

**Mid-America Apartment Communities, Inc. (NYSE: MAA)
Fourth Quarter 2007 Earnings Release Conference Call
February 8, 2008**

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:

Thanks Leslie and thanks to everyone on the call for joining us this morning. Simon and I will first provide some insights on the quarter and our forecast for 2008. We'll then open the line for your questions.

As reported in yesterday's earnings release, Mid-America ended 2007 on a very positive note. Our fourth quarter same store result was one of the best performances we've had over the past 10 years. For the quarter, Mid-America captured 12% growth in FFO per share and 19% growth in AFFO per share.

Year-end same store occupancy increased 60 basis points over the same point of the prior year to 94.8%. This is the highest year-end result we've posted over the past 11 years. In addition to the strong occupancy, leasing concessions were down a significant 38% over the comparable prior year quarter.

The strong fourth quarter supports our belief that leasing fundamentals remain in an overall healthy position across our portfolio. As we head into 2008, we believe we are in position to generate another year of solid results. Simon will walk you through the details of our 2008 guidance, but our basis for expecting another good year is built on the following three key points:

First, as we commented in last quarter's call, Mid-America's portfolio is not heavily exposed to the pressures from the excessive single-family and condo inventory that is impacting apartment leasing in a number of markets across the country. At our properties, traffic levels are holding up well. We continue to see evidence that the return to more disciplined mortgage financing is reducing our resident turnover attributable to home buying. Continuing the pattern that emerged in the third quarter, resident turnover

due to home buying dropped again on a year over year basis; declining by almost 8% in the fourth quarter as compared to prior year. Overall, we expect to see continued positive absorption and stable leasing conditions in 2008. In fact, last week's same store occupancy for January month-end was 95.3%. It's worth noting that's an increase of 90 basis points in occupancy from the same point last year and up 50 basis points from year-end just a few weeks ago.

Secondly, we believe that during 2008 we will capture year over year momentum from various new systems and technologies implemented over the past year. We continue to see upside from the implementation of LRO, the automation of processes associated with up-front application and move-in fees, additional fee opportunities in the area of utility billings, and additional efficiencies recently introduced in integrating our software with outside collection agencies. By the end of the second quarter, we expect to complete installation of new web-based advertising and leasing programs which will provide a fully automated, seamless leasing process for potential residents. In 2008 we are also introducing new web-based tools for interacting with our existing residents, as well as enhancing several aspects of our inventory management and turn processes. As most of you know, we have made a major effort over the last few years to retool and automate many aspects of our operating platform. Our systems and property management folks have done a terrific job with these projects. We continue to build capabilities in asset management and property management that has a growing competitive advantage over many of the management companies that we compete with in our local markets and sub-markets.

And finally, we expect funds from operations momentum in 2008 to remain solid as a result of the excellent results being realized from our unit interior renovation program. Our team completed just over 2,000 unit renovations in 2007 and we expect to complete around 3,000 this year. Our properties are putting through very strong rent increases, averaging 14% above and beyond the normal market rent increases we capture on non-renovated units. As we penetrate more of the portfolio with this program, the overall impact to operating results will increase. The benefits from this initiative are of course both on the revenue side from rent increases, as well as increasingly lower turn expenses as these units are up-graded and a number of new features are installed.

On the transaction front we believe it is likely that opportunities are improving for making new acquisitions. Obviously some of the aggressive leverage buyers are out of game for the moment. Well capitalized balance sheets, with proven performance in closing transactions, are in a stronger position and we're optimistic about improving opportunities to capture investments that meet our hurdles. For our own account, we are currently looking at a number of investment opportunities that will enable us to continue up-grading the age and quality of the portfolio. At an average age of now 15 years, Mid-America's portfolio remains one of the youngest among the apartment REITs and clearly one of the higher quality portfolios for the markets and sub-markets where we operate. As noted in yesterday's earnings release, we recently closed on our first acquisition for Mid-America Multifamily Fund I, LLC, a joint-venture we established last year. The property located in a strong job-growth inner tier suburban location in Atlanta represents

the sort of turn-around and value-add opportunities targeted for this fund. Through repositioning both the curb appeal of the community and unit interiors, along with the on-site operating platform, we expect to capture a very attractive investment return for the Fund and for Mid-America shareholders. We have another acquisition opportunity for the Fund currently under contract and under-going due diligence.

