



COMPANY UPDATE / ESTIMATE CHANGES

MAA - NYSE (as of 12/18/2017)	\$102.95
Price Target	NA
52-Week Range	\$92.50 - \$110.95
Shares & Units Outstanding (mm)	118
Market Cap. (\$mm)	\$12,148
3-Mo. Average Daily Volume (000)	660
Institutional Ownership	97%
Debt/Total Market Capital (9/17)	26%
Est 3 - Year Dividend Growth Rate	4% - 6%
Annual Dividend	\$3.69
Dividend Yield	3.6%
Total Adjusted EBITDA to Fixed Charges (9/17)	4.93x

FFO Per Common Share & Unit FY 12/31

	2016	Prior 2017E	Curr. 2017E	Prior 2018E	Curr. 2018E
1Q	\$1.50		\$1.46 A	\$1.56	\$1.49
2Q	\$1.54		\$1.48 A	\$1.55	\$1.51
3Q	\$1.47		\$1.50 A	\$1.57	\$1.55
4Q	\$1.13	\$1.45	\$1.45	\$1.56	\$1.55
Year	\$5.59	\$5.89	\$5.89	\$6.24	\$6.10
P/FFO	18.4x		17.5x		16.9x

*Previous numbers have not been restated.

Quarterly numbers may not add up to full year amounts due to additional shares issued to complete a merger or rounding.

Property Revenue (\$mm)

	2016	Prior 2017E	Curr. 2017E	Prior 2018E	Curr. 2018E
1Q	\$269		\$379 A	\$391	\$392
2Q	\$272		\$383 A	\$393	\$395
3Q	\$277		\$385 A	\$398	\$400
4Q	\$307	\$391	\$391	\$407	\$409
Year	\$1,125	\$1,537	\$1,537	\$1,588	\$1,595

*Quarterly amounts may not add up to full year amounts due to rounding and the timing of dispositions.

Company Description: *Mid-America Apartment Communities, headquartered in Memphis, Tennessee, is a REIT that owns apartment communities throughout the Southeast and Southwest region of the United States.*

Mid-America Apartment Communities

MAA -- NYSE -- Neutral -- 3

Estimates Adjustments

- **Subsequent to third quarter earnings, MAA held an investor day / property tour.** While we were not in attendance, we have taken a look at the presentation and read the transcript from the event.
- **While management did not provide 2018 guidance, they did provide some items to consider for 2018.** Regarding same store revenue MAA expects leasing conditions in 1H18 to maintain the trends posted in 2H17. Blended same store lease pricing is expected to increase 2.0% to 2.5%. Same store occupancy is expected to be in line with 2017.
- **Other considerations.** Integration expense in 2018 should be roughly half the amount of 2017. Eight to twelve cents of dilution is expected from development in 2018. Anticipated combined G&A and property management expenses for 2018 of \$89 to \$93 million. No impact to FFO from preferred stock mark to market. Regarding interest rates and debt, MAA expects a modest increase in rates, \$6 million less of mark to market adjustments/debt extinguishment benefits compared to 2017, and percentage of floating rate debt to be reduced slightly.
- **Based on these considerations, we are lowering our 2018 FFO per share estimate to \$6.10.**
- **We continue to rate MAA Neutral.** Given a pullback in price and no change in fundamentals, we would look to raise our rating on the shares.

**Note Important Disclosures on Pages 2 - 3.
 Note Analyst Certification on Page 2.**

Suitability

We assign shares of Mid-America Apartment Communities a suitability rating of 3 on our scale of 1 - 4 (1=most conservative, 4=most aggressive). Our rating is based on the company's lack of property type diversification offset by what we see as a strong balance sheet.

Risks and Considerations

Interest Rate Risk - Like all REITs, Mid-America is interest rate sensitive. With debt to total capitalization of 26.2% and with 14.7% of total outstanding debt not being fixed or hedged at the end of the third quarter, MAA could experience an increase in interest expense in a rising interest rate environment.

Other External Risks - If unemployment rates rise, MAA could begin to see more renters moving out to a cheaper alternative place of living (moving back home with parents, moving in with a roommate, etc.). MAA could have to offer more leasing concessions to attract new tenants. Higher cost of operations and property taxes could decrease margins. If lending standards loosen, MAA could see more renters move out to buy a house.

