

POST PROPERTIES INC
Form 10-Q
May 10, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended March 31, 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 numbers 1-12080 and 0-28226

POST PROPERTIES, INC.

POST APARTMENT HOMES, L.P.

(Exact name of registrant as specified in its charter)

Georgia 58-1550675

Georgia 58-2053632
(State or other jurisdiction of (I.R.S. Employer

incorporation or organization) Identification No.)

4401 Northside Parkway, Suite 800,
Atlanta, Georgia 30327
(Address of principal executive offices-zip code)

(404) 846-5000

(Registrant's telephone number, including area code)

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Indicate by check mark whether the registrants (1) have 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) have been subject to such filing requirements for the past 90 days.

Post Properties, Inc. Yes No
Post Apartment Homes, L.P. Yes No

Indicate by check mark whether the registrants have submitted electronically and posted on their corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period as the registrant was required to submit and post such files).

Post Properties, Inc. Yes No
Post Apartment Homes, L.P. Yes No

Indicate by check mark whether the registrants are large accelerated filers, accelerated filers, non-accelerated filers or smaller reporting company. See definition of accelerated filer, large accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Post Properties, Inc. Large Accelerated Filer Accelerated Filer

(Do not check if a

Non-Accelerated Filer smaller reporting company) Smaller Reporting Company

Post Apartment Homes, L.P. Large Accelerated Filer Accelerated Filer

(Do not check if a

Non-Accelerated Filer smaller reporting company) Smaller Reporting Company

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Exchange Act).

Post Properties, Inc. Yes No
Post Apartment Homes, L.P. Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

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

53,487,246 shares of common stock outstanding as of April 30, 2016.

EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the period ended March 31, 2016, of Post Properties, Inc. and Post Apartment Homes, L.P. Unless stated otherwise or the context otherwise requires, references to “Post Properties” or the “Company” mean Post Properties, Inc. and its controlled and consolidated subsidiaries. References to “Post Apartment Homes” or the “Operating Partnership” mean Post Apartment Homes, L.P. and its controlled and consolidated subsidiaries. The terms “the Company,” “we,” “our” and “us” refer to the Company or the Company and the Operating Partnership collectively, as the text requires.

The Company is a real estate investment trust (“REIT”) and the general partner of the Operating Partnership. As of March 31, 2016, the Company owned an approximate 99.8% interest in the Operating Partnership. The remaining 0.2% interests are owned by persons other than the Company.

Management believes that combining the two quarterly reports on Form 10-Q for the Company and the Operating Partnership provides the following benefits:

- Combined reports better reflect how management and the analyst community view the business as a single operating unit;
 - Combined reports enhance investors’ understanding of the Company and the Operating Partnership by enabling them to view the business and its results as a whole and in the same manner as management;
- Combined reports are more efficiently prepared by the Company and the Operating Partnership and result in time and cost efficiencies; and
- Combined reports are more efficiently reviewed by investors and analysts by reducing the amount of duplicate disclosures.

Management operates the Company and the Operating Partnership as one business. The management of the Company is comprised of the same members as the management of the Operating Partnership. These individuals are officers of the Company and employees of the Operating Partnership.

The Company believes it is important to understand the few differences between the Company and the Operating Partnership in the context of how these two entities operate as a consolidated company. The Company is a REIT, and its only material asset is its ownership of partnership interests of the Operating Partnership. As a result, the Company 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 all of the assets and indebtedness of the Company and retains the ownership interests in the Company’s joint ventures. Except for net proceeds from public equity issuances by the Company, which are contributed to the Operating Partnership in exchange for partnership units, the Operating Partnership generates all remaining capital required by the Company’s business. These sources include the Operating Partnership’s operations and its direct or indirect incurrence of indebtedness.

There are a few differences in the disclosures for the Company and the Operating Partnership which are reflected and presented as such in the notes to the consolidated financial statements to this Form 10-Q. Noncontrolling interests and

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the presentation of equity are the main areas of difference between the consolidated financial statements of the Company and the Operating Partnership. The Company's consolidated statement of operations reflects a reduction to income for the noncontrolling interests held by the Operating Partnership's unitholders other than the Company (0.2% at March 31, 2016). This quarterly report on Form 10-Q presents the following separate financial information for both the Company and the Operating Partnership:

- Consolidated financial statements;
 - The following information in the notes to the consolidated financial statements:
 - o Computation of earnings per share for the Company
 - o Computation of earnings per unit for the Operating Partnership
-

POST PROPERTIES, INC.
POST APARTMENT HOMES, L.P.

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POST PROPERTIES, INC.

CONSOLIDATED BALANCE SHEETS

(In thousands, except per share data)

(Unaudited)

| | March 31, 2016 | December 31, 2015 |
|--|-------------------|-------------------------|
| Assets | | |
| Real estate assets | | |
| Land | \$322,566 | \$322,566 |
| Building and improvements | 2,410,408 | 2,406,425 |
| Furniture, fixtures and equipment | 333,968 | 329,854 |
| Construction in progress | 182,632 | 151,270 |
| Land held for future investment | 16,730 | 16,730 |
| | 3,266,304 | 3,226,845 |
| Less: accumulated depreciation | (1,046,178) | (1,023,652) |
| Total real estate assets | 2,220,126 | 2,203,193 |
| Investments in and advances to unconsolidated real estate entities | 3,696 | 3,856 |
| Cash and cash equivalents | 4,545 | 28,611 |
| Restricted cash | 3,951 | 3,881 |
| Other assets | 29,370 | 27,708 |
| Total assets | \$2,261,688 | \$2,267,249 |
| Liabilities, redeemable common units and equity | | |
| Indebtedness | | |
| Accounts payable, accrued expenses and other | 69,820 | 74,855 |
| Investments in unconsolidated real estate entities | 15,942 | 15,873 |
| Dividends and distributions payable | 25,196 | 23,819 |
| Accrued interest payable | 7,966 | 4,051 |
| Security deposits and prepaid rents | 14,286 | 13,537 |
| Total liabilities | 1,050,084 | 1,017,089 |
| Redeemable common units | 7,202 | 7,133 |
| Commitments and contingencies | | |
| Equity | | |
| Company shareholders' equity | | |
| Preferred stock, \$.01 par value, 20,000 authorized: | | |
| 8 1/2% Series A Cumulative Redeemable Shares, liquidation preference | | |
| \$50 per share, 868 shares issued and outstanding | 9 | 9 |
| Common stock, \$.01 par value, 100,000 authorized: | 546 | 546 |

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| | | |
|---|---|---------------------|
| 54,632 and 54,632 shares issued and 53,487 and 54,012 shares | | |
| outstanding at March 31, 2016 and December 31, 2015, respectively | | |
| Additional paid-in-capital | 1,119,188 | 1,117,627 |
| Accumulated earnings | 161,363 | 167,791 |
| Accumulated other comprehensive income (loss) | (5,208) | (3,356) |
| | 1,275,898 | 1,282,617 |
| Less common stock in treasury, at cost, 1,233 and 706 shares | | |
| | | |
| | at March 31, 2016 and December 31, 2015, respectively | (73,180) (41,135) |
| Total Company shareholders' equity | 1,202,718 | 1,241,482 |
| Noncontrolling interests - consolidated real estate entities | 1,684 | 1,545 |
| Total equity | 1,204,402 | 1,243,027 |
| Total liabilities, redeemable common units and equity | \$2,261,688 | \$2,267,249 |

The accompanying notes are an integral part of these consolidated financial statements.

