

Edgar Filing: COLONIAL PROPERTIES TRUST - Form 425

COLONIAL PROPERTIES TRUST

Form 425

August 06, 2013

Filed by Mid-America Apartment Communities, Inc.

Pursuant to Rule 425 under the Securities Act of 1933

and deemed filed pursuant to Rule 14a-12

under the Securities Exchange Act of 1934

Subject Company: Colonial Properties Trust

Commission File No.: 1-12358

The following presentation was presented to investors on August 6, 2013:

Capital Markets Update
August 2013
Exhibit 99.1

2
MAA overview
\$4.7
billion
total
market
capitalization,
165
Properties,

49,113

Units

\$8.7 billion total market capitalization, post merger

Second largest multifamily REIT based on unit count: 85,000 units, post merger

19+ year established public company platform

Diversified across 13 states and 45 markets

14 states and 50 markets, post merger

Long-tenured management team; sophisticated public company board of directors

A+ to B quality portfolio; appealing to broadest segment of rental market

Average age of 15 years

96% same store occupancy at June 30

Average same store revenue per unit of \$971 for 2Q13

Focus on the

High-Growth

Sunbelt

Region

High Quality

Portfolio

Compelling

Growth Model

Investment

Grade Balance

Sheet

Significant

deal

flow;

\$1.1

billion

in

acquisitions

(avg

age

4.4

years)

over

last

5

years

\$232 million development and lease-up pipeline (6 properties with 1,774 units)

\$439 million active multifamily development and lease-up pipeline (12 properties with 3,274 units), post merger

Active in both large and secondary markets across Sunbelt region

Investment grade rated balance sheet

Debt/Market Capitalization of 36%

Debt/Gross Assets of 43%

Unencumbered asset gross book value \$2.2 billion

2Q13 results ahead of expectations

FFO per diluted share and unit of \$1.27, 12% growth over 2Q12 and \$0.05 above the midpoint of guidance previously provided.

1

Same store results over 2Q12:

NOI increased 5.5%

Revenue increased 4.4%, supported by a 4.1% increase in

average effective rent

Occupancy increased 0.1%, ending the quarter at 96.0%

(1) Excludes \$5.7 million of merger related expenses.

Acquired 2 properties totaling 576 units for \$71.1 million
and sold 4 properties totaling 1,044 units for \$74.0 million.

3

\$2.87
\$3.00
\$3.20
\$3.33
\$3.55
\$3.73
\$3.79
\$3.77
\$3.98
\$4.57

\$4.93

2003³

2004

2005

2006

2007

2008

2009

2010

2011

2012

2013E

FFO / share

\$2.34

\$2.34

\$2.35

\$2.38

\$2.42

\$2.46

\$2.46

\$2.46

\$2.51

\$2.64

\$2.78

2003

2004

2005

2006

2007

2008

2009

2010

2011

2012

2013E

Dividend / share

-50

0

50

100

150

200

250

300

350

06/30/03

06/29/04

06/29/05

06/29/06

06/29/07

06/28/08

06/28/09

06/28/10

06/28/11

06/27/12

06/28/13

MAA

MSCIUS REIT Index

Multifamily peers

%

Proven strategy and long term
outperformance

(2) 1Q & 2Q 2013 dividends / share annualized

Note: Multifamily peers include AIV, AVB, BRE, CLP, CPT, EQR, ESS, HME, PPS, UDR

2

4

321%

219%

179%

(3) Excludes the write-off of original issuance costs for preferred shares redeemed

(4) Mid point of 2013E FFO / share guidance

4

3

MAA dividend growth 10 years

MAA FFO growth 10 years

Total return performance 10 years

5
Strategy
5
Build
Consistent
Growing Cash
Flow
Reduce
Volatility

Establish
Competitive
Strengths
Disciplined
Capital
Deployment
Maintain
Strong
Balance Sheet
Strategy
Retain ready access to unsecured debt market; retain balanced debt strategy
Focus on high-growth region and markets
Appeal to wide range of rental market
Maintain young portfolio
Diversify across both large and secondary markets
Maintain strong balance sheet; access to capital
Maintain organizational stability
Maintain disciplined approach to new development
Capture significant deal flow; leverage cost of capital and execution capabilities
Use scale to drive higher operating margins
Attract and retain top-tier talent
IRR focused capital deployment model
Regional expertise provides in-depth market knowledge
Robust due diligence program
Maintain investment grade metrics
Maintain minimal and very manageable new development exposure

