association, or KeyBank, and fifteen other banks, which we refer to as the KeyBank Facility. The KeyBank Facility replaced the Operating Partnership's previous unsecured credit facility with KeyBank. The interest rate is determined using an investment grade pricing grid using LIBOR plus a spread of 0.85% to 1.55%. In December 2016, the Operating Partnership amended the KeyBank Facility by increasing the borrowing capacity from \$750.0 million to \$1.0 billion. As of December 31, 2018, we had \$540.0 million borrowed under the KeyBank Facility, bearing interest at a rate of one month LIBOR plus 0.90%. The KeyBank Facility serves as our primary source of short-term liquidity and has an accordion feature that we may use to expand its capacity to \$1.5 billion. The KeyBank Facility matures in April 2020, with an option to extend for an additional six months.

#### Senior Unsecured Notes

We have issued both public and private unsecured notes. As of December 31, 2018, we had approximately \$2.4 billion (face value) of publicly issued unsecured notes and \$242.0 million of unsecured notes issued in two private placements. In October 2013, we publicly issued \$350.0 million of senior unsecured notes due October 2023 with a coupon of 4.30%, paid semi-annually on April 15 and October 15. In June 2014, we publicly issued \$400.0 million of senior unsecured notes due June 2024 with a coupon of 3.75%, paid semi-annually on June 15 and December 15. In November 2015, we publicly issued \$400.0 million senior unsecured notes due November 2025 with a coupon of 4.00%, paid semi-annually on May 15 and November 15. As a result of the merger with Post Properties in December 2016, we assumed \$250.0 million of senior unsecured notes due December 2022 with a coupon of 3.38%, paid semi-annually on June 1 and December 1. In May 2017, we publicly issued \$600.0 million of senior unsecured notes due June 2027 with a coupon of 3.60%, paid semi-annually on June 1 and December 1. In May 2018, we publicly issued \$400.0 million of senior unsecured notes due June 2028 with a coupon of 4.20%, paid semi-annually on June 15 and December 15. The proceeds from the senior unsecured notes issued in May 2018 were used to pay down outstanding amounts under the Key Bank Facility. As of December 31, 2018, all of these amounts remained outstanding.

In July 2011, we issued \$135.0 million of senior unsecured notes. The notes were offered and sold in a private placement with three maturity tranches: \$50.0 million at 4.7% maturing in July 2018, \$72.8 million at 5.4% maturing in July 2021; and \$12.3 million at 5.6% maturing in July 2023. The \$50.0 million tranche was paid off on its maturity date. In August 2012, we issued \$175.0 million of senior unsecured notes. The notes were offered and sold in a private placement with four tranches: \$18.0 million at 3.15% maturing in November 2017; \$20.0 million at 3.61% maturing in November 2019; \$117.0 million at 4.17% maturing in November 2022; and \$20.0 million at 4.33% maturing in November 2024. The \$18.0 million tranche was paid off on its maturity date. The remaining tranches were

outstanding as of December 31, 2018.

#### Unsecured Term Loans

In addition to the KeyBank Facility and senior unsecured notes, we maintain four unsecured term loans. We had total borrowings of \$900.0 million outstanding under these term loan agreements as of December 31, 2018, comprised of:

A \$300.0 million term loan with Wells Fargo, N.A., or Wells Fargo, that bears interest at a rate of LIBOR plus a spread of 0.75% to 1.65% based on the credit ratings of our unsecured debt. We entered into the six month term loan in December 2018, and the loan matures in June 2019, with an option to extend for an additional six months. As of December 31, 2018, this loan was bearing interest at a rate of one month LIBOR plus 0.90%.

A \$150.0 million term loan with U.S. Bank National Association, or U.S. Bank, that 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. The loan matures in March 2020. As of December 31, 2018, this loan was bearing interest at a rate of one month LIBOR plus 0.98%.

A \$150.0 million term loan with KeyBank that bears interest at a rate of LIBOR plus a spread of 0.90% to 1.75% based on the credit ratings of our unsecured debt. The loan matures in February 2021. As of December 31, 2018, this loan was bearing interest at a rate of one month LIBOR plus 0.95%.

A \$300.0 million term loan with Wells Fargo that bears interest at a rate of LIBOR plus a spread of 0.90% to 1.75% based on the credit ratings of our unsecured debt. The loan matures in March 2022. As of December 31, 2018, this loan was bearing interest at a rate of one month LIBOR plus 0.95%.

We retired a \$250.0 million unsecured term loan with Wells Fargo on its maturity date in August 2018.

### Secured Property Mortgages

We maintain secured property mortgages with Fannie Mae, Freddie Mac and various life insurance companies. These mortgages are usually fixed rate and can range from five to 30 years in maturity. As of December 31, 2018, we had \$476.2 million of secured property mortgages. In December 2018, we issued \$172.0 million in secured property mortgages with a fixed rate of 4.44%. During the year ended December 31, 2018, we retired \$568.0 million of secured property mortgages.

For more information regarding our debt capital resources, see Note 6 to the consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

### Contractual Obligations

The following table reflects our total contractual cash obligations as of December 31, 2018, which consist of principal and interest on our long-term debt as well as operating leases (dollars in thousands):

Contractual Obligations	2019	2020	2021	2022	2023	Thereafter	Total
Long-term debt obligations <sup>(1)</sup>	\$340,446	\$848,281	\$342,903	\$668,401	\$363,731	\$1,994,399	\$4,558,161
Fixed rate or swapped interest <sup>(2)</sup>	130,639	122,459	113,892	107,209	93,756	394,048	962,003
Variable rate interest <sup>(3)</sup>	32,992	20,755	10,681	1,650	—	—	66,078
Operating lease obligations <sup>(4)</sup>	2,729	2,744	2,771	2,767	2,761	68,516	82,288
Total	\$506,806	\$994,239	\$470,247	\$780,027	\$460,248	\$2,456,963	\$5,668,530

<sup>(1)</sup> Represents principal payments gross of discounts, debt issuance costs and fair market value adjustments of debt assumed.

<sup>(2)</sup> Swapped interest is subject to the ineffective portion of cash flow hedges as described in Note 7 to the consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

<sup>(3)</sup> Interest payments on variable rate debt instruments not subject to interest rate swaps are based on each debt instrument's respective interest rate as of December 31, 2018, which is assumed to be in effect through the maturity date of the respective debt instrument.

<sup>(4)</sup> Primarily comprised of a ground lease underlying one apartment community we own and the lease for our corporate headquarters.

We have a commitment, which is not reflected in the table above, to make additional capital contributions to a limited partnership in which we hold an equity interest. The capital contributions may be called by the general partner at any time until September 2022 after giving appropriate notice. As of December 31, 2018, we had committed to make additional capital contributions totaling up to \$13.6 million if and when called by the general partner of the limited

partnership and until September 2022.

#### Off-Balance Sheet Arrangements

As of December 31, 2018 and 2017, we had a 35.0% ownership interest in a limited liability company, which owns one apartment community comprised of 269 units, located in Washington, D.C. We also had a 20.7% ownership interest in a limited partnership as of December 31, 2018. Our interests in these investments are unconsolidated and are recorded using the equity method as we do not have a controlling interest.

As of December 31, 2018 and 2017, 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. In addition, we do not engage in trading activities involving non-exchange traded contracts. As such, we are not

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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 Note 13 to the consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

#### Insurance

We carry comprehensive general liability coverage on our apartment communities, with limits of liability we believe are customary within the multifamily apartment industry, to insure against liability claims and related defense costs. We also maintain insurance against the risk of direct physical damage to reimburse us on a replacement cost basis for costs incurred to repair or rebuild any property, including loss of rental income during the reconstruction period.