POST PROPERTIES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

(Unaudited)

| | Three months ended March 31, | |
|---|------------------------------------|-----------------|
| | 2016 | 2015 |
| Revenues | | |
| Rental | \$92,570 | \$87,661 |
| Other property revenues | 5,625 | 5,457 |
| Other | 272 | 313 |
| Total revenues | 98,467 | 93,431 |
| Expenses | | |
| Property operating and maintenance (exclusive of items shown separately below) | 42,787 | 40,123 |
| Depreciation | 22,709 | 21,257 |
| General and administrative | 4,886 | 5,014 |
| Investment and development | 25 | 235 |
| Other investment costs | 77 | 134 |
| Other expenses | 333 | - |
| Total expenses | 70,817 | 66,763 |
| Operating income | 27,650 | 26,668 |
| Interest income | 1 | 81 |
| Interest expense | (7,766) | (8,373) |
| Gains on sales of real estate assets, net | - | 1,773 |
| Equity in income of unconsolidated real estate entities, net | 643 | 397 |
| Other income (expense), net | (395) | (364) |
| Net loss on extinguishment of indebtedness | - | (197) |
| Net income | 20,133 | 19,985 |
| Noncontrolling interests - Operating Partnership | (42) | (42) |
| Net income available to the Company | 20,091 | 19,943 |
| Dividends to preferred shareholders | (922) | (922) |
| Net income available to common shareholders | \$19,169 | \$19,021 |
| Per common share data - Basic | | |
| Net income available to common shareholders | \$0.36 | \$0.35 |
| Weighted average common shares outstanding - basic | 53,582 | 54,448 |
| Per common share data - Diluted | | |
| Net income available to common shareholders | \$0.36 | \$0.35 |
| Weighted average common shares outstanding - diluted | 53,599 | 54,465 |

The accompanying notes are an integral part of these consolidated financial statements.

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POST PROPERTIES, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

(Unaudited)

| | Three months ended March 31, | |
|--|------------------------------------|----------|
| | 2016 | 2015 |
| Net income | \$20,133 | \$19,985 |
| Net change in derivative financial instruments | (1,856) | (1,548) |
| Total comprehensive income | 18,277 | 18,437 |
| Comprehensive income attributable to noncontrolling interests: | | |
| Operating Partnership | (38) | (39) |
| Total Company comprehensive income | \$18,239 | \$18,398 |

The accompanying notes are an integral part of these consolidated financial statements.

POST PROPERTIES, INC.

CONSOLIDATED STATEMENTS OF EQUITY AND ACCUMULATED EARNINGS

(In thousands, except per share data)

(Unaudited)

| | Preferred Stock | Common Stock | Additional Paid-in Capital | Accumulated Earnings | Accumulated Other Comprehensive Income (Loss) | Treasury Stock | Total Company Equity | Noncontrolling Interests - | Consolidated Real Estate Entities | Total Equity |
|--|--------------------|-----------------|----------------------------------|-------------------------|---|-------------------|----------------------------|----------------------------------|---|-----------------|
| 2016 | | | | | | | | | | |
| Equity & Accum. Earnings, December 31, 2015 | \$ 9 | \$ 546 | \$ 1,117,627 | \$ 167,791 | \$ (3,356) | \$(41,135) | \$ 1,241,482 | \$ 1,545 | | \$ 1,243,027 |
| Comprehensive income (loss) | - | - | - | 20,091 | (1,852) | - | 18,239 | - | | 18,239 |
| Employee stock purchase, stock option and other | - | - | 41 | (303) | - | 699 | 437 | - | | 437 |
| Adjustment for ownership interest of redeemable common units | - | - | 70 | - | - | - | 70 | - | | 70 |
| Stock-based compensation | - | - | 1,450 | - | - | - | 1,450 | - | | 1,450 |
| Acquisition of treasury stock | - | - | - | - | - | (32,744) | (32,744) | - | | (32,744) |
| Dividends to preferred shareholders | - | - | - | (922) | - | - | (922) | - | | (922) |
| Dividends to common | - | - | - | (25,139) | - | - | (25,139) | - | | (25,139) |

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| | | | | | | | | | |
|---|------|--------|--------------|------------|-------------|------------|--------------|----------|--------------|
| shareholders (\$0.47 per share) | | | | | | | | | |
| Capital contributions from noncontrolling interests - consolidated real estate entities | - | - | - | - | - | - | - | 139 | 139 |
| Adjustment to redemption value of redeemable common units | - | - | - | (155) | - | - | (155) | - | (155) |
| Equity & Accum. Earnings, March 31, 2016 | \$ 9 | \$ 546 | \$ 1,119,188 | \$ 161,363 | \$ (5,208) | \$(73,180) | \$ 1,202,718 | \$ 1,684 | \$ 1,204,402 |
| 2015 Equity & Accum. Earnings, December 31, 2014 | \$ 9 | \$ 546 | \$ 1,114,851 | \$ 185,001 | \$ (3,675) | \$(10,772) | \$ 1,285,960 | \$ - | \$ 1,285,960 |
| Comprehensive income | - | - | - | 19,943 | (1,545) | - | 18,398 | - | 18,398 |
| Employee stock purchase, stock option and other | - | - | 21 | (390) | - | 613 | 244 | - | 244 |
| Adjustment for ownership interest of redeemable common units | - | - | (1) | - | - | - | (1) | - | (1) |
| Stock-based compensation | - | - | 1,696 | - | - | - | 1,696 | - | 1,696 |
| Dividends to preferred shareholders | - | - | - | (922) | - | - | (922) | - | (922) |
| Dividends to common shareholders (\$0.40 per share) | - | - | - | (21,838) | - | - | (21,838) | - | (21,838) |
| Adjustment to redemption value of redeemable | | | | | | | | | |

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| | | | | | | | | | |
|---|------|--------|--------------|------------|-------------|------------|--------------|------|--------------|
| common units | - | - | - | 216 | - | - | 216 | - | 216 |
| Equity & Accum. Earnings, March 31, 2015 | \$ 9 | \$ 546 | \$ 1,116,567 | \$ 182,010 | \$ (5,220) | \$(10,159) | \$ 1,283,753 | \$ - | \$ 1,283,753 |

The accompanying notes are an integral part of these consolidated financial statements.

