

MID AMERICA APARTMENT COMMUNITIES INC  
Form 10-Q  
July 29, 2016

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

FORM 10-Q

✓ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2016  
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.)	62-1543819
Tennessee (Mid-America Apartments, L.P.)	62-1543816
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
6584 Poplar Avenue, Memphis, Tennessee, 38138	
(Address of principal executive offices) (Zip Code)	
(901) 682-6600	
(Registrant's telephone number, including area code)	

N/A

(Former name, former address and former fiscal year, if changed since last report)

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

Mid-America Apartment Communities, Inc. YES  NO   
Mid-America Apartments, L.P. YES  NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation

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S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Mid-America Apartment Communities, Inc. YES  NO

Mid-America Apartments, L.P. YES  NO

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

Mid-America Apartment Communities, Inc.

Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>
(Do not check if a smaller reporting company)			

Mid-America Apartments, L.P.

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>
(Do not check if a smaller reporting company)			

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

Mid-America Apartment Communities, Inc. YES  NO

Mid-America Apartments, L.P. YES  NO

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class	Number of Shares Outstanding at July 25, 2016
Common Stock, \$0.01 par value	75,534,086

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

TABLE OF CONTENTS

	Page	
<b>PART I – FINANCIAL INFORMATION</b>		
Item 1.	Financial Statements.	
Mid-America Apartment Communities, Inc.		
	Condensed Consolidated Balance Sheets as of June 30, 2016 (Unaudited) and December 31, 2015 (Unaudited).	4
	Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2016 (Unaudited) and 2015 (Unaudited).	5
	Condensed Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2016 (Unaudited) and 2015 (Unaudited).	6
	Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2016 (Unaudited) and 2015 (Unaudited).	7
Mid-America Apartments, L.P.		
	Condensed Consolidated Balance Sheets as of June 30, 2016 (Unaudited) and December 31, 2015 (Unaudited).	8
	Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2016 (Unaudited) and 2015 (Unaudited).	9
	Condensed Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2016 (Unaudited) and 2015 (Unaudited).	10
	Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2016 (Unaudited) and 2015 (Unaudited).	11
	Notes to Condensed Consolidated Financial Statements (Unaudited).	12
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations.	29
Item 3.	Quantitative and Qualitative Disclosures About Market Risk.	41
Item 4.	Controls and Procedures.	41
<b>PART II – OTHER INFORMATION</b>		
Item 1.	Legal Proceedings.	42
Item 1A.	Risk Factors.	42
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds.	42
Item 3.	Defaults Upon Senior Securities.	42
Item 4.	Mine Safety Disclosures.	42
Item 5.	Other Information.	43
Item 6.	Exhibits.	43
	Signatures.	44
	Exhibit Index.	46

## Explanatory Note

This periodic report on Form 10-Q, or this Report, combines the quarterly reports for the quarter ended June 30, 2016 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 its sole general partner. Mid-America Apartment Communities, Inc. and its 94.8% owned subsidiary, Mid-America Apartments, L.P., are both required to file periodic reports under the Securities Exchange Act of 1934, as amended.

Unless the context otherwise requires, all references in this Report to "MAA" refer only to Mid-America Apartment Communities, Inc., and not to 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, the references in this Report to the "Operating Partnership" or "MAALP" refer to Mid-America Apartments, L.P. together with its consolidated subsidiaries. "Common stock" refers to the common stock of MAA and "shareholders" means the holders of shares of MAA's common stock. The limited partnership interests of the Operating Partnership are referred to as "OP Units" and the holders of the OP Units are referred to as "unitholders".

As of June 30, 2016, MAA owned 75,524,086 units (or approximately 94.8%) of the limited partnership interests of the Operating Partnership. MAA conducts substantially all of its business and holds substantially all of its assets through the Operating Partnership, and by virtue of its ownership of the OP Units and being the Operating Partnership's sole general partner, MAA has the ability to control all of the day-to-day operations of the Operating Partnership.

We believe combining the periodic reports of MAA and the Operating Partnership, including the notes to the condensed 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.