Full cycle outperformance

MAA has generated higher average growth combined with lower volatility than peers

Same store NOI growth

6

MAA average: 3.2%

Peer average: 3.1%

MAA 2009

trough: (1.8%)

(8.0%)

(6.0%)

(4.0)%

(2.0)%

0.0%

2.0%

4.0%

6.0%

8.0%

10.0%

2005

2006

2007

2008

2009

2010

2011

2012

2013

MAA

Multifamily peers

Peer 2009

trough: (4.7%)

Source: Green Street Residential Sector Update May 30, 2013

Note: Multifamily peers include BRE, CLP, CPT, ESS, HME, PPS, UDR

Enhanced diversification across
high-growth Sunbelt Region post merger

Continued commitment to a portfolio strategy focused on high-growth markets across the Sunbelt Region allocated
across both large and secondary markets, to capture superior risk-adjusted performance over the full market cycles

Portfolio distribution

by total units ¹

less than 2,000 Units

2,000 5,000

Units

greater than 5,000 Units

Note: Includes all multifamily properties, including stabilized, lease up and joint venture communities

(1) Breakdown based on number of total multifamily 2Q13 NOI, including stabilized, lease-up and joint venture communities (at share)

Distribution by large markets

Large Markets

% of Same Store 2Q13 NOI

1

Dallas / Fort Worth

11.5%

2

Raleigh

6.8%

3

Atlanta

6.7%

4

Austin

6.4%

5

Charlotte

6.1%

6

Nashville

4.7%

7

Jacksonville

4.5%

8

Tampa

3.4%

9

Orlando

3.3%

10

Houston

3.1%

61

%

of total

Distribution by secondary markets

Secondary Markets

% of Same Store 2Q13 NOI

1

Memphis

3.9%

2

Charleston

3.5%

3
Savannah
3.4%
4
Birmingham
2.7%
5
Richmond
2.6%
6
Greenville
1.9%
7
Jackson
1.7%
8
Little Rock
1.4%
9
Columbus
1.3%
10
Lexington
1.1%

39
%
of total

Note: Other large markets includes 3 additional MSAs; Other secondary markets includes 27 additional MSAs

(2) Distribution

based
on
number
of
same
store
multifamily
2Q13
NOI
7

Nevada
Arizona
Texas
Missouri
Arkansas
Alabama
Kentucky
Virginia
North
Carolina
South

Carolina
Georgia
Florida
Mississippi
Tennessee
2
2

Synergy and enhanced value creation potential through merger
Significant overlap in asset footprint creates potential for overhead synergies and operating margin improvement
Significant overlap in technology to drive and track performance, leading to minimal business disruption
Opportunity to improve cost structure by leveraging a combined business platform across a significantly larger asset portfolio; efficiencies from scale

Estimated total run-rate annual synergies of \$25mm
Potential for additional synergies include improved debt
costs and opportunities for scale efficiencies
Strengthened platform through integration of best
practices of both companies
Dominant Sunbelt region platform drives superior deal
flow and execution capabilities
Market Station -
Kansas City, MO
Colonial Grand at Double Creek -
Austin, TX
8

Merger timeline

Announcement

June 3, 2013

Expected Close

September 2013

Full Integration

December 2014

April 2014

Identified \$25M of synergies:

75% personnel

25% non-personnel

Numerous due-diligence site visits

Exchange of non-public financial information; extensive due diligence and valuation analysis

Pre-announcement review with Rating Agencies; day of announcement up-grade by S&P and reaffirmation of ratings by Moody's and Fitch

Lender consents on \$2.6 billion in debt

Numerous joint management site visits

Final management structure in place

Formally launch new corporate identity

Estimate 40-50% of synergies realized

Consolidated financial reporting and forecasting capabilities fully in place

Early integration efforts complete

Estimate capturing 70-80% of synergy opportunity

Realize 100% of synergy opportunity

Full systems integration complete

All legacy CLP commercial assets sold

9

Significant presence in both large and secondary, high growth markets

Source: Moody's

Note: Highlighted markets represent 59% of New MAA's multifamily portfolio (weighted by units)

U.S. average: 2.0%

Large markets with meaningful presence

Major non-MAA markets

10

3.7%

3.2%

3.2%

3.0%

2.8%

2.6%2.6%

2.5%

2.3%

2.3%

2.1%

2.0%

2.8%

2.4%

2.1%

2.0%

2.0%

1.8%1.8%1.8%

1.6%

1.5%

1.4%

1.2%

0.8%

5-year projected employment growth CAGR (%)