POST PROPERTIES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

| | Three months ended March 31, | |
|--|---------------------------------|-----------|
| | 2016 | 2015 |
| Cash Flows From Operating Activities | | |
| Net income | \$20,133 | \$19,985 |
| Adjustments to reconcile net income to net cash provided | | |
| by operating activities: | | |
| Depreciation | 22,709 | 21,257 |
| Gains on sales of real estate assets, net | - | (1,773) |
| Other, net | 521 | 643 |
| Equity in income of unconsolidated entities, net | (643) | (397) |
| Distributions of earnings of unconsolidated entities | 973 | 261 |
| Stock-based compensation | 1,453 | 1,699 |
| Net loss on extinguishment of indebtedness | - | 197 |
| Changes in assets, decrease (increase) in: | | |
| Other assets | (1,871) | 233 |
| Changes in liabilities, increase (decrease) in: | | |
| Accrued interest payable | 3,915 | 3,704 |
| Accounts payable and accrued expenses | (9,435) | (10,862) |
| Prepaid rents and other | 566 | 1,454 |
| Net cash provided by operating activities | 38,321 | 36,401 |
| Cash Flows From Investing Activities | | |
| Development and construction of real estate assets | (26,801) | (21,927) |
| Proceeds from sales of real estate assets | - | 4,827 |
| Capitalized interest | (1,550) | (982) |
| Property capital expenditures | (7,231) | (4,075) |
| Corporate additions and improvements | (255) | (206) |
| Investments in unconsolidated entities | (125) | - |
| Other investing activities | (70) | - |
| Net cash used in investing activities | (36,032) | (22,363) |
| Cash Flows From Financing Activities | | |
| Lines of credit proceeds | 125,066 | - |
| Lines of credit repayments | (92,661) | - |
| Payments on indebtedness | (767) | (754) |
| Payments of financing costs and other | - | (4,002) |
| Proceeds from employee stock purchase and stock options plans | 495 | 425 |
| Acquisition of treasury stock and other | (34,069) | (1,295) |
| Contributions from noncontrolling interests - real estate entities | 139 | - |

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| | | |
|--|-----------|-----------|
| Distributions to noncontrolling interests - common unitholders | (53) | (48) |
| Dividends paid to preferred shareholders | (922) | (922) |
| Dividends paid to common shareholders | (23,766) | (21,804) |
| Other financing activities | 183 | (69) |
| Net cash used in financing activities | (26,355) | (28,469) |
| Net decrease in cash and cash equivalents | (24,066) | (14,431) |
| Cash and cash equivalents, beginning of period | 28,611 | 140,512 |
| Cash and cash equivalents, end of period | \$4,545 | \$126,081 |

The accompanying notes are an integral part of these consolidated financial statements.

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POST APARTMENT HOMES, L.P.

CONSOLIDATED BALANCE SHEETS

(In thousands)

(Unaudited)

| | March 31, 2016 | December 31, 2015 |
|--|-------------------|-------------------------|
| Assets | | |
| Real estate assets | | |
| Land | \$ 322,566 | \$ 322,566 |
| Building and improvements | 2,410,408 | 2,406,425 |
| Furniture, fixtures and equipment | 333,968 | 329,854 |
| Construction in progress | 182,632 | 151,270 |
| Land held for future investment | 16,730 | 16,730 |
| | 3,266,304 | 3,226,845 |
| Less: accumulated depreciation | (1,046,178) | (1,023,652) |
| Total real estate assets | 2,220,126 | 2,203,193 |
| Investments in and advances to unconsolidated real estate entities | 3,696 | 3,856 |
| Cash and cash equivalents | 4,545 | 28,611 |
| Restricted cash | 3,951 | 3,881 |
| Other assets | 29,370 | 27,708 |
| Total assets | \$ 2,261,688 | \$ 2,267,249 |
| Liabilities, redeemable common units and equity | | |
| Indebtedness | | |
| Accounts payable, accrued expenses and other | \$ 916,874 | \$ 884,954 |
| Investments in unconsolidated real estate entities | 69,820 | 74,855 |
| Distributions payable | 15,942 | 15,873 |
| Accrued interest payable | 25,196 | 23,819 |
| Security deposits and prepaid rents | 7,966 | 4,051 |
| Total liabilities | 14,286 | 13,537 |
| | 1,050,084 | 1,017,089 |
| Redeemable common units | 7,202 | 7,133 |
| Commitments and contingencies | | |
| Equity | | |
| Operating Partnership equity | | |
| Preferred units | 43,392 | 43,392 |
| Common units | | |
| General partner | 13,242 | 13,610 |
| Limited partner | 1,151,292 | 1,187,836 |
| Accumulated other comprehensive income (loss) | (5,208) | (3,356) |

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| | | |
|--|-------------|-------------|
| Total Operating Partnership equity | 1,202,718 | 1,241,482 |
| Noncontrolling interests - consolidated real estate entities | 1,684 | 1,545 |
| Total equity | 1,204,402 | 1,243,027 |
| Total liabilities, redeemable common units and equity | \$2,261,688 | \$2,267,249 |

The accompanying notes are an integral part of these consolidated financial statements.

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POST APARTMENT HOMES, L.P.

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per unit data)

(Unaudited)

| | Three months ended March 31, | |
|---|------------------------------------|-----------------|
| | 2016 | 2015 |
| Revenues | | |
| Rental | \$92,570 | \$87,661 |
| Other property revenues | 5,625 | 5,457 |
| Other | 272 | 313 |
| Total revenues | 98,467 | 93,431 |
| Expenses | | |
| Property operating and maintenance (exclusive of items shown separately below) | 42,787 | 40,123 |
| Depreciation | 22,709 | 21,257 |
| General and administrative | 4,886 | 5,014 |
| Investment and development | 25 | 235 |
| Other investment costs | 77 | 134 |
| Other expenses | 333 | - |
| Total expenses | 70,817 | 66,763 |
| Operating income | 27,650 | 26,668 |
| Interest income | 1 | 81 |
| Interest expense | (7,766) | (8,373) |
| Gains on sales of real estate assets, net | - | 1,773 |
| Equity in income of unconsolidated real estate entities, net | 643 | 397 |
| Other income (expense), net | (395) | (364) |
| Net loss on extinguishment of indebtedness | — | (197) |
| Net income | 20,133 | 19,985 |
| Distributions to preferred unitholders | (922) | (922) |
| Net income available to common unitholders | \$19,211 | \$19,063 |
| Per common unit data - Basic | | |
| Net income available to common unitholders | \$0.36 | \$0.35 |
| Weighted average common units outstanding - basic | 53,703 | 54,569 |
| Per common unit data - Diluted | | |
| Net income available to common unitholders | \$0.36 | \$0.35 |
| Weighted average common units outstanding - diluted | 53,720 | 54,586 |

The accompanying notes are an integral part of these consolidated financial statements.