We renegotiated our insurance programs effective July 1, 2018. We believe that the current 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 operations.

#### Inflation

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

#### 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 preceding discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements and the notes thereto, which have been prepared in accordance with 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 as asset acquisitions in accordance with ASU 2017-01, Business Combinations (Topic 805): Clarifying the Definition of a Business, which requires the cost of the real estate acquired to be allocated to the individual acquired tangible assets, consisting of land, buildings and improvements and other, and identified intangible assets, consisting of the value of in-place leases and other contracts, on a relative fair value basis. In calculating the total asset value of acquired tangible assets, management uses stabilized net operating income, or NOI, and market specific capitalization and discount rates. Management analyzes 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 similarly sized markets. Management then allocates the purchase price of the asset acquisition based on the relative fair value of the individual components as a proportion



of the total assets acquired.

#### Impairment of long-lived assets

We account for long-lived assets in accordance with the provisions of accounting standards for the impairment or disposal of long-lived assets. Management periodically evaluates long-lived assets, including investments in real estate, 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, which is estimated by analyzing historical cash flows of 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. Management calculates the fair value of an 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 similarly sized markets. No material impairment losses have been recognized during the years ended December 31, 2018, 2017, and 2016.

#### Cost capitalization

In conformity with GAAP, we capitalize those expenditures that materially enhance the value of an existing asset or substantially extend the useful life of an existing asset. Expenditures necessary to maintain an existing property in ordinary operating condition are expensed as incurred. Therefore, 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. See Note 1 to the consolidated financial statements included elsewhere in this Annual Report on Form 10-K for additional detail.

#### Loss contingencies

The outcomes of claims, disputes and legal proceedings are subject to significant uncertainty. Management records an accrual for loss contingencies when a loss is probable and the amount of the loss can be reasonably estimated. We also accrue an estimate of defense costs expected to be incurred in connection with legal matters. Management 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, then we do 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 management discloses 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 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 involves a series of complex judgments about future events. Among the factors that we consider in this assessment, including with respect to the matters disclosed in this Annual Report on Form 10-K, 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. Management's 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, management 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, including a brief description of recent accounting pronouncements that could have a material impact on our financial statements, see Note 1 to the consolidated financial

statements included elsewhere in this Annual Report on Form 10-K.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Market risk includes risks that arise from changes in interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that affect market sensitive instruments. Our primary market risk exposure is to changes in interest rates on our borrowings. As of December 31, 2018, 28.6% 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, which mitigate our interest rate risk on a related financial instrument and effectively fix the interest rate on a portion of our variable debt or on future refinancings. We use our best efforts to have our debt instruments mature across multiple years, which we believe limits our exposure to interest rate changes in any one year. We do not

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enter into derivative instruments for trading or other speculative purposes. As of December 31, 2018, 74.8% of our outstanding debt was subject to fixed rates after considering related derivative instruments. 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, the table presents the notional amount of the swaps and the years in which they expire. Weighted average variable rates are based on rates in effect as of December 31, 2018 (dollars in thousands).

	2019	2020	2021	2022	2023	Total Thereafter	Total	Fair Value Liability
Long-term debt								
Fixed rate	\$40,446	\$158,281	\$192,903	\$368,401	\$363,731	\$1,994,399	\$3,118,161	\$3,066,546
Average interest rate	4.40	% 4.80	% 5.20	% 3.64	% 4.35	% 3.91	% 4.06	%
Variable rate <sup>(1)</sup>	\$300,000	\$690,000	\$150,000	\$—	\$—	\$—	\$1,140,000	\$1,143,795
Average interest rate	3.36	% 3.38	% 3.30	% —	% —	% —	% 3.36	%
Interest rate swaps								
Variable to fixed	\$—	\$300,000	\$—	\$—	\$—	\$300,000	<sup>(2)</sup> \$600,000	\$1,623
Average pay rate	—	% 2.32	% —	% —	% —	% 2.91	% 2.62	%

<sup>(1)</sup> Excluding the effect of interest rate swap agreements.

<sup>(2)</sup> Includes six forward rate swaps totaling \$300.0 million, which hedge the first 10 years of interest payments on debt we anticipate issuing in 2019.

#### Item 8. Financial Statements and Supplementary Data.

The consolidated financial statements and related financial information required to be filed are set forth on pages F-1 to F-44 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.

Mid-America Apartment Communities, Inc.

##### (a) Evaluation of Disclosure Controls and Procedures

MAA is required to maintain disclosure controls and procedures, within the meaning of Exchange Act Rules 13a-15 and 15d-15. MAA's management, with the participation of MAA's Chief Executive Officer and Chief Financial

Officer, carried out an evaluation of the effectiveness of MAA's disclosure controls and procedures as of December 31, 2018. Based on that evaluation, MAA's Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective as of December 31, 2018 to ensure that information required to be disclosed by MAA in its Exchange Act filings is accurately recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and is accumulated and communicated to MAA's management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

(b) Management's Report on Internal Control over Financial Reporting

MAA's management is responsible for establishing and maintaining adequate internal control over financial reporting within the meaning of Exchange Act Rules 13a-15 and 15d-15. MAA's management, with the participation of MAA's Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of MAA's internal control over financial reporting as of December 31, 2018 based on the framework specified in Internal Control - Integrated Framework (2013) published by the Committee of Sponsoring Organizations of the Treadway Commission. Based on such evaluation, MAA's management concluded that MAA's internal control over financial reporting was effective as of December 31, 2018.

Ernst & Young LLP, the independent registered public accounting firm that has audited the consolidated financial statements included elsewhere in this Annual Report on Form 10-K, has issued an attestation report on MAA's internal control

over financial reporting, which is included herein.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can only provide reasonable assurance with respect to financial statement preparation and presentation.

(c) Changes in Internal Control over Financial Reporting

There was no change to MAA's internal control over financial reporting, within the meaning of Exchange Act Rules 13a-15 and 15d-15, that occurred during the quarter ended December 31, 2018 that has materially affected, or is reasonably likely to materially affect, MAA's internal control over financial reporting.

Mid-America Apartments, L.P.

(a) Evaluation of Disclosure Controls and Procedures

The Operating Partnership is required to maintain disclosure controls and procedures, within the meaning of Exchange Act Rules 13a-15 and 15d-15. Management of the Operating Partnership, with the participation of the Chief Executive Officer and Chief Financial Officer of MAA, as the general partner of the Operating Partnership, carried out an evaluation of the effectiveness of the Operating Partnership's disclosure controls and procedures as of December 31, 2018. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer of MAA, as the general partner of the Operating Partnership, concluded that the disclosure controls and procedures were effective as of December 31, 2018 to ensure that information required to be disclosed by the Operating Partnership in its Exchange Act filings is accurately recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and is accumulated and communicated to the Operating Partnership's management, including the Chief Executive Officer and Chief Financial Officer of MAA, as the general partner of the Operating Partnership, as appropriate to allow timely decisions regarding required disclosure.

(b) Management's Report on Internal Control over Financial Reporting

Management of the Operating Partnership is responsible for establishing and maintaining adequate internal control over financial reporting within the meaning of Exchange Act Rule 13a-15 and 15d-15. Management of the Operating Partnership, with the participation of the Chief Executive Officer and Chief Financial Officer of MAA, as the general partner of the Operating Partnership, conducted an evaluation of the effectiveness of the Operating Partnership's internal control over financial reporting as of December 31, 2018 based on the framework specified in Internal Control - Integrated Framework (2013) published by the Committee of Sponsoring Organizations of the Treadway Commission. Based on such evaluation, management of the Operating Partnership has concluded that the Operating Partnership's internal control over financial reporting was effective as of December 31, 2018. An attestation report of the independent registered public accounting firm of the Operating Partnership will not be required as long as the Operating Partnership is a non-accelerated filer.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can only provide reasonable assurance with respect to financial statement preparation and presentation.