We have quite a bit underway, and are indeed optimistic about the opportunities and outlook for 2008. While we expect to see slight moderation in operating results in 2008 as compared to the very strong performance captured over the past two years, we nevertheless expect to deliver another year of steady progress and good results. We're comfortable that our regional focus, and unique diversification strategy across the Sunbelt, coupled with a disciplined capital deployment program and a very strong operating platform, will continue to generate performance and returns to capital that will be very competitive in the apartment REIT sector.

Simon Wadsworth:

Our fourth quarter FFO per share of 93 cents was 2 cents ahead of the mid-point of our guidance, driven by strong operating results and lower interest expense. Included in our results was a 2 cent non-cash charge associated with the refinancing of our Series F Preferred, and income of 1 cent from the sale of a land parcel, both of which were in our fourth quarter guidance.

For the fourth quarter, year-over-year same store NOI growth was at the top end of our guidance at 7.9% and one of our best quarterly results. Same store NOI growth prior to the accounting adjustment to straight-line concessions was 8.9%, also close to a record.

Same-store revenues for the quarter were up 4%; without the straight-line revenue adjustment, the increase would have been 4.6%. Effective rent increased 3% on the concession reduction that Eric mentioned and on a 1½% increase in average rent per unit. Before the impact of straight-lining rental concessions, effective rent was up 3½%.

Same store expenses dropped 1.2% compared to the fourth quarter of 2006. Excluding taxes and insurance, property level operating expenses grew by 2.4%, but our insurance expense dropped 25% effective with the renewal last July, and we had a good quarter for real estate taxes, which increased only 1.8%.

A year ago we issued guidance for 2007 of FFO per share of \$3.40 to \$3.60, and same store NOI growth of 5% to 6%; we ended the year at the upper end of the range on each of these metrics. Our NOI growth rate was only slightly below that of 2006, and FFO grew while we continued to expand our investment in projects that deliver long term value, but carry short term FFO dilution, such as our modest development program, growing investment in properties in lease-up such as Talus Ranch in Phoenix, and the sale of four higher cap rate, older properties. Together, we estimate that our three lease-up properties plus our four dispositions, cost us over 13 cents of FFO dilution.

For the full year 2007, AFFO increased 12% to \$2.91 per share, 4 cents above the mid-point of our beginning-year guidance. Recurring capital expenditures dropped to 64 cents per share, a reduction of 10 cents from the unusually high number in the prior year. Excluding the redevelopment program, total property capital expenditures at existing properties were \$700 per unit in 2007, or \$1.00 a share, and we expect this to continue at approximately the same levels in the future.

Results for the quarter included double-digit same-store NOI growth by our High Growth markets, with strong revenue performance in Dallas, Houston, and Nashville, and strong overall performance in Greenville and Tampa. Other markets with double-digit NOI increases include Memphis, Austin, Jackson, MS, Chattanooga, Augusta, and Lexington. Revenues were down on a comparative basis by 1.8% in Jacksonville, mainly because of competition from single family homes at just one large property. In Columbus, GA, revenues at our two properties dropped 1% because of troop deployments.

The strengthening markets and the implementation of the yield management software have enabled us to reduce concessions in the fourth quarter on a cash basis from \$460 per move-in a year ago to \$201 this year, a 56% reduction, and down from 3% of net potential rent to 1.3%, which is likely now approaching a stabilized level.

Turnover increased 1.6% for the quarter compared to the same period a year ago mainly because of an increase in job transfers, including military. As Eric mentioned, the number of people leaving us to buy a house continued to decline, dropping to 25.9% of move-outs from 28.5% in the fourth quarter of 2006. The number of people leaving us to rent a house dropped by 30 basis points to just 2.8% of move-outs. Net collection loss also declined, from 0.74% of net potential rent to 0.69%.

Turning to the balance sheet, our leverage, defined as debt plus preferred to total gross fixed assets, dropped by 80 basis points from the end of last year to 59.2%. As a percentage of total market capitalization our debt plus preferred stands at the sector median, 51.4%, and our fixed charge coverage continued to improve from 2.15 in the fourth quarter of 2006 to 2.37, ahead of the sector median. We've just extended the maturities of our Fannie Mae credit facility to between 2014 and 2018, and we have a lot of balance sheet capacity. We're fortunate that the apartment sector is unique in having Fannie and Freddie to provide financing, and our conversations with them indicate that they have plenty of lending capacity. The two Agencies have been our primary lenders for many years, and we have strong long-term relationships. We've over \$300 million of unused pre-committed credit under our Agency and bank facilities, of which \$160 million is available under in-place mortgages and an additional \$150 million is committed at our existing credit spreads. Also, we've benefited as Treasury and swap rates have dropped, and as Agency debt securities have traded very favorably compared to Libor. We're well positioned to reduce our average cost of borrowing in 2008, as we have \$180 million of debt maturities, we anticipate the financing of \$150 million of acquisitions, and 15% of our debt is floating rate. This will help us take advantage of what may become an improved opportunity to make some attractive investments.