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POST APARTMENT HOMES, L.P.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

(Unaudited)

| | Three months ended March 31, | |
|--|------------------------------------|----------|
| | 2016 | 2015 |
| Net income | \$20,133 | \$19,985 |
| Net change in derivative financial instruments | (1,856) | (1,548) |
| Total Operating Partnership comprehensive income | \$18,277 | \$18,437 |

The accompanying notes are an integral part of these consolidated financial statements.

POST APARTMENT HOMES, L.P.

CONSOLIDATED STATEMENTS OF EQUITY

(In thousands, except per unit data)

(Unaudited)

| | Preferred Units | Common Units General Partner | Units Limited Partner | Accumulated Other Comprehensive Income (Loss) | Total Operating Partnership Equity | Noncontrolling Interests - Consolidated Real Estate Entities | Total Equity |
|--|--------------------|---------------------------------|--------------------------|--|---|--|-----------------|
| 2016 | | | | | | | |
| Equity, December 31, 2015 | \$43,392 | \$13,610 | \$1,187,836 | \$ (3,356) | \$1,241,482 | \$ 1,545 | \$1,243,027 |
| Comprehensive income (loss) | 922 | 192 | 18,977 | (1,852) | 18,239 | - | 18,239 |
| Employee stock purchase, stock option and other | | | | | | | |
| Company activity | - | 4 | 433 | - | 437 | - | 437 |
| Adjustment for ownership interest of redeemable | | | | | | | |
| common units | - | - | 70 | - | 70 | - | 70 |
| Equity-based compensation | - | 15 | 1,435 | - | 1,450 | - | 1,450 |
| Acquisition of common units | - | (327) | (32,417) | - | (32,744) | - | (32,744) |
| Distributions to preferred unitholders | (922) | - | - | - | (922) | - | (922) |
| Distributions to common unitholders (\$0.47 per unit) | - | (252) | (24,887) | - | (25,139) | - | (25,139) |
| Capital contributions from noncontrolling interests - consolidated | | | | | | | |
| real estate entities | - | - | - | - | - | 139 | 139 |
| Adjustment to redemption value of redeemable | | | | | | | |
| common units | - | - | (155) | - | (155) | - | (155) |
| Equity, March 31, 2016 | \$43,392 | \$13,242 | \$1,151,292 | \$ (5,208) | \$1,202,718 | \$ 1,684 | \$1,204,402 |
| 2015 | | | | | | | |
| Equity, December 31, 2014 | \$43,392 | \$14,057 | \$1,232,186 | \$ (3,675) | \$1,285,960 | \$ - | \$1,285,960 |
| Comprehensive income | 922 | 191 | 18,830 | (1,545) | 18,398 | - | 18,398 |

| | | | | | | | |
|--|----------|----------|-------------|-------------|-------------|------|-------------|
| Employee stock purchase, stock option and other | | | | | | | |
| Company activity | - | 2 | 242 | - | 244 | - | 244 |
| Conversion of redeemable common units | - | - | - | - | - | - | - |
| Adjustment for ownership interest of redeemable common units | - | - | (1) | - | (1) | - | (1) |
| Equity-based compensation | - | 17 | 1,679 | - | 1,696 | - | 1,696 |
| Distributions to preferred unitholders | (922) | - | — | - | (922) | - | (922) |
| Distributions to common unitholders (\$.040 per unit) | - | (219) | (21,619) | - | (21,838) | - | (21,838) |
| Adjustment to redemption value of redeemable common units | - | - | 216 | - | 216 | - | 216 |
| Equity, March 31, 2015 | \$43,392 | \$14,048 | \$1,231,533 | \$ (5,220) | \$1,283,753 | \$ - | \$1,283,753 |

The accompanying notes are an integral part of these consolidated financial statements.

POST APARTMENT HOMES, L.P.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

| | Three months ended March 31, | |
|---|---------------------------------|-----------|
| | 2016 | 2015 |
| Cash Flows From Operating Activities | | |
| Net income | \$20,133 | \$19,985 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation | 22,709 | 21,257 |
| Gains on sales of real estate assets, net | - | (1,773) |
| Other, net | 521 | 643 |
| Equity in income of unconsolidated entities, net | (643) | (397) |
| Distributions of earnings of unconsolidated entities | 973 | 261 |
| Equity-based compensation | 1,453 | 1,699 |
| Net loss on extinguishment of indebtedness | - | 197 |
| Changes in assets, decrease (increase) in: | | |
| Other assets | (1,871) | 233 |
| Changes in liabilities, increase (decrease) in: | | |
| Accrued interest payable | 3,915 | 3,704 |
| Accounts payable and accrued expenses | (9,435) | (10,862) |
| Prepaid rents and other | 566 | 1,454 |
| Net cash provided by operating activities | 38,321 | 36,401 |
| Cash Flows From Investing Activities | | |
| Development and construction of real estate assets | (26,801) | (21,927) |
| Proceeds from sales of real estate assets | - | 4,827 |
| Capitalized interest | (1,550) | (982) |
| Property capital expenditures | (7,231) | (4,075) |
| Corporate additions and improvements | (255) | (206) |
| Investments in unconsolidated entities | (125) | - |
| Other investing activities | (70) | - |
| Net cash used in investing activities | (36,032) | (22,363) |
| Cash Flows From Financing Activities | | |
| Lines of credit proceeds | 125,066 | - |
| Lines of credit repayments | (92,661) | - |
| Payments on indebtedness | (767) | (754) |
| Payments of financing costs and other | - | (4,002) |
| Contributions from the Company related to employee stock purchase and stock option plans | 495 | 425 |

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| | | |
|--|-----------|-----------|
| Redemption of common units and other | (34,069) | (1,295) |
| Contributions from noncontrolling interests - real estate entities | 139 | - |
| Distributions to noncontrolling interests - non-Company common unitholders | (53) | (48) |
| Distributions to preferred unitholders | (922) | (922) |
| Distributions to common unitholders | (23,766) | (21,804) |
| Other financing activities | 183 | (69) |
| Net cash used in financing activities | (26,355) | (28,469) |
| Net decrease in cash and cash equivalents | (24,066) | (14,431) |
| Cash and cash equivalents, beginning of period | 28,611 | 140,512 |
| Cash and cash equivalents, end of period | \$4,545 | \$126,081 |

The accompanying notes are an integral part of these consolidated financial statements.