(c) Changes in Internal Control over Financial Reporting

There was no change to the Operating Partnership's internal control over financial reporting, within the meaning of Exchange Act Rules 13a-15 and 15d-15, that occurred during the quarter ended December 31, 2018 that has materially affected, or is reasonably likely to materially affect, the Operating Partnership's internal control over financial

reporting.

Item 9B. Other Information.

None.

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### PART III

#### Item 10. Directors, Executive Officers and Corporate Governance.

The information contained in MAA's 2019 Proxy Statement in the sections entitled "Board Structure", "Nominees for Election", "Executive Officers of the Registrant" and "Section 16(a) Beneficial Ownership Reporting Compliance," is incorporated herein by reference in response to this Item 10.

Our Board of Directors has adopted a Code of Conduct applicable to all officers, directors and employees, which can be found on our website at <https://www.maac.com>, on the For Investors page in the "Governance Documents" section under "Corporate Overview". We will provide a copy of this document to any person, without charge, upon request, by writing to the Legal Department at MAA, 6815 Poplar Avenue, Suite 500, Germantown, 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 Conduct by posting such information on our website at the address and the locations specified above. 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 Annual Report on Form 10-K.

#### Item 11. Executive Compensation.

The information contained in MAA's 2019 Proxy Statement in the sections entitled "Executive Compensation Tables", "Director Compensation", "Compensation Committee Interlocks and Insider Participation", "Compensation Committee Report" and "Compensation Discussion and Analysis" is incorporated herein by reference in response to this Item 11.

#### Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information contained in MAA's 2019 Proxy Statement in the sections entitled "Security Ownership of Management", "Security Ownership of Certain Beneficial Owners" and "Securities Authorized for Issuance Under Equity Compensation Plans" is incorporated herein by reference in response to this Item 12.

#### Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information contained in MAA's 2019 Proxy Statement in the sections entitled "Certain Relationships and Related Transactions" and "Indebtedness of Management" is incorporated herein by reference in response to this Item 13.

#### Item 14. Principal Accounting Fees and Services.

The information contained in MAA's 2019 Proxy Statement in the section entitled "Audit and Non-Audit Fees," is incorporated herein by reference in response to this Item 14.



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. <u>Reports of Independent Registered Public Accounting Firm</u>  | F-1  |
| Financial Statements of Mid-America Apartment Communities, Inc.:  |      |
| <u>Consolidated Balance Sheets as of December 31, 2018 and 2017</u>   | F-4  |
| <u>Consolidated Statements of Operations for the years ended December 31, 2018, 2017 and 2016</u>   | F-5  |
| <u>Consolidated Statements of Comprehensive Income for the years ended December 31, 2018, 2017 and 2016</u>   | F-6  |
| <u>Consolidated Statements of Equity for the years ended December 31, 2018, 2017 and 2016</u>   | F-7  |
| <u>Consolidated Statements of Cash Flows for the years ended December 31, 2018, 2017 and 2016</u>   | F-8  |
| Financial Statements of Mid-America Apartments, L.P.:   |      |
| <u>Consolidated Balance Sheets as of December 31, 2018 and 2017</u>   | F-9  |
| <u>Consolidated Statements of Operations for the years ended December 31, 2018, 2017 and 2016</u>   | F-10 |
| <u>Consolidated Statements of Comprehensive Income for the years ended December 31, 2018, 2017 and 2016</u>   | F-11 |
| <u>Consolidated Statements of Changes in Capital for the years ended December 31, 2018, 2017 and 2016</u>   | F-12 |
| <u>Consolidated Statements of Cash Flows for the years ended December 31, 2018, 2017 and 2016</u>   | F-13 |
| <u>Notes to Consolidated Financial Statements for the years ended December 31, 2018, 2017 and 2016</u>  | F-14 |
| 2. Financial Statement Schedule required to be filed by Item 8 and Paragraph (b) of this Item 15:<br><u>Schedule III - Real Estate and Accumulated Depreciation as of December 31, 2018</u> | F-38 |
| 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	<u>Agreement and Plan of Merger by and among Mid-America Apartment Communities, Inc., Mid-America Apartments, L.P., Post Properties, Inc., Post GP Holdings, Inc., and Post Apartment Homes, L.P., dated as of August 15, 2016 (Filed as Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed on August 15, 2016 and incorporated herein by reference).</u>
3.1	<u>Composite Charter of Mid-America Apartment Communities, Inc. (Filed as Exhibit 3.1 to the Registrant's Annual Report on Form 10-K filed on February 24, 2017 and incorporated herein by reference).</u>
3.2	<u>Fourth Amended and Restated Bylaws of Mid-America Apartment Communities, Inc., dated as of March 13, 2018 (Filed as Exhibit 3.2(i) to the Registrant's Current Report on Form 8-K filed on March 14, 2018 and incorporated herein by reference).</u>
3.3	<u>Composite Certificate of Limited Partnership of Mid-America Apartments, L.P. (Filed as Exhibit 3.14 to the Registrant's Annual Report on Form 10-K filed on February 26, 2016 and incorporated herein by reference).</u>
3.4	<u>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).</u>
3.5	<u>First Amendment to the Third Amended and Restated Agreement of Limited Partnership of Mid-America Apartments, L.P. (Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on November</u>

10, 2016 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 filed on February 23, 2018 and incorporated herein by reference).

4.2 Form of 8.50% Series I Cumulative Redeemable Preferred Stock Certificate (Filed as Exhibit 4.2 to Pre-Effective Amendment No. 1 to the Registrant's Registration Statement on Form S-4 filed on September 28, 2016 and incorporated herein by reference).

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- Indenture, dated as of October 16, 2013, by and among Mid-America Apartments, L.P., Mid-America Apartment  
4.3 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).
- First Supplemental Indenture, dated as of October 16, 2013, by and among Mid-America Apartments, L.P.,  
4.4 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).
- Second Supplemental Indenture, dated as of June 13, 2014, by and among Mid-America Apartments, L.P.,  
4.5 Mid-America Apartment Communities, Inc. and U.S. Bank National Association, including the form of 3.7500%  
Senior Notes due 2024 (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).
- Third Supplemental Indenture, dated as of November 9, 2015, by and among Mid-America Apartments, L.P.,  
4.6 Mid-America Apartment Communities, Inc. and U.S. Bank National Association, including the form of 4.000%  
Senior Notes due 2025 (Filed as Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed on November 9,  
2015 and incorporated herein by reference).
- Indenture between Post Properties, Inc. and SunTrust Bank, as Trustee (Filed as Exhibit 4.1 to Post Properties'  
4.7 Registration Statement on Form S-3 (File No. 333-42884), and incorporated herein by reference).
- First Supplemental Indenture to the Indenture between the Post Apartment Homes, L.P., and SunTrust Bank, as  
4.8 Trustee (Filed as Exhibit 4.2 to Post Properties' Registration Statement on Form S-3ASR (File No. 333-139581)  
and incorporated herein by reference).
- Form of Post Apartment Homes, L.P. 3.375% Note due 2022 (Filed as Exhibit 4.1 to Post Properties' Current  
4.9 Report on Form 8-K filed November 7, 2012 and incorporated herein by reference).
- Indenture, dated as of May 9, 2017, by and between Mid-America Apartments, L.P. and U.S. Bank National  
4.10 Association (Filed as Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on May 9, 2017 and  
incorporated herein by reference).
- First Supplemental Indenture, dated as of May 9, 2017, by and between Mid-America Apartments, L.P. and U.S.  
4.11 Bank National Association (Filed as Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed on May 9,  
2017 and incorporated herein by reference).
- Second Supplemental Indenture, dated as of May 14, 2018, by and between Mid-America Apartments, L.P. and  
4.12 U.S. Bank National Association (Filed as Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed on May  
14, 2018 and incorporated herein by reference).
- Note Purchase Agreement, dated as of July 29, 2011, by and among Mid-America Apartments, L.P.,  
10.1 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).
- Note Purchase Agreement, dated as of August 31, 2012, by and among Mid-America Apartments, L.P.,  
10.2 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).
- Distribution Agreement, dated as of December 9, 2015, by and among Mid-America Apartment Communities,  
10.3 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 December 9, 2015 and incorporated herein by reference).
- Amendment No. 1 to Distribution Agreement, dated September 28, 2018, by and among Mid-America Apartment  
10.4 Communities, Inc., Mid-America Apartments, L.P. and J.P. Morgan Securities LLC (filed as Exhibit 1.4 to the  
Registrant's Current Report on Form 8-K filed on September 28, 2018, and incorporated herein by reference).
- Distribution Agreement, dated as of December 9, 2015, by and among Mid-America Apartment Communities,  
10.5 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 December 9, 2015 and incorporated herein by reference).
- 10.6