Management operates MAA and the Operating Partnership as one business. The management of the Company is comprised of individuals who are officers of MAA and employees of the Operating Partnership. We believe it is important to understand the few differences between MAA and the Operating Partnership in the context of how MAA and the Operating Partnership operate as a consolidated company. MAA and the Operating Partnership are structured as an "umbrella partnership REIT," or UPREIT. MAA's interest in the Operating Partnership entitles MAA to share in cash distributions from, and in the profits and losses of, the Operating Partnership in proportion to MAA's percentage interest therein and entitles MAA to vote on substantially all matters requiring a vote of the partners. MAA's only material asset is its ownership of limited partnership interests in the Operating Partnership; therefore, MAA does not conduct business itself, other than acting as the sole general partner of the Operating Partnership, issuing public equity from time-to-time and guaranteeing certain debt of the Operating Partnership. The Operating Partnership holds, directly or indirectly, all of our real estate assets. Except for net proceeds from public equity issuances by MAA, which are contributed to the Operating Partnership in exchange for OP Units, the Operating Partnership generates the capital required by 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, preferred units, treasury shares, accumulated other comprehensive income and redeemable common units. The Operating Partnership's capital may include common capital and preferred capital of the general partner (MAA), limited partners' preferred capital, limited partners' noncontrolling interest, accumulated other comprehensive income and redeemable common units. Redeemable common units represent the number of outstanding OP Units as of the date of the applicable balance sheet, valued for conversion at the greater of the closing market price of MAA's common stock or the aggregate value of the individual partners' capital balances. Holders of OP Units (other than MAA and its entity affiliates) may require us to redeem their OP Units, from time to time, in which case we may, at our option, pay the redemption price either in cash (in an amount per OP Unit equal, in general, to the average closing price of 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 our 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 Report includes sections that separately present and discuss areas that are materially different between MAA and the Operating Partnership, including:

the consolidated financial statements in Item 1 of this Report;  
certain accompanying notes to the financial statements, including Note 2 - Earnings per Common Share of MAA and Note 3 - Earnings per OP Unit of MAALP; Note 4 - MAA Equity and Note 5 - MAALP Capital; and Note 9 - Shareholders' Equity of MAA and Note 10 - Partners' Capital of MAALP; and  
the certifications of the Chief Executive Officer and Chief Financial Officer of MAA included as Exhibits 31 and 32 to this Report.

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

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Mid-America Apartment Communities, Inc.  
 Condensed Consolidated Balance Sheets  
 June 30, 2016 and December 31, 2015  
 (Unaudited)  
 (Dollars in thousands, except share data)

	June 30, 2016	December 31, 2015
Assets:		
Real estate assets:		
Land	\$943,179	\$ 926,532
Buildings and improvements	7,096,432	6,939,288
Furniture, fixtures and equipment	245,607	228,157
Development and capital improvements in progress	53,509	44,355
	8,338,727	8,138,332
Less accumulated depreciation	(1,628,891 )	(1,482,368 )
	6,709,836	6,655,964
Undeveloped land	40,514	51,779
Corporate properties, net	9,390	8,812
Investments in real estate joint ventures	50	1,811
Real estate assets, net	6,759,790	6,718,366
Cash and cash equivalents	26,279	37,559
Restricted cash	25,131	26,082
Deferred financing costs, net	4,587	5,232
Other assets	51,987	58,935
Goodwill	1,607	1,607
Total assets	\$6,869,381	\$ 6,847,781
Liabilities and equity:		
Liabilities:		
Unsecured notes payable	\$2,246,227	\$ 2,141,332
Secured notes payable	1,243,198	1,286,236
Accounts payable	7,464	5,922
Fair market value of interest rate swaps	11,760	10,358
Accrued expenses and other liabilities	218,658	226,237
Security deposits	12,386	11,623
Total liabilities	3,739,693	3,681,708
Redeemable stock	10,369	8,250
Shareholders' equity:		
Common stock, \$0.01 par value per share, 100,000,000 shares authorized; 75,524,086 and 75,408,571 shares issued and outstanding at June 30, 2016 and December 31, 2015, respectively <sup>(1)</sup>	754	753
Additional paid-in capital	3,630,094	3,627,074
Accumulated distributions in excess of net income	(670,954 )	(634,141 )
Accumulated other comprehensive loss	(4,150 )	(1,589 )

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Total MAA shareholders' equity	2,955,744	2,992,097
Noncontrolling interest	163,575	165,726
Total equity	3,119,319	3,157,823
Total liabilities and equity	\$6,869,381	\$6,847,781

Number of shares issued and outstanding represent total shares of common stock regardless of classification on the  
(1) condensed consolidated balance sheet. The number of shares classified as redeemable stock on the condensed  
consolidated balance sheet at June 30, 2016 and December 31, 2015 are 98,142 and 90,844