POST PROPERTIES, INC. AND POST APARTMENT HOMES, L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited, in thousands, except per share or unit and apartment unit data)

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Post Properties, Inc. (the "Company") and its subsidiaries develop, own and manage upscale multi-family apartment communities in selected markets in the United States. The Company through its wholly-owned subsidiaries is the sole general partner, a limited partner and owns a majority interest in Post Apartment Homes, L.P. (the "Operating Partnership"), a Georgia limited partnership. The Operating Partnership, through its operating divisions and subsidiaries conducts substantially all of the on-going operations of the Company, a publicly traded corporation which operates as a self-administered and self-managed real estate investment trust ("REIT"). As used herein, the term "Company" includes Post Properties, Inc. and its subsidiaries, including Post Apartment Homes, L.P., unless the context indicates otherwise.

The Company has elected to qualify and operate as a self-administrated and self-managed REIT for federal income tax purposes. A REIT is a legal entity which holds real estate interests and is generally not subject to federal income tax on the income it distributes to its shareholders. The Operating Partnership is governed under the provisions of a limited partnership agreement, as amended. Under the provisions of the limited partnership agreement, as amended, Operating Partnership net profits, net losses and cash flow (after allocations to preferred ownership interests) are allocated to the partners in proportion to their common ownership interests. Cash distributions from the Operating Partnership shall be, at a minimum, sufficient to enable the Company to satisfy its annual dividend requirements to maintain its REIT status under the Internal Revenue Code of 1986, as amended.

At March 31, 2016, the Company had interests in 24,162 apartment units in 61 communities, including 1,471 apartment units in four communities held in unconsolidated entities and 2,630 apartment units in seven communities currently under development or in lease-up. At March 31, 2016, approximately 30.2%, 21.6%, 13.3% and 10.7% (on a unit basis) of the Company's operating communities were located in the Atlanta, Georgia, Dallas, Texas, the greater Washington, D.C. and Tampa, Florida metropolitan areas, respectively.

At March 31, 2016, the Company had outstanding 53,487 shares of common stock and owned the same number of units of common limited partnership interests ("Common Units") in the Operating Partnership, representing a 99.8% ownership interest in the Operating Partnership. Common Units held by persons other than the Company totaled 121 at March 31, 2016 and represented a 0.2% common noncontrolling interest in the Operating Partnership. Each Common Unit may be redeemed by the holder thereof for either one share of Company common stock or cash equal to the fair market value thereof at the time of redemption, at the option, but outside the control, of the Operating Partnership. The Operating Partnership presently anticipates that it will cause shares of common stock to be issued in connection with each such redemption rather than paying cash (as has been done in all redemptions to date). With each redemption of outstanding Common Units for Company common stock, the Company's percentage ownership interest in the Operating Partnership will increase. In addition, whenever the Company issues shares of common stock, the Company will contribute any net proceeds therefrom to the Operating Partnership and the Operating Partnership will issue an equivalent number of Common Units to the Company. The Company's weighted average common ownership interest in the Operating Partnership was 99.8% for the three months ended March 31, 2016 and 2015.

Basis of presentation

The accompanying unaudited financial statements have been prepared by the Company's management in accordance with generally accepted accounting principles for interim financial information and applicable rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the information and disclosures required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting only of normally recurring adjustments) considered necessary for a fair presentation have been included. The results of operations for the three months ended March 31, 2016 are not necessarily indicative of the results that may be expected for the full year. These financial statements should be read in conjunction with the Company's audited financial statements and notes thereto included in its Annual Report on Form 10-K for the year ended December 31, 2015.

The accompanying consolidated financial statements include the consolidated accounts of the Company, the Operating Partnership and their wholly owned subsidiaries. The Company also consolidates other entities in which it has a controlling financial interest or entities where it is determined to be the primary beneficiary under ASC Topic 810, "Consolidation." Under ASC Topic 810, variable interest entities ("VIEs") are generally entities that lack sufficient equity to finance their activities without additional financial support from other parties or whose equity holders lack adequate decision making ability. The primary beneficiary is required to consolidate a VIE for financial reporting purposes. The application of ASC Topic 810 requires management to make significant estimates and

POST PROPERTIES, INC. AND POST APARTMENT HOMES, L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited, in thousands, except per share or unit and apartment unit data)

judgments about the Company's and its other partners' rights, obligations and economic interests in such entities. For entities in which the Company has less than a controlling financial interest or entities where it is not deemed to be the primary beneficiary, the entities are accounted for using the equity method of accounting. Accordingly, the Company's share of the net earnings or losses of these entities is included in consolidated net income. All inter-company accounts and transactions have been eliminated in consolidation. The Company's noncontrolling interest of common unitholders (also referred to as "Redeemable Common Units") in the operations of the Operating Partnership is calculated based on the weighted average unit ownership during the period.

Revenue recognition

Residential properties are leased under operating leases with terms of generally one year or less. Rental revenues from residential leases are recognized on the straight-line method over the approximate life of the leases, which is generally one year. The recognition of rental revenues from residential leases when earned has historically not been materially different from rental revenues recognized on a straight-line basis.

Under the terms of residential leases, the residents of the Company's residential communities are obligated to reimburse the Company for certain utility usage, water and electricity (at selected properties), where the Company is the primary obligor to the public utility entity. These utility reimbursements from residents are reflected as other property revenues in the consolidated statements of operations.

Cost capitalization

For communities under development or construction, the Company capitalizes interest, real estate taxes, and certain internal personnel and associated costs related to the development and construction activity. Interest is capitalized to projects under development or construction based upon the weighted average cumulative project costs for each month multiplied by the Company's weighted average borrowing costs, expressed as a percentage. Weighted average borrowing costs include the costs of the Company's fixed rate secured and unsecured borrowings and the variable rate unsecured borrowings under its line of credit facilities. The weighted average borrowing costs, expressed as a percentage, were 4.2% and 4.3% for the three months ended March 31, 2016 and 2015, respectively. Aggregate interest costs capitalized to projects under development or construction were \$1,550 and \$982 for the three months ended March 31, 2016 and 2015, respectively. Internal development and construction personnel and associated costs are capitalized to projects under development or construction based upon the effort associated with such projects. Aggregate internal development and construction personnel and associated costs capitalized to projects under development or construction were \$1,414 and \$1,135 for the three months ended March 31, 2016 and 2015, respectively. The Company treats each unit in an apartment community separately for cost accumulation, capitalization and expense recognition purposes. Prior to the completion of rental units, interest and other construction costs are capitalized and reflected on the balance sheet as construction in progress. The Company ceases the capitalization of such costs as the residential units in a community become substantially complete and available for occupancy. This results in a proration of costs between amounts that are capitalized and expensed as the residential units in apartment development communities become available for occupancy. In addition, prior to the completion of rental units, the Company expenses as incurred substantially all operating expenses (including pre-opening marketing as well as property management and leasing personnel expenses) of such rental communities.

Real estate assets, depreciation and impairment

Real estate assets are stated at the lower of depreciated cost or fair value, if deemed impaired. Major replacements and betterments are capitalized and depreciated over their estimated useful lives. Depreciation is computed on a straight-line basis over the useful lives of the properties (buildings and components - 40 years; other building and land improvements - 20 years; furniture, fixtures and equipment – 5-10 years).