Amendment No. 1 to Distribution Agreement, dated September 28, 2018, by and among Mid-America Apartment Communities, Inc., Mid-America Apartments, L.P. and BMO Capital Markets Corp. (filed as Exhibit 1.5 to the Registrant's Current Report on Form 8-K filed on September 28, 2018, and incorporated herein by reference).  
10.7 Distribution Agreement, dated as of December 9, 2015, 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 December 9, 2015 and incorporated herein by reference).

Amendment No. 1 to Distribution Agreement, dated September 28, 2018, by and among Mid-America Apartment  
10.8 Communities, Inc., Mid-America Apartments, L.P. and KeyBanc Capital Markets Inc. (filed as Exhibit 1.6 to the Registrant's Current Report on Form 8-K filed on September 28, 2018, and incorporated herein by reference).  
Employment Agreement, dated as of March 24, 2015, by and between the Registrant and H. Eric Bolton, Jr.  
10.9 (Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on March 24, 2015 and incorporated herein by reference).

- 10.10 Non-Qualified Deferred Compensation Plan for Outside Company Directors as Amended Effective November 30, 2010 (Filed as Exhibit 10.7 to the Registrant's Annual Report on Form 10-K filed on February 26, 2016 and incorporated herein by reference).
- 10.11 Amended and Restated Mid-America Apartment Communities, Inc. 2013 Stock Incentive Plan (Filed as Appendix B to the Registrant's Definitive Proxy Statement filed on April 16, 2014 and incorporated herein by reference).
- 10.12 Form of 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).
- 10.13 Form of Restricted Stock Award Agreement under the Mid-America Apartment Communities, Inc. 2013 Stock Incentive Plan (Filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed on May 1, 2015 and incorporated herein by reference).
- 10.14 Form of 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, 2017 and incorporated herein by reference).
- 10.15 MAA Non-Qualified Executive Deferred Compensation Retirement Plan Amended and Restated Effective January 1, 2016 (Filed as Exhibit 10.12 to the Registrant's Annual Report on Form 10-K filed on February 26, 2016 and incorporated herein by reference).
- 10.16 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).
- 10.17 Second Amended and Restated Credit Agreement, dated as of October 15, 2015, by and among Mid-America Apartments, L.P., KeyBank National Association and the other lenders party thereto (Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on October 16, 2015 and incorporated herein by reference).
- 10.18 First Amendment to Second Amended and Restated Credit Agreement, dated as of December 1, 2016, by and among Mid-America Apartments, L.P., KeyBank National Association and the other lenders party thereto (Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on December 1, 2016 and incorporated herein by reference).
- 10.19 Mid-America Apartment Communities, Inc. Indemnification Agreement (Filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on December 1, 2016 and incorporated herein by reference).
- 10.20 Amended and Restated Post Properties Inc. 2003 Incentive Stock Plan (Filed as Exhibit 99.1 to the Registrant's Registration Statement on Form S-8 filed on December 9, 2016 and incorporated herein by reference).
- 10.21 Second Amended and Restated Mid-America Apartment Communities, Inc. 2013 Stock Incentive Plan (Filed as Appendix A to the Registrant's Definitive Proxy Statement filed on April 9, 2018 and incorporated herein by reference).
- 10.22 Form of Restricted Stock Award Agreement Under the Mid-America Apartment Communities, Inc. 2013 Stock Incentive Plan (Filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed on August 2, 2018 and incorporated herein by reference).
- 10.23 Form of Non-Qualified Stock Option Agreement for Company Employees Under the Mid-America Apartment Communities, Inc. 2013 Stock Incentive Plan (Filed as Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed on August 2, 2018 and incorporated herein by reference).
- 10.24 Form of Incentive Stock Option Agreement for Company Employees Under the Mid-America Apartment Communities, Inc. 2013 Stock Incentive Plan (Filed as Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed on August 2, 2018 and incorporated herein by reference).
- 10.25 Form of Restricted Stock Unit Award Agreement Under the Mid-America Apartment Communities, Inc. 2013 Stock Incentive Plan (Filed as Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q filed on August 2, 2018 and incorporated herein by reference).

- 21.1 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 MAALP Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
  - 31.4 MAALP 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.
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32.3\* MAALP 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\* MAALP 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 and Mid-America Apartments, L.P.'s Annual Report on Form 10-K for the period ended December 31, 2018, filed with the SEC on February 21, 2019, formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets as of December 31, 2018 and December 31, 2017; (ii) the Consolidated Statements of Operations for the years ended December 31, 2018, 2017 and 2016; (iii) the Consolidated Statements of Comprehensive Income for the years ended December 31, 2018, 2017 and 2016; (iv) the Consolidated Statements of Equity/Changes in Capital for the years ended December 31, 2018, 2017 and 2016; (v) the Consolidated Statements of Cash Flows for the years ended December 31, 2018, 2017 and 2016; (vi) Notes to Consolidated Financial Statements; and (vii) Schedule III - Real Estate and Accumulated Depreciation as of December 31, 2018.

† Management contract or compensatory plan or arrangement.

\* This certification is being furnished solely to accompany this Annual Report on Form 10-K pursuant to 18 U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934 and is not to be incorporated by reference into any filing of MAA or MAALP, whether made before or after the date hereof, regardless of any general incorporation language in such filings.

(b) Exhibits: See Item 15(a)(3) above.

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

Item 16. Form 10-K Summary.

None.

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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 21, 2019 /s/ H. Eric Bolton, Jr.

H. Eric Bolton, Jr.

Chairman of the Board of Directors

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 capacities and on the dates indicated.

Date: February 21, 2019 /s/ H. Eric Bolton, Jr.

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

Date: February 21, 2019 /s/ Albert M. Campbell, III

Albert M. Campbell, III  
Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)

Date: February 21, 2019 /s/ A. Clay Holder

A. Clay Holder  
Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)

Date: February 21, 2019 /s/ Russell R. French

Russell R. French  
Director

Date: February 21, 2019 /s/ Alan B. Graf, Jr.