Internal Risks - If the company pays too much for acquisitions or invests in redevelopment projects that do not provide a sufficient return, the company's net income and FFO could be lower, inhibiting the stock price.

Additional information is available upon request.

Analyst Certification

I, Carol L. Kemple, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject company(ies) and its (their) securities. I also certify that I have not been, am not, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation(s) in this report.

Important Disclosures

Hilliard Lyons' analysts receive bonus compensation based on Hilliard Lyons' profitability. They do not receive direct payments from investment banking activity.

Investment Ratings

Buy - We believe the stock has significant total return potential in the coming 12 months.

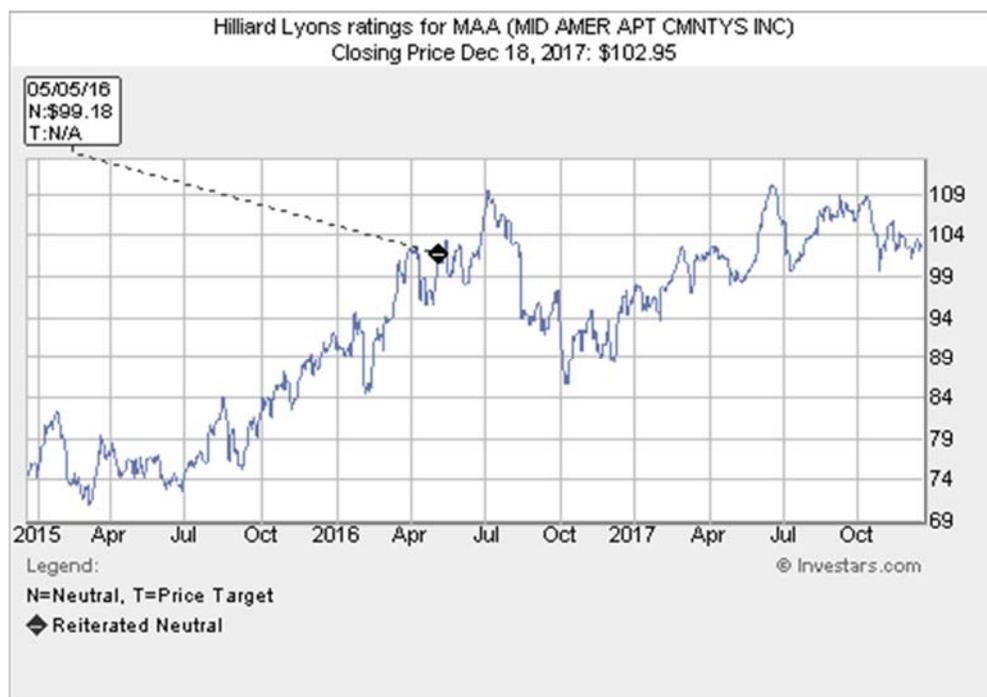
Long-term Buy - We believe the stock is an above average holding in its sector, and expect solid total returns to be realized over a longer time frame than our Buy rated issues, typically 2-3 years.

Neutral - We believe the stock is an average holding in its sector, is currently fully valued, and may be used as a source of funds if better opportunities arise.

Underperform - We believe the stock is vulnerable to a price set back in the next 12 months.

Suitability Ratings

- 1 - A large cap, core holding with a solid history
- 2 - A historically secure company which could be cyclical, has a shorter history than a "1" or is subject to event driven setbacks
- 3 - An above average risk/reward ratio could be due to small size, lack of product diversity, sporadic earnings or high leverage
- 4 - Speculative, due to small size, inconsistent profitability, erratic revenue, volatility, low trading volume or a narrow customer or product base



Hilliard Lyons Recommended Issues			Investment Banking Provided in Past 12 Mo.	
Rating	# of Stocks Covered	% of Stocks Covered	Banking	No Banking
Buy	31	28%	13%	87%
Hold/Neutral	74	66%	9%	91%
Sell	7	6%	0%	100%

As of 6 December 2017

Other Disclosures

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