The Company continually evaluates the recoverability of the carrying value of its real estate assets using the methodology prescribed in ASC Topic 360, "Property, Plant and Equipment." Factors considered by management in evaluating impairment of its existing real estate assets held for investment include significant declines in property operating profits, annually recurring property operating losses and other significant adverse changes in general market conditions that are considered permanent in nature. Under ASC Topic 360, a real estate asset held for investment is not considered impaired if the undiscounted, estimated future cash flows of an asset (both the annual estimated cash flow from future operations and the estimated cash flow from the theoretical sale of the asset) over its estimated holding period are in excess of the asset's net book value at the balance sheet date. If any real estate asset held for investment is considered impaired, a loss is provided to reduce the carrying value of the asset to its estimated fair value.

POST PROPERTIES, INC. AND POST APARTMENT HOMES, L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited, in thousands, except per share or unit and apartment unit data)

The Company periodically classifies real estate assets as held for sale. An asset is classified as held for sale after the approval of the Company's board of directors, after an active program to sell the asset has commenced and after the evaluation of other factors. Upon the classification of a real estate asset as held for sale, the carrying value of the asset is reduced to the lower of its net book value or its estimated fair value, less costs to sell the asset. Subsequent to the classification of assets as held for sale, no further depreciation expense is recorded. Real estate assets held for sale are stated separately on the accompanying consolidated balance sheets. Upon a decision to no longer market an asset for sale, the asset is classified as an operating asset and depreciation expense is reinstated.

Derivative financial instruments

The Company accounts for derivative financial instruments at fair value under the provisions of ASC Topic 815, "Derivatives and Hedging." The Company measures derivative financial instruments subject to master netting agreements on a net basis. The Company uses derivative financial instruments, primarily interest rate swap arrangements to manage or hedge its exposure to interest rate changes. Under ASC Topic 815, derivative instruments qualifying as hedges of specific cash flows are recorded on the balance sheet at fair value with an offsetting increase or decrease to accumulated other comprehensive income, an equity account, until the hedged transactions are recognized in earnings. Quarterly, the Company evaluates the effectiveness of its cash flow hedges. Any ineffective portion of cash flow hedges is recognized immediately in earnings.

Fair value measurements

The Company applies the guidance in ASC Topic 820, "Fair Value Measurements and Disclosures," to the valuation of real estate assets recorded at fair value, if any, to its impairment valuation analysis of real estate assets, to its disclosure of the fair value of financial instruments, principally indebtedness, and to its derivative financial instruments. Fair value disclosures required under ASC Topic 820 are summarized in note 8 utilizing the following hierarchy:

- Level 1 – Quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.
- Level 3 – Unobservable inputs for the assets or liability.

Noncontrolling interests

The Company accounts for noncontrolling interests in accordance with ASC Topic 810, "Consolidation." ASC Topic 810, in conjunction with other existing GAAP, established criterion used to evaluate the characteristics of noncontrolling interests in consolidated entities to determine whether noncontrolling interests are classified and accounted for as permanent equity or "temporary" equity (presented between liabilities and permanent equity on the consolidated balance sheet). ASC Topic 810 also clarified the treatment of noncontrolling interests with redemption provisions. If a noncontrolling interest has a redemption feature that permits the issuer to settle in either cash or common shares at the option of the issuer but the equity settlement feature is deemed to be outside of the control of

the issuer, then those noncontrolling interests are classified as “temporary” equity. At March 31, 2016, the Company had two types of noncontrolling interests, (1) noncontrolling interests related to the common unitholders of its Operating Partnership (see note 5) and (2) noncontrolling interests related to its consolidated real estate entities.

The Company accounts for the redemption of noncontrolling interests in the Operating Partnership in exchange for shares of company common stock at fair value in accordance with ASC Topic 810. These transactions result in a reduction in the noncontrolling interest of common unitholders in the Operating Partnership and a corresponding increase in equity in the accompanying consolidated balance sheet at the date of conversion. In accordance with guidance in ASC Topic 810 the noncontrolling interest in the Operating Partnership is carried at the greater of its redemption value or net book value.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

POST PROPERTIES, INC. AND POST APARTMENT HOMES, L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited, in thousands, except per share or unit and apartment unit data)

Recently issued accounting pronouncements

In May 2014, Accounting Standards Update No. 2014-09 (“ASU 2014-09”), “Revenue from Contracts with Customers,” was issued. This new guidance establishes a single comprehensive revenue recognition model under U.S. GAAP and provides for enhanced disclosures. Under this new guidance, the amount of revenue recognized for certain transactions could differ from amounts recognized under existing accounting guidance and could also result in recognition in different reporting periods. Also, the provisions of ASU 2014-09 exclude revenue recognition regarding lease contracts (see below). In August 2015, ASU 2014-09 was amended to defer the effective date by one year. The new guidance is effective for annual reporting periods beginning after December 15, 2017; however, early adoption is permitted for annual reporting periods beginning after December 15, 2016. The Company expects to adopt ASU 2014-09 as of January 1, 2018 and is currently evaluating the impact that this new guidance may have on its results of operations.

In February 2015, Accounting Standards Update No. 2015-02 (“ASU 2015-02”), “Consolidation,” was issued. The new guidance primarily amends current consolidation accounting guidance with respect to the evaluation criteria for determining whether certain limited partnerships or similar legal entities and certain variable interest entities are subject to consolidated reporting. The Company adopted ASU 2015-02 on January 1, 2016. This new standard did not have a material impact on the Company’s financial position or results of operations.

In April and August 2015, Accounting Standards Update Nos. 2015-03 and 2015-15 (“ASU 2015-03” and “ASU 2015-15”), “Interest-Imputation of Interest,” were issued. ASU 2015-03 requires debt issuance costs to be presented as direct deductions from the face value of the related debt instrument in the preparation of consolidated balance sheets. Further, ASU 2015-03 requires companies to report the amortization of debt issuance costs as interest expense in their consolidated statements of operations. Effective January 1, 2016, the Company retrospectively adopted ASU 2015-03 and ASU 2015-15. As such, the Company reclassified \$4,583 of net debt issuance costs related to its secured and unsecured debt instruments as of December 31, 2015 from Deferred financing costs, net to a reduction of Indebtedness on its consolidated balance sheets. Further, the Company reclassified \$280 from Amortization of deferred financing costs to Interest expense on its consolidated statements of operations for the three months ended March 31, 2015. ASU 2015-15 states that debt issuance costs related to line-of-credit arrangements will continue to be classified as deferred assets and ratably amortized over the term of the arrangements. The Company reclassified \$2,365 of net debt issuance costs related to its line-of-credit arrangements as of December 31, 2015, from Deferred financing costs, net to Other assets on its consolidated balance sheets and also reclassified \$169 from Amortization of deferred financing costs to Other income (expense), net in its consolidated statements of operations for the three months ended March 31, 2015.