Alan B. Graf, Jr.  
Director

Date: February 21, 2019 /s/ Toni Jennings

Toni Jennings  
Director

Date: February 21, 2019 /s/ James K. Lowder

James K. Lowder  
Director

Date: February 21, 2019 /s/ Thomas H. Lowder

Thomas H. Lowder  
Director

Date: February 21, 2019 /s/ Monica McGurk

Monica McGurk  
Director

Date: February 21, 2019 /s/ Claude B. Nielsen

Claude B. Nielsen  
Director

Date: February 21, 2019 /s/ Philip W. Norwood

Philip W. Norwood  
Director

Date: February 21, 2019 /s/ W. Reid Sanders  
W. Reid Sanders  
Director

Date: February 21, 2019 /s/ Gary Shorb  
Gary Shorb  
Director

Date: February 21, 2019 /s/ David P. Stockert  
David P. Stockert  
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 21, 2019 /s/ H. Eric Bolton, Jr.

H. Eric Bolton, Jr.

Chairman of the Board of Directors

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 21, 2019 /s/ H. Eric Bolton, Jr.  
H. Eric Bolton, Jr.  
Chairman of the Board of Directors  
Chief Executive Officer  
(Principal Executive Officer)

Date: February 21, 2019 /s/ Albert M. Campbell, III  
Albert M. Campbell, III  
Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)

Date: February 21, 2019 /s/ A. Clay Holder  
A. Clay Holder  
Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)

Date: February 21, 2019 /s/ Russell R. French  
Russell R. French  
Director

Date: February 21, 2019 /s/ Alan B. Graf, Jr.  
Alan B. Graf, Jr.  
Director

Date: February 21, 2019 /s/ Toni Jennings  
Toni Jennings  
Director

Date: February 21, 2019 /s/ James K. Lowder  
James K. Lowder  
Director

Date: February 21, 2019 /s/ Thomas H. Lowder  
Thomas H. Lowder  
Director

Date: February 21, 2019 /s/ Monica McGurk  
Monica McGurk  
Director

Date: February 21, 2019 /s/ Claude B. Nielsen  
Claude B. Nielsen  
Director

Date: February 21, 2019 /s/ Philip W. Norwood  
Philip W. Norwood

Director

Date: February 21, 2019 /s/ W. Reid Sanders

W. Reid Sanders

Director

Date: February 21, 2019 /s/ Gary Shorb

Gary Shorb

Director

Date: February 21, 2019 /s/ David P. Stockert

David P. Stockert

Director

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Report of Independent Registered Public Accounting Firm

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

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Mid-America Apartment Communities, Inc. (the Company) as of December 31, 2018 and 2017, the related consolidated statements of operations, comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2018, and the related notes and financial statement schedule listed in the Index at Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2018, 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 21, 2019 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2005.

Memphis, Tennessee

February 21, 2019

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Report of Independent Registered Public Accounting Firm

To the Partners of Mid-America Apartments, L.P.

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Mid-America Apartments, L.P. (the Partnership) as of December 31, 2018 and 2017, 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, 2018, and the related notes and financial statement schedule listed in the Index at Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Partnership at December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with U.S. generally accepted accounting principles.

### Basis for Opinion

These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on the Partnership's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Partnership is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting 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.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Partnership's auditor since 2012.

Memphis, Tennessee

February 21, 2019

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## Report of Independent Registered Public Accounting Firm

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

### Opinion on Internal Control over Financial Reporting

We have audited Mid-America Apartment Communities, Inc.'s internal control over financial reporting as of December 31, 2018, 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). In our opinion, Mid-America Apartment Communities, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2018 and 2017, the related consolidated statements of operations, comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2018, and the related notes and financial statement schedule listed in the Index at Item 15(a)(2) and our report dated February 21, 2019 expressed an unqualified opinion thereon.

### Basis for Opinion

The Company'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 are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. 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.

### Definition and Limitations of Internal Control Over Financial Reporting

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.

/s/ Ernst & Young LLP

Memphis, Tennessee

February 21, 2019

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Mid-America Apartment Communities, Inc.  
 Consolidated Balance Sheets  
 December 31, 2018 and 2017  
 (Dollars in thousands, except share and per share data)

	December 31, 2018	December 31, 2017
Assets		
Real estate assets:		
Land	\$ 1,868,828	\$ 1,836,417
Buildings and improvements and other	11,670,216	11,281,504
Development and capital improvements in progress	59,506	116,833
	13,598,550	13,234,754
Less: Accumulated depreciation	(2,549,287 )	(2,075,071 )
	11,049,263	11,159,683
Undeveloped land	58,257	57,285
Investment in real estate joint venture	44,181	44,956
Real estate assets, net	11,151,701	11,261,924
Cash and cash equivalents	34,259	10,750
Restricted cash	17,414	78,117
Other assets	120,407	135,807
Assets held for sale	—	5,321
Total assets	\$ 11,323,781	\$ 11,491,919
Liabilities and equity		
Liabilities:		
Unsecured notes payable	\$ 4,053,302	\$ 3,525,765
Secured notes payable	475,026	976,292
Accrued expenses and other liabilities	413,850	405,560
Total liabilities	4,942,178	4,907,617
Redeemable common stock	9,414	10,408
Shareholders' equity:		
Preferred stock, \$0.01 par value per share, 20,000,000 shares authorized; 8.50% Series I Cumulative Redeemable Shares, liquidation preference \$50 per share, 867,846 shares issued and outstanding as of December 31, 2018 and December 31, 2017, respectively.	9	9
Common stock, \$0.01 par value per share, 145,000,000 shares authorized; 113,844,267 and 113,643,166 shares issued and outstanding as of December 31, 2018 and December 31, 2017, respectively <sup>(1)</sup>	1,136	1,134
Additional paid-in capital	7,138,170	7,121,112
Accumulated distributions in excess of net income	(989,263 )	(784,500 )
Accumulated other comprehensive (loss) income	(212 )	2,157
Total MAA shareholders' equity	6,149,840	6,339,912
Noncontrolling interests - Operating Partnership units	220,043	231,676
Total Company's shareholders' equity	6,369,883	6,571,588
Noncontrolling interest - consolidated real estate entity	2,306	2,306
Total equity	6,372,189	6,573,894

Total liabilities and equity \$ 11,323,781 \$ 11,491,919

Number of shares issued and outstanding represents total shares of common stock regardless of classification on the Consolidated Balance Sheets. The number of shares classified as redeemable common stock on the (1) Consolidated Balance Sheets as of December 31, 2018 and December 31, 2017 are 98,371 and 103,504, respectively.

See accompanying notes to consolidated financial statements.

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Mid-America Apartment Communities, Inc.  
 Consolidated Statements of Operations  
 Years ended December 31, 2018, 2017 and 2016  
 (Dollars in thousands, except per share data)

	2018	2017	2016
Revenues:			
Rental and other property revenues	\$1,571,346	\$1,528,987	\$1,125,348
Expenses:			
Operating expense, excluding real estate taxes and insurance	371,095	364,190	280,572
Real estate taxes and insurance	223,493	212,541	142,784
Depreciation and amortization	489,759	493,708	322,958
Total property operating expenses	1,084,347	1,070,439	746,314
Property management expenses	47,633	43,588	34,093
General and administrative expenses	34,786	40,194	29,040
Merger and integration related expenses	9,112	19,990	40,823
Interest expense	173,594	154,751	129,947
Loss (gain) on sale of depreciable real estate assets	39	(127,386)	(80,397)
Gain on sale of non-depreciable real estate assets	(4,532)	(21)	(2,171)
Other non-operating (income) expense	(5,434)	(14,353)	1,839
Income before income tax expense	231,801	341,785	225,860
Income tax expense	(2,611)	(2,619)	(1,699)
Income from continuing operations before real estate joint venture activity	229,190	339,166	224,161
Income from real estate joint venture	1,832	1,370	241
Net income	231,022	340,536	224,402
Net income attributable to noncontrolling interests	8,123	12,157	12,180
Net income available for shareholders	222,899	328,379	212,222
Dividends to MAA Series I preferred shareholders	3,688	3,688	307
Net income available for MAA common shareholders	\$219,211	\$324,691	\$211,915
Earnings per common share - basic:			
Net income available for MAA common shareholders	\$1.93	\$2.86	\$2.69
Earnings per common share - diluted:			
Net income available for MAA common shareholders	\$1.93	\$2.86	\$2.69

See accompanying notes to consolidated financial statements.