MAA s combined new, large markets are on a weighted average basis projected to show 2.8%

j

New MAA will have an enhanced full cycle
market focus across the Sunbelt region

Top 10 markets by NOI

2Q13 unit count by market

% of 2Q13 same store NOI by market

- 1
- 2
- 3
- 4
- 5

6

7

8

9

10

MAA

DFW

Jacksonville

Nashville

Memphis

Houston

Atlanta

Raleigh

Austin

Tampa

Greenville

CLP

Charlotte

DFW

Raleigh

Austin

Atlanta

Orlando

Charleston

Savannah

Birmingham

Richmond

New MAA

DFW

Raleigh

Atlanta

Austin

Charlotte

Nashville

Jacksonville

Memphis

Charleston

Tampa

Markets with 5-year projected employment growth above national average

11

54.8%

69.1%

61.0%

45.2%

30.9%

39.0%

MAA

CLP

New MAA

Large markets

Secondary markets

24,866

24,252

49,118

23,091

10,037

33,128

MAA

CLP

New MAA

Large markets

Secondary markets

47,957

34,289

82,246

External growth
acquisition activity
Price
Cap
(000s)
Units
Rate
Age
MAA Acquisitions by Year
(wholly-owned):

2009
78,300
\$
1,064

6.9%
4

2010
230,050
\$
2,138

6.0%
1

2011
362,515
\$
3,055

5.9%
3

2012
345,075
\$
2,451

5.6%
6

2013 YTD
103,642
\$
886

5.9%
4

1,119,582
\$
9,594

5.9%
4

MAA Dispositions by Year
(wholly-owned):
2009

29,800

\$

840

7.0%

27

2010

-

\$

-

2011

23,950

\$

534

6.5%

27

2012

113,200

\$

2,254

6.8%

23

2013 YTD

74,000

\$

1,044

6.6%

23

240,950

\$

4,672

6.7%

24

12

Active capital redeployment

New MAA will have enhanced deal flow opportunities

MAA purchase: Sept. 2011

MSA: Dallas, TX

Acquisition price: \$47mm

Total units: 456

Year built: 2008

Occupancy: 96%

MAA purchased: July 2012

MSA: Atlanta, GA

Acquisition price: \$64mm

Total units: 349

Year built: 2008

Occupancy: 92%

CLP purchase: March 2013

MSA: Orlando, FL

Acquisition price: \$43mm

Total units: 280

Year built: 2009

Occupancy: 95%

CLP purchase: Nov. 2012

MSA: Dallas, TX

Acquisition price: \$43mm

Total units: 306

Year built: 2006

Occupancy: 95%

13

Legends at Lowe's Farm

Colonial Reserve at Las Colinas

Colonial Grand at Windemere

Allure at Brookwood

New MAA will maintain a disciplined
approach to new development
Expected stabilized NOI yield between 7% and 8%
Active multifamily development pipeline (\$mm, except per unit costs)

Total
1,802
\$120.0
\$122.8
\$242.8
\$135

Total
Expected
MSA
Units
to Date
to Complete
Total
Per Unit
Stabilization
MAA
River's Walk
Charleston
270