In February 2016, Accounting Standards Update No. 2016-02 (ASU-2016-02), “Leases” was issued. ASU 2016-02 establishes a new lease accounting recognition model for lessees and lessors. Under this new guidance, lessees will be required to apply a dual approach, classifying leases with a term of more than 12 months as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase of the leased asset by the lessee. This classification will determine whether the lease expense is recognized based on an effective interest method (finance leases) or on a straight-line basis over the term of the lease (operating leases). A lessee is also required to record a right-of-use asset and a lease liability, measured at the net present value of the lease obligations, for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months

or less will be accounted for similar to existing guidance for operating leases. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance. The guidance is effective for interim and annual reporting periods beginning after December 31, 2018. The Company currently expects to adopt ASU 2016-02 as of January 1, 2019 and is currently evaluating the impact that this new guidance may have on its statements of financial position and its results of operations.

POST PROPERTIES, INC. AND POST APARTMENT HOMES, L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited, in thousands, except per share or unit and apartment unit data)

Supplemental cash flow information

Supplemental cash flow information for the three months ended March 31, 2016 and 2015 is as follows:

| | Three months ended March 31, | |
|---|------------------------------------|---------|
| | 2016 | 2015 |
| Interest paid, net of interest capitalized | \$3,570 | \$4,389 |
| Interest paid, including interest capitalized | 5,120 | 5,371 |
| Income tax payments, net | 42 | 21 |
| Non-cash investing and financing activities: | | |
| Dividends and distributions payable | 25,196 | 21,886 |
| Construction and property capital expenditure cost accruals, | | |
| increase (decrease) | 3,557 | 6,594 |
| Adjustments to equity related to redeemable common units and other, | | |
| net increase (decrease) | (85) | 215 |

2. REAL ESTATE ACTIVITY

Dispositions

The Company classifies real estate assets as held for sale after the approval of its board of directors and after the Company had commenced an active program to sell the assets. The Company did not dispose of any apartment communities in the three months ended March 31, 2016 and had no assets classified as held for sale at March 31, 2016. For the three months ended March 31, 2015, the Company recognized a gain of \$1,773 on the sale of its remaining condominium retail space.

Consolidated Joint Venture

In 2015, the Company entered into a joint venture arrangement (the “Joint Venture”) with a private real estate company to develop, construct and operate a 358 unit apartment community in Denver, Colorado. The Company owns a 92.5% equity interest and will provide construction financing to the Joint Venture. In 2015, the Joint Venture acquired the land site and initiated the development of the community. The venture partner will generally be responsible for the development and construction of the community and the Company will manage the community upon its completion. The Joint Venture was determined to be a variable interest entity with the Company designated as the primary beneficiary. As a result, the accounts of the Joint Venture are consolidated by the Company. At March 31, 2016, the Company’s consolidated assets, liabilities and equity included construction in progress of \$23,779 and cash and cash equivalents of \$244, accounts payable and accrued expenses of \$1,480 and noncontrolling equity interests of \$1,684 relating to the Joint Venture.

3. INVESTMENTS IN UNCONSOLIDATED REAL ESTATE ENTITIES

At March 31, 2016, the Company held investments in two individual limited liability companies (the “Apartment LLCs”) with institutional investors that own four apartment communities, including three communities located in Atlanta, Georgia and one community located in Washington, D.C. The Company has a 25% and 35% equity interest in these Apartment LLCs.

The Company accounts for its investments in the Apartment LLCs using the equity method of accounting. At March 31, 2016 and December 31, 2015, the Company’s investment in the 35% owned Apartment LLC totaled \$3,696 and \$3,856, respectively, excluding the credit investments discussed below. The Company’s investment in the 25% owned Apartment LLC at March 31, 2016 and December 31, 2015 reflects a credit investment of \$15,942 and \$15,873, respectively. These credit balances resulted from distribution of financing proceeds in excess of the Company’s historical cost upon the formation of the Apartment LLC and are reflected in consolidated liabilities on the Company’s consolidated balance sheet. The operating results of the Company include its allocable share of net income from the investments in the Apartment LLCs. The Company provides property and asset management services to the Apartment LLCs for which it earns fees.

POST PROPERTIES, INC. AND POST APARTMENT HOMES, L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited, in thousands, except per share or unit and apartment unit data)

A summary of financial information for the Apartment LLCs in the aggregate is as follows:

| | March 31, 2016 | December 31, 2015 |
|---|----------------------|-------------------------|
| Apartment LLCs - Balance Sheet Data | | |
| Real estate assets, net of accumulated depreciation of \$56,416 and \$54,936 at March 31, 2016 and December 31, 2015, respectively | \$207,877 | \$208,345 |
| Cash and other | 5,857 | 5,995 |
| Total assets | \$213,734 | \$214,340 |
| Mortgage notes payable | \$177,529 | \$177,503 |
| Other liabilities | 3,471 | 2,994 |
| Total liabilities | 181,000 | 180,497 |
| Members' equity | 32,734 | 33,843 |
| Total liabilities and members' equity | \$213,734 | \$214,340 |
| Company's equity investment in Apartment LLCs (1) | \$(12,246) | \$(12,017) |

1) At March 31, 2016 and December 31, 2015, the Company's equity investment includes its credit investments of \$15,942 and \$15,873, respectively, discussed above.

| | Three months ended March 31, | |
|---|------------------------------------|---------|
| Apartment LLCs - Income Statement Data | 2016 | 2015 |
| Revenues | | |
| Rental | \$7,093 | \$6,784 |
| Other property revenues | 507 | 456 |
| Total revenues | 7,600 | 7,240 |
| Expenses | | |
| Property operating and maintenance | 3,013 | 3,107 |
| Depreciation | 1,481 | 1,423 |
| Interest | 2,284 | 2,264 |
| Total expenses | 6,778 | 6,794 |
| Net income | \$822 | \$446 |
| Company's share of net income in Apartment LLCs | \$643 | \$397 |

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At March 31, 2016, mortgage notes payable included four mortgage notes. The first mortgage note with a face value of \$51,000 bears interest at a stated rate of 3.50% (effective rate of 3.57%), requires monthly interest only payments and matures in 2019. The second and third mortgage notes with a total face value of \$85,724, bear interest at a stated rate of 5.63% (effective rate of 5.76%), require interest only payments and mature in 2017. The fourth mortgage note with a total face value of \$41,000, bears interest at a stated rate of 5.71% (effective rate of 5.85%), requires interest only payments, and matures in January 2018 with a one-year automatic extension at a variable interest rate.