Mid-America Apartment Communities, Inc.  
 Consolidated Statements of Comprehensive Income  
 Years ended December 31, 2018, 2017 and 2016  
 (Dollars in thousands)

	2018	2017	2016
Net income	\$231,022	\$340,536	\$224,402
Other comprehensive (loss) income:			
Unrealized (loss) gain from the effective portion of derivative instruments	(751 )	319	(1,500 )
Reclassification adjustment for net (gains) losses included in net income for the effective portion of derivative instruments	(1,938 )	730	4,364
Total comprehensive income	228,333	341,585	227,266
Less: Comprehensive income attributable to noncontrolling interests	(8,036 )	(12,193 )	(12,311 )
Comprehensive income attributable to MAA	\$220,297	\$329,392	\$214,955

See accompanying notes to consolidated financial statements.

Mid-America Apartment Communities, Inc.  
Consolidated Statements of Equity  
Years ended December 31, 2018, 2017 and 2016  
(Dollars and shares in thousands)

	Mid-America Apartment Communities, Inc. Shareholders							Noncontrolling Interest		Redeemable Stock	
	Preferred Stock	Common Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Distributions in Excess of Net Income	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests - Operating Partnership	Consolidated Real Estate Entity	Total Equity		
<b>EQUITY</b>											
<b>BALANCE DECEMBER 31, 2015</b>	—	\$—	75,318	\$753	\$3,627,074	\$(634,141)	\$(1,589)	\$165,726	\$—	\$3,157,823	\$8,250
Net income	—	—	—	—	—	212,222	—	12,180	—	224,402	—
Other comprehensive income - derivative instruments	—	—	—	—	—	—	2,733	131	—	2,864	—
Issuance and registration of common shares	—	—	38,097	380	3,406,150	—	—	72,759	—	3,479,289	1,240
Issuance and registration of preferred shares	868	9	—	—	64,824	—	—	—	—	64,833	—
Shares repurchased and retired	—	—	(23)	)	(2,019)	)	—	—	—	(2,019)	)
Shares issued in exchange for common units	—	—	23	—	902	—	—	(902)	)	—	—
Shares issued in exchange for redeemable stock	—	—	—	—	122	—	—	—	—	122	(122)
Redeemable stock fair market value adjustment	—	—	—	—	—	(705)	)	—	—	(705)	)
Adjustment for noncontrolling interests in Operating Partnership	—	—	—	—	(192)	)	—	192	—	—	—
Amortization of unearned	—	—	—	—	12,151	—	—	—	—	12,151	—



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compensation													
Noncontrolling interests distribution	—	—	—	—	—	—	—	(226)	)	—	(226)	)	—
Dividends on preferred stock	—	—	—	—	—	(307)	)	—	—	—	(307)	)	—
Dividends on common stock (\$3.3300 per share)	—	—	—	—	—	(284,548)	)	—	—	—	(284,548)	)	—
Dividends on noncontrolling interests units (\$3.3300 per unit)	—	—	—	—	—	—	—	(13,884)	)	—	(13,884)	)	—
Acquired capital from noncontrolling interest - consolidated real estate entity	—	—	—	—	—	—	—	—	2,306	2,306	—	—	—
<b>EQUITY</b>													
<b>BALANCE DECEMBER 31, 2016</b>	868	\$9	113,415	\$1,133	\$7,109,012	\$(707,479)	\$1,144	\$235,976	\$2,306	\$6,642,101	\$10,073		
Net income	—	—	—	—	—	328,379	—	12,157	—	340,536	—	—	—
Other comprehensive income - derivative instruments	—	—	—	—	—	—	1,013	36	—	1,049	—	—	—
Issuance and registration of common shares	—	—	137	1	615	—	—	—	—	616	1,588	—	—
Issuance and registration of preferred shares	—	—	—	—	2,007	—	—	—	—	2,007	—	—	—
Shares repurchased and retired	—	—	(51)	)	(4,782)	)	—	—	—	(4,782)	)	—	—
Exercise of stock options	—	—	10	—	218	—	—	—	—	218	—	—	—
Shares issued in exchange for common units	—	—	29	—	1,602	—	—	(1,602)	)	—	—	—	—
Shares issued in exchange for redeemable stock	—	—	—	—	1,482	—	—	—	—	1,482	(1,482)	)	—

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Redeemable stock fair market value adjustment	—	—	—	—	—	(229)	)	—	—	(229)	)	229
Adjustment for noncontrolling interests in Operating Partnership	—	—	—	—	42	—	—	(42)	)	—	—	—
Amortization of unearned compensation	—	—	—	—	10,916	(114)	)	—	—	10,802	—	—
Dividends on preferred stock	—	—	—	—	—	(3,688)	)	—	—	(3,688)	)	—
Dividends on common stock (\$3.5325 per share)	—	—	—	—	—	(401,369)	)	—	—	(401,369)	)	—
Dividends on noncontrolling interests units (\$3.5325 per unit)	—	—	—	—	—	—	—	(14,849)	)	(14,849)	)	—
<b>EQUITY</b>												
<b>BALANCE DECEMBER 31, 2017</b>	868	\$9	113,540	\$1,134	\$7,121,112	\$(784,500)	\$2,157	\$231,676	\$2,306	\$6,573,894	\$10,408	
Net income	—	—	—	—	—	222,899	—	8,123	—	231,022	—	
Other comprehensive loss - derivative instruments	—	—	—	—	—	—	(2,602)	(87)	)	(2,689)	)	—
Issuance and registration of common shares	—	—	142	1	(264)	)	—	—	—	(263)	)	1,482
Shares repurchased and retired	—	—	(34)	)	—	(2,921)	)	—	—	(2,921)	)	—
Exercise of stock options	—	—	18	—	916	—	—	—	—	916	—	
Shares issued in exchange for common units	—	—	80	1	4,443	—	—	(4,444)	)	—	—	
Shares issued in exchange for redeemable stock	—	—	—	—	1,915	—	—	—	—	1,915	(1,915)	)
Redeemable stock fair market value adjustment	—	—	—	—	—	561	—	—	—	561	(561)	)

Adjustment for noncontrolling interests in Operating Partnership	—	—	—	—	66	—	—	(66	)	—	—	—	
Cumulative adjustment due to adoption of ASU 2017-12	—	—	—	—	—	(233	)	233	—	—	—	—	
Amortization of unearned compensation	—	—	—	—	12,903	—	—	—	—	—	12,903	—	
Dividends on preferred stock	—	—	—	—	—	(3,688	)	—	—	—	(3,688	)	—
Dividends on common stock (\$3.7275 per share)	—	—	—	—	—	(424,302	)	—	—	—	(424,302	)	—
Dividends on noncontrolling interests units (\$3.7275 per unit)	—	—	—	—	—	—	—	(15,159	)	—	(15,159	)	—
<b>EQUITY</b>													
<b>BALANCE DECEMBER 31, 2018</b>	868	\$9	113,746	\$1,136	\$7,138,170	\$(989,263)	\$(212	)	\$220,043	\$2,306	\$6,372,189	\$9,414	

See accompanying notes to consolidated financial statements.