27.1
\$
6.3
\$
33.4
\$
124
\$
4Q14
220 Riverside
Jacksonville
294

10.7
\$
29.7
\$
40.4
\$
137
\$
4Q15
Subtotal: MAA
564

37.8
\$
36.0
\$
73.8
\$
131
\$
CLP
CR at South End
Charlotte

353

38.6

\$

20.7

\$

59.3

\$

168

\$

4Q14

CG at Ayrnsley Phase II

Charlotte

81

8.3

\$

0.8

\$

9.1

\$

112

\$

4Q13

CG at Randal Lakes

Orlando

462

35.7

\$

21.3

\$

57.0

\$

123

\$

1Q15

CG at Lake Mary III

Orlando

132

3.8

\$

12.3

\$

16.1

\$

122

\$

2Q14

CG at Bellevue Phase II

Nashville

220

4.0

\$

25.3

\$

29.3

\$

133

\$

Subtotal: CLP

1,248

90.4

\$

80.4

\$

170.8

\$

131

\$

Total

1,812

128.2

\$

116.4

\$

244.6

\$

135

\$

Cost

Expected Cost

14

% of unencumbered assets

New MAA capital structure

39.2%

debt / market capitalization

Note: As of 8/1/13. Includes pro rata share of unconsolidated joint venture debt

Floating vs. fixed rate debt

Unsecured vs. secured debt

Strong investment grade balance sheet

capital structure profile

15

Debt / LTM EBITDA

LTM fixed charge coverage ratio

Source: Company filings, SNL Financial

(1) EBITDA includes \$25mm of synergies pro forma for the transaction

Debt / gross assets

Secured debt / gross assets

Moody's

Baa1

BBB

BBB+

BBB
BBB
BBB
S&P
BBB+
BBB+
Baa1
Baa3
Baa2
Baa2
Baa2
Baa2
Moody s
Baa1
BBB
BBB+
BBB
BBB
BBB
S&P
BBB+
BBB+
Baa1
Baa3
Baa2
Baa2
Baa2
Baa2
Moody s
Baa1
BBB+
BBB
BBB+
BBB
BBB
S&P
BBB
BBB+
Baa3
Baa1
Baa2
Baa2
Baa2
Baa2
Moody s
Baa3
BBB
BBB+
BBB+
BBB

BBB
S&P
BBB+
BBB
Baa1
Baa2
Baa1
Baa2
Baa2
Baa2
Baa2
1
BBB+
BBB+
BBB+
NR
BBB+
Fitch
NR
NR
BBB+
NR
BBB+
NR
BBB+
Fitch
BBB+
NR
GAV(\$bn)\$17.3
\$3.3
\$7.1
\$4.3
\$28.0
\$8.8
\$6.2
GAV(\$bn)
\$3.3
\$7.1
\$4.3
\$17.3
\$28.0
\$8.8
\$6.2
\$7.8
\$7.8
NR
BBB+
BBB+
BBB+
NR
Fitch

BBB+

NR

NR

BBB+

BBB+

BBB+

NR

Fitch

BBB+

NR

Investment grade balance sheet metrics

16

1

4.5x

6.0x

6.0x

6.3x

6.4x

6.5x

7.9x

8.1x

3.0x

4.0x

5.0x

6.0x

7.0x

8.0x

9.0x

AVB

CPT

PPS

EQR

BRE

New

MAA

ESS

UDR

4.6x

3.8x

3.5x

3.5x

3.4x

3.0x

2.7x

2.7x

0.0x

0.5x

1.0x

1.5x

2.0x

2.5x
3.0x
3.5x
4.0x
4.5x
5.0x
AVB
CPT
PPS
EQR
New
MAA
ESS
BRE
UDR
14%
15%
17%
22%
22%
23%
24%
29%
0%
5%
10%
15%
20%
25%
30%
35%
PPS
CPT
BRE
AVB
EQR
New
MAA
UDR
ESS
33%
35%
38%
39%
42%
43%
47%
51%
30%
35%

40%

45%

50%

55%

AVB

PPS

CPT

BRE

EQR

New

MAA

UDR

ESS

Opportunity

MAA is currently priced at a multiple and implied cap rate discount to the sector average.

Implies long term same store earnings growth rate is 100bps lower than sector; actual is fully in line with sector

Actual historical results and current position suggest otherwise

MAA's historical long-term internal same store growth (and overall FFO growth) performance exceeds the sector average; established record of exceeding regional market performance levels and sector averages .

Implied 10 Year IRR

MAA outperforms by 100 bps on unleveraged basis with continued cap rate discount.

MAA outperforms by 175 bps on a leveraged basis.
1

MAA outperforms by 370 bps on a leveraged basis by capturing the sector's current average cap rate.

17
5.4%
6.4%
3.0%
3.0%
0%
2%
4%
6%
8%
10%

Sector Average

MAA

Market Implied Cap Rate

Same Store Growth

Total Implied Unleveraged Return

Source: Current cap rates from BMO REIT Equity Weekly July 29, 2013; 2004-2013YTD

(1)

Represents amplification of outperformance on a margin basis: 50%/50% cash/debt and 5% interest rate.

same store growth from Green Street Residential Sector Update May 30, 2013

Strategy and long-term outlook

Optimize cash flow growth through full-cycle

Support growing and secure dividend

Deliver superior long-term risk-adjusted returns

Focus on high-growth Sunbelt markets

Prudent capital deployment practices

Disciplined approach to new development

Proactive capital recycling program

Build competitive advantages in local markets

Develop New MAA brand value

High quality, well located properties in
large markets

19

Bella Casita at Las Colinas

Tattersall at Tapestry Park

Allure at Brookwood

1225 South Church

Charlotte, NC Phase I 2010 Acquisition
Phase II Development

Atlanta, GA 2012 Acquisition
Jacksonville, FL 2011 Acquisition
Dallas, TX 2010 Acquisition

