

**Mid-America Apartment Communities, Inc. (NYSE: MAA)
Third Quarter 2007 Earnings Release Conference Call
November 2nd, 2007**

Leslie Wolfgang:

Good morning. This is Leslie Wolfgang, Director of External Reporting for Mid-America Apartment Communities. With me are Eric Bolton, our CEO, Simon Wadsworth, our CFO, Al Campbell, Treasurer, Tom Grimes, Director of Property Management and Drew Taylor, Director of Asset Management.

Before we begin I want to point out that as part of the discussion this morning company management will make forward-looking statements. Please refer to the safe-harbor language included in yesterday's press release and our 34-Act filings with the SEC which describe risk factors that may impact future results. These reports, along with a copy of today's prepared comments, and an audio copy of this morning's call can be found on our website.

I'll now turn the call over to Eric.

Eric Bolton:

Good morning and thank you for joining us. Simon and I will provide a few comments and insights not covered in yesterday's earnings release and then open the line for your questions.

The record third quarter high FFO per share result and strong operating performance achieved in the third quarter is encouraging...and sets the stage for what we expect to be a strong finish to 2007 and a solid start to 2008. Mid-America's results can be attributed to a few key points:

First, the changes that we've made over the last few years to the market profile and asset quality of Mid-America's portfolio have clearly positioned the company to drive better operating results in this environment of strong market fundamentals.

Second, the numerous changes that we've made to Mid-America's operating platform have put the company in a position to generate internal growth that will exceed what I believe many have historically come to expect from this region and the markets where we are invested.

Third, and not to be overlooked, the commitment we've always maintained to our employees, training and leadership is key to optimizing what our markets and systems can deliver. With the top 21 executives of our company now averaging tenure of over 11 years with Mid-America, we capture stability, expertise and focus that are necessary to excel in this people intensive and very competitive business.

And finally, the significant improvement to the balance sheet over the last few years has enabled Mid-America to better support initiatives in property repositioning and new growth that are contributing current performance, and importantly, laying the foundation for continued good progress.

Third quarter leasing activity supports our belief that market fundamentals remain stable. Leasing traffic increased 10% over the third quarter of last year, new move-ins increased almost 6% and same store occupancy grew by 60 basis points.

The only region where we've seen a meaningful moderation in revenue performance is in Florida, which achieved overall revenue growth on a year over year basis of just under 1%. However, it's important to note that occupancy within our Florida portfolio continues to hold at a very satisfactory level and ended the quarter at 95.7%, and effective pricing, which is a combination of increased rents and reduced concessions, grew by 3.7%. So, while the transition from "super-charged" to "normal" occupancy levels will pinch revenue growth for one year, all the worry about a significant weakening of the Florida region market should not in our view be applied to Mid-America's Florida portfolio. We are simply not as exposed to those markets and sub-markets that are at risk from heavy condo reversion or a prolonged period of weakness in leasing fundamentals. Elsewhere, our properties in the Texas markets, the Carolinas, Tennessee, Kentucky and Mississippi are generating very strong year over year results.

We believe it's also reasonable to think that part of the reason for continued solid revenue performance is due to the tightening mortgage market. It is likely that we are at the beginning of a multi-year trend where homeownership will decline to levels that are more in line with long-term performance and not artificially induced by overly aggressive mortgage financing. This has the potential to be a very meaningful impact to the apartment business. A move down from the peak home ownership level of 69% to the more normal 64% translates into approximately 5 million households finding their way back to rental housing. With leasing traffic, applications and move-ins all up in the third quarter versus last year, it seems likely that the tighter mortgage markets may be finally starting to impact Mid-America's "front door". We are working with our credit scoring processes to ensure we are in a position to capture credit worthy renters who are going to increasingly be coming back our way. As far as the "back door" benefit, or holding onto to our residents longer, it is worth noting that in the third quarter, move-outs attributable to home buying, which has always been our number one driver of move-outs, declined by close to 300 basis points as compared to last year. Move-outs in the third quarter due to home buying dropped to 25.5% of all move-outs; the lowest level that we've seen since 2001. With the renewed discipline on mortgage financing in the single-family housing market, we believe Mid-America is well positioned to catch the increased demand side wave from fewer home buyers over the next few years.

With this outlook of stable fundamentals, coupled with our new operating system initiatives, expanding unit interior renovation program, and the upside to capture from a number of the new properties we currently have in lease-up or under construction, we

remain optimistic about another year of solid internal growth and the ability to drive higher results through 2008.