We're glad that in this environment our business strategy is safer than most apartment REITs; we don't have a lot of capitalized overhead and interest expense, or a major development pipeline to fund. Our FFO is not dependant on businesses that carry a lot of transaction risk, and we've seen over the years that our three-tier market strategy provides additional stability in operating performance during tough market times.

Our 2008 forecast detailed in the release takes into account slowing economic growth, and a continuation of what we think is a long term shift of households back to the rental market. There is a lot of uncertainty, but we think revenues will continue to be fairly strong in most of our markets, especially in Texas and the Carolinas. We expect solid growth in some other markets, including Atlanta, Memphis and Nashville, and in many of our Growth and Income, and Stable markets. Florida will likely continue to grow at a more moderate rate, coming off some years of extremely strong performance.

We have a couple of advantages that are helping us offset slower market growth rates: our revenues will be helped on a relative basis for at least the first 6 – 9 months of 2008 by the implementation of LRO in the second quarter of last year. Secondly, we believe that the straight line adjustment that 'cost' us 5 cents a share in revenues in both 2007 and 2006 should no longer be a drag in 2008. The combined impact of these should be 150 basis points of same-store revenue growth. So we think that our forecast of same-store NOI growth in the 4.0% to 5.0% range (compared to 5.8% in 2007) seems to be reasonable, with revenue growth of 3½% to 4½%.

I've commented about the \$155 million of Series H Preferred, which is callable in August 2008; its coupon is 8.3%. We've issued two forecasts, one with and one without the 18 cent per share non-cash cost associated with calling this preferred.

We expect to increase the number of properties we'll sell that are either older or in some low growth markets. Assuming we sell approximately \$60 million, this could potentially dilute FFO by 4 – 5 cents per share on a 12-month basis. We'll continue our investment program in development and lease-up properties and our two development projects.

While our investment focus will be on the high return opportunities in our redevelopment program and our Fund I joint venture, we've included \$150 million of wholly-owned acquisitions in our guidance. In January, we closed on the wholly-owned acquisition of Cascade at Fall Creek, a new property beginning lease-up in Houston and on Milstead Village in Atlanta, our first acquisition for Fund I. The acquisition environment continues to be very competitive, but Cascade was a special situation, adjacent to one of our existing properties in an exceptional submarket. We think we have an advantage over many in the sector in making some attractive investments in this environment, as while our cost of equity has risen, our cost of debt has almost equivalently dropped. We remain disciplined, and frequently evaluate on an NPV basis the relative attractiveness of various strategies, including repurchasing shares.

Excluding development, property capital expenditures are forecast to approximate \$28 - \$29 million, plus \$2 million on newly-acquired properties, plus redevelopment. We

anticipate that we'll fund about \$17 million for our share of the equity in Fund I, our joint venture. We plan to finance our funding needs with almost \$60 million in proceeds from property sales, with debt under existing financing arrangements, and if the equity markets recover, with equity from the continuous equity plans. We anticipate that our borrowing and leverage will rise slightly, but our fixed charge coverage should end this year at only about 10 basis points below current levels.

Eric Bolton:

Thanks Simon. Our plans for 2008 are focused on deploying capital in a manner that will deliver steady and high-quality earnings, cash flow and long-term value. We've always been disciplined about capital deployment and underwriting practices. We believe this discipline has enabled us to avoid some of the pressures in earnings volatility and balance sheet strain now evident with other strategies. With a solid earnings platform and balance sheet now in place, we do plan to pick up efforts a little with capital recycling and will monetize internal rates of returns out of some of our secondary and tertiary markets that I believe will surprise some people. We are committed to a steady program of continuing to up-grade our portfolio of properties and retain one of the younger portfolios in the REIT sector and in the markets where we operate. We believe that we are in a good position to continue delivering earnings performance and returns to capital that compete very well within the apartment REIT space, and we believe, is being done without a lot of the volatility and risks inherent in other regions, markets and strategies.