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Mid-America Apartment Communities, Inc.  
 Consolidated Statements of Cash Flows  
 Years ended December 31, 2018, 2017 and 2016  
 (Dollars in thousands)

	2018	2017	2016
Cash flows from operating activities:			
Net income	\$231,022	\$340,536	\$224,402
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	490,995	494,540	323,283
Loss (gain) on sale of depreciable real estate assets	39	(127,386 )	(80,397 )
Gain on sale of non-depreciable real estate assets	(4,532 )	(21 )	(2,171 )
Stock compensation expense	12,444	10,570	11,486
Amortization of debt premium and debt issuance costs	(4,990 )	(9,810 )	(9,820 )
Net change in operating accounts and other	9,314	(47,629 )	18,221
Net cash provided by operating activities	734,292	660,800	485,004
Cash flows from investing activities:			
Purchases of real estate and other assets	(129,487 )	(136,065 )	(339,186 )
Capital improvements, development and other	(254,715 )	(343,890 )	(183,977 )
Distributions from real estate joint ventures	775	—	1,778
Contributions to affiliates	(2,905 )	(1,500 )	—
Proceeds from disposition of real estate assets	19,982	187,245	296,410
Acquisition of Post Properties, net of cash acquired	—	—	(424,156 )
Net cash used in investing activities	(366,350 )	(294,210 )	(649,131 )
Cash flows from financing activities:			
Proceeds from lines of credit	1,540,000	805,000	635,000
Repayments of lines of credit	(1,490,000 )	(965,000 )	(300,000 )
Proceeds from notes payable	869,630	597,480	300,000
Principal payments on notes payable	(878,610 )	(413,557 )	(146,026 )
Payment of deferred financing costs	(6,060 )	(5,358 )	(2,395 )
Repurchase of common stock	(2,921 )	(4,782 )	(2,019 )
Debt prepayment and extinguishment costs	(60 )	(1,659 )	(139 )
Proceeds from issuances of common shares	585	1,557	291
Exercise of stock options	916	432	—
Distributions to noncontrolling interests	(15,079 )	(14,654 )	(13,850 )
Dividends paid on common shares	(419,849 )	(395,294 )	(247,652 )
Dividends paid on preferred shares	(3,688 )	(3,688 )	(924 )
Net cash (used in) provided by financing activities	(405,136 )	(399,523 )	222,286
Net (decrease) increase in cash, cash equivalents and restricted cash	(37,194 )	(32,933 )	58,159
Cash, cash equivalents and restricted cash, beginning of period	88,867	121,800	63,641
Cash, cash equivalents and restricted cash, end of period	\$51,673	\$88,867	\$121,800

The following table provides a reconciliation of cash, cash equivalents and restricted cash to amounts reported within the Consolidated Balance Sheets:

Reconciliation of cash, cash equivalents and restricted cash:			
Cash and cash equivalents	\$34,259	\$10,750	\$33,536

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Restricted cash	17,414	78,117	88,264
Total cash, cash equivalents and restricted cash	\$51,673	\$88,867	\$121,800
Supplemental disclosure of cash flow information:			
Interest paid	\$184,834	\$166,757	\$144,843
Income taxes paid	2,550	2,366	1,582
Supplemental disclosure of noncash investing and financing activities:			
Conversion of OP Units to shares of common stock	\$4,443	\$1,602	\$902
Accrued construction in progress	8,581	7,852	31,491
Interest capitalized	2,047	7,238	2,073
Mark-to-market adjustment on derivative instruments	(6,436	) 17,806	5,670
Fair value adjustment on debt assumed from the Post Properties merger	—	—	8,864
Loan assumption from the Post Properties merger	—	—	586,744
Purchase price for the Post Properties merger	—	—	4,006,586
See accompanying notes to consolidated financial statements.			

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## Mid-America Apartments, L.P.

## Consolidated Balance Sheets

December 31, 2018 and 2017

(Dollars in thousands, except unit data)

	December 31, 2018	December 31, 2017
Assets		
Real estate assets:		
Land	\$ 1,868,828	\$ 1,836,417
Buildings and improvements and other	11,670,216	11,281,504
Development and capital improvements in progress	59,506	116,833
	13,598,550	13,234,754
Less: Accumulated depreciation	(2,549,287 )	(2,075,071 )
	11,049,263	11,159,683
Undeveloped land	58,257	57,285
Investment in real estate joint venture	44,181	44,956
Real estate assets, net	11,151,701	11,261,924
Cash and cash equivalents	34,259	10,750
Restricted cash	17,414	78,117
Other assets	120,407	135,807
Assets held for sale	—	5,321
Total assets	\$ 11,323,781	\$ 11,491,919
Liabilities and capital		
Liabilities:		
Unsecured notes payable	\$ 4,053,302	\$ 3,525,765
Secured notes payable	475,026	976,292
Accrued expenses and other liabilities	413,850	405,560
Due to general partner	19	19
Total liabilities	4,942,197	4,907,636
Redeemable common units	9,414	10,408
Operating Partnership capital:		
Preferred units, 867,846 preferred units outstanding as of December 31, 2018 and December 31, 2017, respectively	66,840	66,840
Common Units:		
General partner, 113,844,267 and 113,643,166 OP Units outstanding as of December 31, 2018 and December 31, 2017, respectively <sup>(1)</sup>	6,083,142	6,270,758
Limited partners, 4,111,301 and 4,191,586 OP Units outstanding as of December 31, 2018 and December 31, 2017, respectively <sup>(1)</sup>	220,043	231,676
Accumulated other comprehensive (loss) income	(161 )	2,295
Total operating partners' capital	6,369,864	6,571,569
Noncontrolling interest - consolidated real estate entity	2,306	2,306
Total capital	6,372,170	6,573,875
Total liabilities and capital	\$ 11,323,781	\$ 11,491,919

(1)

Number of units outstanding represents total OP Units regardless of classification on the Consolidated Balance Sheets. The number of units classified as redeemable common units on the Consolidated Balance Sheets as of December 31, 2018 and December 31, 2017 are 98,371 and 103,504, respectively.

See accompanying notes to consolidated financial statements.

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## Mid-America Apartments, L.P.

## Consolidated Statements of Operations

Years ended December 31, 2018, 2017 and 2016

(Dollars in thousands, except per unit data)

	2018	2017	2016
Revenues:			
Rental and other property revenues	\$1,571,346	\$1,528,987	\$1,125,348
Expenses:			
Operating expense, excluding real estate taxes and insurance	371,095	364,190	280,572
Real estate taxes and insurance	223,493	212,541	142,784
Depreciation and amortization	489,759	493,708	322,958
Total property operating expenses	1,084,347	1,070,439	746,314
Property management expenses	47,633	43,588	34,093
General and administrative expenses	34,786	40,194	29,040
Merger and integration related expenses	9,112	19,990	40,823
Interest expense	173,594	154,751	129,947
Loss (gain) on sale of depreciable real estate assets	39	(127,386)	(80,397)
Gain on sale of non-depreciable real estate assets	(4,532)	(21)	(2,171)
Other non-operating (income) expense	(5,434)	(14,353)	1,839
Income before income tax expense	231,801	341,785	225,860
Income tax expense	(2,611)	(2,619)	(1,699)
Income from continuing operations before real estate joint venture activity	229,190	339,166	224,161
Income from real estate joint venture	1,832	1,370	241
Net income	231,022	340,536	224,402
Dividends to preferred unitholders	3,688	3,688	307
Net income available for MAALP common unitholders	\$227,334	\$336,848	\$224,095
Earnings per common unit - basic:			
Net income available for MAALP common unitholders	\$1.93	\$2.86	\$2.70
Earnings per common unit - diluted:			
Net income available for MAALP common unitholders	\$1.93	\$2.86	\$2.70

See accompanying notes to consolidated financial statements.