High quality, well located properties in
secondary markets

20

Haven at Blanco

Rivers Walk

Charleston, SC Development

Market Station

Kansas City, MO 2012 Acquisition

San Antonio, TX 2012 Acquisition

Ridge at Chenal Valley

Little Rock, AR Development

Eric Bolton, MAA
CEO
901-248-4127
eric.bolton@maac.com
Al Campbell, MAA
CFO
901-248-4169
al.campbell@maac.com
Leslie Wolfgang, MAA
Investor Relations

901-248-4126

leslie.wolfgang@maac.com

Jennifer Patrick, MAA

Investor Relations

901-435-5371

jennifer.patrick@maac.com

21

Certain matters in this presentation may constitute forward-looking statements within the meaning of Section 27-A of the Securities Act of 1933 and Section 21E of the Securities and Exchange Act of 1934. Such statements include, but are not limited to, statements made about anticipated economic and market conditions, expectations for future demographics, the impact of competition, general changes in the apartment industry, expectations for acquisition and joint venture performance, ability to pay dividends and the ability to obtain financing at reasonable rates. Actual results and the timing of certain events could differ materially from those projected in or contemplated by the forward-looking statements due to a number of factors, including a downturn in general economic conditions or the capital markets, competitive factors including overbuilding or other supply/demand imbalances in some or all of our markets, changes in interest rates and other items that are difficult to control such as the impact of legislation, as well as the other general risks inherent in the apartment and real estate businesses. Reference is hereby made to the filings of Mid-America Apartment Communities, Inc., with the Securities and Exchange Commission, including quarterly reports on Form 10-Q, reports on Form 8-K, and its annual report on Form 10-K, particularly including the risk factors contained in the latter filing.

Additional Information about the Proposed
Merger Transaction and Where to Find It
In
connection
with
the
proposed
transaction,
MAA
expects

to
file
with
the
SEC
a
registration
statement
on
Form
S-4
that
will
include a
definitive
joint
proxy
statement
of
MAA
and
Colonial
Properties
Trust
that
also
constitutes
a
prospectus
of
MAA.
MAA
and
Colonial
Properties
Trust
also
plan
to
file
other
relevant
documents
with
the
SEC
regarding
the
proposed
transaction.

INVESTORS

ARE

URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS AND OTHER RELEVANT DOCUMENTS FILED
SEC

IF

AND

WHEN

THEY

BECOME

AVAILABLE,

BECAUSE

THEY

WILL

CONTAIN

IMPORTANT

INFORMATION.

You

may

obtain a free copy of the definitive joint proxy statement/prospectus and other relevant documents filed by MAA and Colonial
Properties

Trust

with

the

SEC

at

the

SEC's

website

at

www.sec.gov.

Copies

of

the

documents

filed

by

MAA

with

the

SEC

will

be

available

free

of

charge

on

MAA's

website

at

www.maac.com

or

by

contacting

MAA

Investor

Relations

at

901-682-6600.

Copies

of

the documents filed by Colonial Properties Trust with the SEC will be available free of charge on Colonial Properties Trust's website at www.colonialprop.com or by contacting Colonial Properties Trust Investor Relations at 205-250-8700.

MAA

and

Colonial

Properties

Trust

and

their

respective

directors

and

executive

officers

and

other

members

of

management

and

employees

may

be

deemed

to

be

participants

in

the

solicitation

of

proxies

in

respect

of

the

proposed

transaction.

You

can
find
information about MAA's executive officers and directors in MAA's definitive proxy statement filed with the SEC on March 13, 2013.

You can find information about Colonial Properties Trust's executive officers and directors in Colonial Properties Trust's definitive proxy statement filed with the SEC on March 13, 2013.

Additional
information
regarding
the
interests
of
such
potential

participants will be included in the joint proxy statement/prospectus and other relevant documents filed with the SEC if and when they become available. You may obtain free copies of these documents from MAA or Colonial Properties Trust using the sources indicated above.

This document shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities

in
any
jurisdiction
in
which
such
offer,
solicitation
or
sale
would
be
unlawful
prior
to
registration
or
qualification
under
the

securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the

requirements of Section 10 of the U.S. Securities Act of 1933, as amended.

22