On the transaction front we're in an environment where sellers are adjusting to a different financing market and as a result there has been some hesitancy and more of a "wait and see" approach being taken. The net result has been a slow down in transaction volume over the last 90 days or so. There is clearly a lot of capital still interested in deploying in apartment real estate in our markets, and debt financing is readily available. At this point we have not seen any evidence of a real shift in cap rates; neither overall or between the large and secondary market tiers. With fundamentals and property NOIs remaining strong, I do not believe we are headed for a material shift in pricing or valuation, except potentially in sub-markets where condo reversion, or busted condo deals, are bringing more pressure for potential sellers.

In summary, while encouraged by the solid third quarter results, more importantly, we remain optimistic about the prospects for continued strong internal growth into 2008. We believe that the underpinnings of stable market fundamentals are in place for Mid-America's unique market platform, and while we certainly plan to remain disciplined about how we grow the company and deploy new capital, we believe we are approaching an improved window of opportunity to generate more transaction activity and capture new growth both through core holdings for our own account, and through our new joint-venture fund. We are excited about the company's prospects heading into 2008.

I'll now turn the call over to Simon for more details on the quarter's result and an update on FFO guidance.

Simon Wadsworth:

We're pleased that we were able to report record quarterly FFO of 91 cents per share/unit, 4 cents per share/unit above the mid-point of our guidance range, driven by strong same-store growth. Our same-store NOI growth for the third quarter was 7.1%, which was 50 basis points ahead of our internal forecast, and on top of the exceptional growth rate of 8.9% for the third quarter of 2006. To put it in perspective, we've only had 3 quarters in the last ten years when our same store NOI growth has exceeded this growth rate. Same-store revenue growth was 4.2%, but was 4.8% prior to the accounting adjustment to straight-line concessions and fees, a pretty strong performance. Similarly, same store NOI growth was 8.1% prior to the same accounting adjustment, 100 basis points ahead of the growth rate we reported.

Our same-store pricing performance for the quarter was strong, but would have been still better but for two important factors. Concessions have dropped rapidly as apartment demand has improved and as we've rolled out the yield management software. On a cash basis, same-store concessions dropped by an astonishing \$1.1 million, from 3.2% of net potential rent in the third quarter a year ago to 1.8% in the third quarter this year. The average concession per move-in almost halved, dropping from \$351 to \$188. Secondly, the accounting adjustment to straight-line our concessions reduced our reported same-

store revenues by \$350,000 versus a credit last year of \$109,000. So although ARU increased by 2.1%, effective pricing rose 3.4%, or 4% before the straight-line concession adjustment.

Revenues were also driven by strong physical occupancy, which on a same-store basis ended the quarter at 96.4% compared to 95.8% a year ago, again an exceptional performance bearing in mind the excellent comparable quarter.

The increase in traffic and number of move-ins contributed to greater growth in repair and maintenance, marketing and leasing costs. Operating income before property taxes and insurance costs increased 4.4% over the same quarter a year ago.

Same-store NOI benefited from the renewal of our insurance program July 1st, when our property and liability insurance premiums were reduced by 20% on a same-store basis. We reported a 3% reduction in real estate taxes, which was mainly due to a roll-back in proposed tax increases in Florida and some successful appeals in Texas. We're currently forecasting an increase in real estate taxes of approximately 2½% for the full year, compared to our prior projection of over 4%.

We had a number of markets with 7% or greater same-store revenue growth: all three of our Texas markets, Dallas, Houston and Austin were in this category, as was Memphis. Some of our smaller markets also performed well – such as Lexington, KY and Jackson, MS, where revenue growth was 8%. Our Coral Springs property, just outside Fort Lauderdale, grew revenues 5.7%. The only areas of weakness were Jacksonville and Tampa, where the outstanding growth of the last couple of years has made year-over-year comparisons very tough, and Columbus Georgia, where we were impacted by troop deployments.

Some additional comments about the third quarter: interest expense was \$500,000 below our forecast because of a decline in rates and in borrowing costs relative to our swap reimbursement rates. As reported in our press release, effective with the third quarter we reclassified property bonuses from property management expense into property operations. Prior periods are reported on an equivalent basis, and we'll post the amounts of the reclass on our web-site. We expect full-year combined property management and G&A expense to be in a range of \$27½ million to \$28½ million, with several items contributing to the increase over last year, including the cost of yield management and accounts payable software, and additional asset management costs.

We completed the acquisition early in the quarter of Chalet at Fall Creek, a 268-unit community in Houston, built in 2006, for approximately \$87,000 per unit. We also bought the brand-new Farmington Village in Charleston, South Carolina for approximately \$105,000 per unit. Farmington Village is currently 78% leased, and is leasing up rapidly. Stabilized NOI yields on the two properties will be about 6.2%. We also executed an option to buy another property, Cascade at Fall Creek, a 246-unit property currently under construction in Houston, Texas. Closing is anticipated in January of 2008.