Mid-America Apartments, L.P.  
 Consolidated Statements of Comprehensive Income  
 Years ended December 31, 2018, 2017 and 2016  
 (Dollars in thousands)

	2018	2017	2016
Net income	\$231,022	\$340,536	\$224,402
Other comprehensive (loss) income:			
Unrealized (loss) gain from the effective portion of derivative instruments	(751 )	319	(1,500 )
Reclassification adjustment for net (gains) losses included in net income for the effective portion of derivative instruments	(1,938 )	730	4,364
Comprehensive income attributable to MAALP	\$228,333	\$341,585	\$227,266

See accompanying notes to consolidated financial statements.

## Mid-America Apartments, L.P.

## Consolidated Statements of Changes in Capital

Years ended December 31, 2018, 2017 and 2016

(Dollars in thousands)

	Mid-America Apartments, L.P. Unitholders				Accumulated Other Comprehensive Income	Noncontrolling Interest - Consolidated Real Estate Entity	Total Partnership Capital	Redeemable Units
	Limited Partner	General Partner	Preferred Units	Other				
CAPITAL BALANCE DECEMBER 31, 2015	\$165,726	\$2,993,696	\$—	\$ (1,618	) \$ —	\$3,157,804	\$ 8,250	
Net income	12,180	211,915	307	—	—	224,402	—	
Other comprehensive income - derivative instruments	—	—	—	2,864	—	2,864	—	
Issuance of units	72,759	3,406,530	64,833	—	—	3,544,122	1,240	
Units repurchased and retired	—	(2,019	) —	—	—	(2,019	) —	
General partner units issued in exchange for limited partner units	(902	) 902	—	—	—	—	—	
Units issued in exchange for redeemable units	—	122	—	—	—	122	(122	)
Redeemable units fair market value adjustment	—	(705	) —	—	—	(705	) 705	
Adjustment for limited partners' capital at redemption value	323	(323	) —	—	—	—	—	
Amortization of unearned compensation	—	12,151	—	—	—	12,151	—	
Noncontrolling interest distribution	(226	) —	—	—	—	(226	) —	
Distributions to preferred unitholders	—	—	(307	) —	—	(307	) —	
Distributions to common unitholders (\$3.3300 per unit)	(13,884	) (284,548	) —	—	—	(298,432	) —	
Acquired capital from noncontrolling interest - consolidated real estate entity	—	—	—	—	2,306	2,306	—	
CAPITAL BALANCE DECEMBER 31, 2016	\$235,976	\$6,337,721	\$64,833	\$ 1,246	\$ 2,306	\$6,642,082	\$ 10,073	
Net income	12,157	324,691	3,688	—	—	340,536	—	
Other comprehensive income - derivative instruments	—	—	—	1,049	—	1,049	—	
Issuance of units	—	616	2,007	—	—	2,623	1,588	

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Units repurchased and retired	—	(4,782 )	—	—	—	(4,782 )	—
Exercise of unit options	—	218	—	—	—	218	—
General partner units issued in exchange for limited partner units	(1,602 )	1,602	—	—	—	—	—
Units issued in exchange for redeemable units	—	1,482	—	—	—	1,482	(1,482 )
Redeemable units fair market value adjustment	—	(229 )	—	—	—	(229 )	229
Adjustment for limited partners' capital at redemption value	(6 )	6	—	—	—	—	—
Amortization of unearned compensation	—	10,802	—	—	—	10,802	—
Distributions to preferred unitholders	—	—	(3,688 )	—	—	(3,688 )	—
Distributions to common unitholders (\$3.5325 per unit)	(14,849 )	(401,369 )	—	—	—	(416,218 )	—
<b>CAPITAL BALANCE DECEMBER 31, 2017</b>	<b>\$231,676</b>	<b>\$6,270,758</b>	<b>\$66,840</b>	<b>\$ 2,295</b>	<b>\$ 2,306</b>	<b>\$6,573,875</b>	<b>\$ 10,408</b>
Net income	8,123	219,211	3,688	—	—	231,022	—
Other comprehensive loss - derivative instruments	—	—	—	(2,689 )	—	(2,689 )	—
Issuance of units	—	(264 )	—	—	—	(264 )	1,482
Units repurchased and retired	—	(2,921 )	—	—	—	(2,921 )	—
Exercise of unit options	—	916	—	—	—	916	—
General partner units issued in exchange for limited partner units	(4,444 )	4,444	—	—	—	—	—
Units issued in exchange for redeemable units	—	1,915	—	—	—	1,915	(1,915 )
Redeemable units fair market value adjustment	—	561	—	—	—	561	(561 )
Adjustment for limited partners' capital at redemption value	(153 )	153	—	—	—	—	—
Cumulative adjustment due to adoption of ASU 2017-12	—	(233 )	—	233	—	—	—
Amortization of unearned compensation	—	12,904	—	—	—	12,904	—
Distributions to preferred unitholders	—	—	(3,688 )	—	—	(3,688 )	—
Distributions to common unitholders (\$3.7275 per unit)	(15,159 )	(424,302 )	—	—	—	(439,461 )	—
<b>CAPITAL BALANCE DECEMBER 31, 2018</b>	<b>\$220,043</b>	<b>\$6,083,142</b>	<b>\$66,840</b>	<b>\$ (161 )</b>	<b>\$ 2,306</b>	<b>\$6,372,170</b>	<b>\$ 9,414</b>

See accompanying notes to consolidated financial statements.

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Mid-America Apartments, L.P.  
 Consolidated Statements of Cash Flows  
 Years ended December 31, 2018, 2017 and 2016  
 (Dollars in thousands)

	2018	2017	2016
Cash flows from operating activities:			
Net income	\$231,022	\$340,536	\$224,402
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	490,995	494,540	323,283
Loss (gain) on sale of depreciable real estate assets	39	(127,386 )	(80,397 )
Gain on sale of non-depreciable real estate assets	(4,532 )	(21 )	(2,171 )
Stock compensation expense	12,444	10,570	11,486
Amortization of debt premium and debt issuance costs	(4,990 )	(9,810 )	(9,820 )
Net change in operating accounts and other	9,314	(47,629 )	18,221
Net cash provided by operating activities	734,292	660,800	485,004
Cash flows from investing activities:			
Purchases of real estate and other assets	(129,487 )	(136,065 )	(339,186 )
Capital improvements, development and other	(254,715 )	(343,890 )	(183,977 )
Distributions from real estate joint ventures	775	—	1,778
Contributions to affiliates	(2,905 )	(1,500 )	—
Proceeds from disposition of real estate assets	19,982	187,245	296,410
Acquisition of Post Properties, net of cash acquired	—	—	(424,156 )
Net cash used in investing activities	(366,350 )	(294,210 )	(649,131 )
Cash flows from financing activities:			
Proceeds from lines of credit	1,540,000	805,000	635,000
Repayments of lines of credit	(1,490,000 )	(965,000 )	(300,000 )
Proceeds from notes payable	869,630	597,480	300,000
Principal payments on notes payable	(878,610 )	(413,557 )	(146,026 )
Payment of deferred financing costs	(6,060 )	(5,358 )	(2,395 )
Repurchase of common units	(2,921 )	(4,782 )	(2,019 )
Debt prepayment and extinguishment costs	(60 )	(1,659 )	(139 )
Proceeds from issuances of common units	585	1,557	291
Exercise of unit options	916	432	—
Distributions paid on common units	(434,928 )	(409,948 )	(261,502 )
Distributions paid on preferred units	(3,688 )	(3,688 )	—