Following the sale in the second quarter of two of our IPO properties in Memphis, we completed the sale in July of two of our older properties in Jackson, Mississippi, which have an average age of 23 years, for \$14.6 million. We anticipate dilution in the range of 1½ cents per share/unit as a result of this year's dispositions, and about 3½ cents in 2008. The leveraged IRR of the properties sold this year is 15½% during the hold period.

We continued to be very active looking at acquisition prospects for Fund I, including a small portfolio that was pulled off the market when the disruptions in the credit markets began. Park Place, which we bought for our own account prior to the inception of Fund I, was initially offered to the Fund, but the hiatus in the credit markets caused our partner to delay kicking off the Fund's acquisition program. As a result we were able to retain 100% ownership of the property. The acquisition program is back on track, and we anticipate that we'll tee up something for closing in the next few months.

As a percent of FFO or of AFFO, our dividend coverage is well above the sector median. Despite having a much more conservative business strategy than most in the sector, our fixed charge coverage rose to a quarterly record of 2.3, also above the sector median. Our balance sheet has continued to strengthen, as our debt to gross asset value dropped to 53% from 55% a year ago, and we have about \$200 million of unused debt capacity. In short, we have more than enough capacity to fund our anticipated total investment in Fund I, the balance of our development pipeline, our planned redevelopment over the next 18 months, and our commitments to acquire a construction property. You will notice that we reclassified \$11.9 million of our series F Preferred into debt on September 30th, after we called it for redemption October 16th.

Our FFO forecast for the fourth quarter of 2007 is a range of \$0.87 to \$0.95 per share/unit, with a mid point of \$0.91. On a full year basis, FFO is forecast to be \$3.49 to \$3.57, with a mid-point of \$3.53. This includes the 2 cent per share/unit non-cash charge to write-off the original issuance cost of the Series F Preferred. It assumes a continuation of strong same-store NOI growth at the upper end of our prior guidance. Market conditions continue to be favorable, with new supply at moderate levels, and some apparent traction beginning from reduced competition from single family housing. We're projecting same store revenues for the fourth quarter to increase in a range of 4½% to 5%, in line with the year's trend. We expect expenses to increase less than 1% because of our much reduced insurance costs, and the moderation in real estate tax increases. Also, in the comparable fourth quarter of last year we experienced a spike in maintenance and repair costs, and in property bonuses, which we don't expect to reoccur this quarter. This indicates that same store NOI should grow in a range of 7 – 8% in the fourth quarter. Although we're expecting our same-store performance for the fourth quarter to be at the high end of our prior projections, we expect a penny less FFO from Fund I because of our delay in starting the acquisition program.

For the full year, we're projecting same store revenue growth to average 4½% to 5%, and we continue to project full-year NOI to grow at the high end of our original guidance, at 5½% to 6%, close to the 6.4% average we reported for all of 2006.

A couple of points about 2008: we have some refinancing opportunities next year, including the \$155 million 8.3% Series H Preferred, redeemable in August. If we were to call this Preferred, there would be a charge to FFO to write off the original issuance costs of approximately 18 cents per share/unit. It seems likely that at this stage we will call the Series H in Q3 2008, but the refinancing plans are a little fluid at the present time given the disruption in the credit markets. Also, we have a total of \$180 million of debt and fixed-rate swap maturities in 2008, mostly in the second half year, which should be earnings-neutral based on the current yield curve.

Eric Bolton:

Thanks Simon. In summary, we remain optimistic about market fundamentals heading into 2008. Leasing conditions within Mid-America's particular markets look stable and the tougher environment for single family housing will, we believe, net out to generate continued solid occupancy and pricing performance for our properties. Opportunities to further leverage our existing property investments through new system initiatives and repositioning or up-grade projects will further support this performance.

Our focus for external growth remains buying on a realistically under-written basis, and operating aggressively, to drive internal rates of return for our shareholders' capital. While cap rates can bounce around and serve as volatile measure of spot market pricing, internal rates of return are what really matters over the long haul in deploying capital. It is worth noting that of the 23 properties we've sold, or if you will, gone round-trip on, across all market tiers of our portfolio, Mid-America shareholders have captured an average internal rate of return of 19.5%. We continue to believe that by investing in a disciplined fashion and operating aggressively in our Sunbelt markets, it is entirely possible to deliver returns to capital that will compare very well with investing in other regions of the country or in high barrier markets. The execution process and how various variables contribute to the value creation cycle may differ, but the overall result can be very competitive.

We believe our business plan for capturing new growth and leveraging the expertise and platform we have in place, will deliver higher FFO performance and value creation for our shareholders. We think the results will continue to be very competitive within the apartment REIT space, and of course, we would argue at a much lower level of risk and volatility for our shareholders.

Our long-term focus remains to steadily build high-quality and recurring earnings, and continue to position the company for higher public company valuation.