4. INDEBTEDNESS

At March 31, 2016 and December 31, 2015, the Company's indebtedness consisted of the following:

| Description | Payment Terms | Stated Interest Rate | Maturity Date | March 31, 2016 | December 31, 2015 |
|---------------------------|----------------|----------------------|-----------------|----------------|-------------------|
| Senior Unsecured Notes | Int. | 3.375% - 4.75% (1) | 2017 - 2022 (1) | \$400,000 | \$400,000 |
| Unsecured Bank Term Loan | Int. | LIBOR + 1.15% (2) | 2020 | 300,000 | 300,000 |
| Secured Mortgage Notes | Prin. and Int. | 5.99% (3) | 2019 | 188,771 | 189,537 |
| Unsecured Lines of Credit | Int. | LIBOR +1.05% (4) | 2019 | 32,405 | - |
| | | | | 921,176 | 889,537 |
| Less: Debt Issuance Costs | | | | (4,302) | (4,583) |
| Total | | | | \$916,874 | \$884,954 |

1) Includes unsecured notes totaling \$150,000 that mature in 2017 and unsecured notes totaling \$250,000 that mature in 2022. The effective interest rates for these unsecured notes were 4.90% and 3.46%, respectively.

2) Represents stated rate at March 31, 2016. The effective rate on the unsecured bank term loan was LIBOR plus 1.37%. As discussed below, the Company has entered into interest rate swap arrangements that effectively fix the stated interest rate at 2.69% under this facility through January 2018. At March 31, 2016, the effective blended interest rate for the term loan was 2.91%.

3) The effective interest rate on the secured mortgage note was 6.00%.

4) Represents stated rate at March 31, 2016. At March 31, 2016, the weighted average stated rate was 1.49%.

POST PROPERTIES, INC. AND POST APARTMENT HOMES, L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited, in thousands, except per share or unit and apartment unit data)

Debt maturities

The aggregate maturities (excluding debt issuance costs) of the Company's indebtedness are as follows:

| | |
|-------------------|-------------|
| Remainder of 2016 | \$2,305 |
| 2017 | 153,296 |
| 2018 | 3,502 |
| 2019 | 212,073 (1) |
| 2020 | 300,000 |
| Thereafter | 250,000 |
| | \$921,176 |

1) Includes outstanding balance of \$32,405 on the Company's lines of credit.

Debt issuances and retirements

There were no issuances or retirements of indebtedness for the three months ended March 31, 2016.

Unsecured lines of credit

At March 31, 2016, the Company had a \$300,000 syndicated unsecured revolving line of credit (the "Syndicated Line"). The Syndicated Line had a stated interest rate of LIBOR plus 1.05%, was provided by a syndicate of nine financial institutions and required the payment of annual facility fees of 0.20% of the aggregate loan commitments. The Syndicated Line matures in January 2019 and may be extended for an additional year at the Company's option, subject to the satisfaction of certain conditions. The Syndicated Line provides for the interest rate and facility fee rate to be adjusted up or down based on changes in the credit ratings on the Company's senior unsecured debt. The components of the interest rate and the facility fee rate that are based on the Company's credit ratings range from 0.875% to 1.55% and from 0.125% to 0.30%, respectively. The Syndicated Line also includes a competitive bid option for borrowings up to 50% of the loan commitments, which may result in interest rates for such borrowings below the stated interest rates for the Syndicated Line, depending on market conditions. The credit agreement for the Syndicated Line contains customary restrictions, representations, covenants and events of default, including minimum fixed charge coverage, minimum unsecured interest coverage, and maximum leverage ratios. The Syndicated Line also restricts the amount of capital the Company can invest in specific categories of assets, such as improved land, properties under construction, non-multifamily properties, debt or equity securities, notes receivable and unconsolidated affiliates. At March 31, 2016, letters of credit to third parties totaling \$169 had been issued for the account of the Company under this facility.

Additionally, at March 31, 2016, the Company had a \$30,000 unsecured line of credit (the "Cash Management Line"). The Cash Management Line matures in January 2019, includes a one-year extension option, and carries pricing and terms, including financial covenants, substantially consistent with the Syndicated Line discussed above.

Unsecured term loan

At March 31, 2016, the Company had outstanding a \$300,000 unsecured bank term loan facility (“Term Loan”). The Term Loan carries a stated interest rate of LIBOR plus 1.15%, was provided by a syndicate of eight financial institutions and matures in January 2020. The Term Loan provides for the stated interest rate to be adjusted up or down based on changes in the credit ratings on the Company’s senior unsecured debt. The component of the interest rate based on the Company’s credit ratings ranges from 0.90% to 1.85%. The Term Loan carries other terms, including financial covenants, substantially consistent with the Syndicated Line discussed above.

As discussed in note 8, the Company entered into interest rate swap arrangements to serve as cash flow hedges of amounts outstanding under the Term Loan. Four interest rate swap arrangements with an aggregate notional value of \$300,000 effectively fix the LIBOR component of the interest rate paid under the Term Loan at a blended rate of approximately 1.54% through January 2018, the termination date of the four interest rate swaps. As a result, the current stated blended interest rate on the Term Loan is 2.69% (subject to adjustment based on subsequent changes in the Company’s credit ratings) through January 2018.

In March 2016, the Company entered into three additional interest rate swaps arrangements with an aggregate notional value of \$200,000 that will serve as cash flow hedges of a corresponding amount of Term Loan indebtedness for the period from January 2018 through January 2020, the maturity date of the Term Loan and the termination date of the three interest rate swaps. In May 2016, the Company entered into an additional interest rate swap arrangement with an aggregate notional value of \$100,000 with pricing, terms

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and conditions substantially consistent with the three swap arrangements entered into in March 2016. These interest rate swap arrangements totaling \$300,000 will effectively fix the LIBOR component of the interest rate paid under the Term Loan at a blended rate of approximately 1.37% during this period.

Debt compliance and other

The Company's Syndicated Line, Cash Management Line, Term Loan and senior unsecured notes contain customary restrictions, representations, covenants and events of default and require the Company to meet certain financial covenants. Debt service and fixed charge coverage covenants require the Company to maintain coverages of a minimum of 1.5 to 1.0, as defined in applicable debt arrangements. Additionally, the Company's ratio of unencumbered adjusted property-level net operating income to unsecured interest expense may not be less than 2.0 to 1.0, as defined in the applicable debt arrangements. Leverage covenants generally require the Company to maintain calculated covenants above/below minimum/maximum thresholds. The primary leverage ratios under these arrangements include total debt to total asset value (maximum of 60%), total secured debt to total asset value (maximum of 40%) and unencumbered assets to unsecured debt (minimum of 1.5 to 1.0), as defined in the applicable debt arrangements. The Company believes it met these financial covenants at March 31, 2016.

5. EQUITY AND NONCONTROLLING INTERESTS

Common stock

In December 2014, the Company's board of directors adopted a stock and unsecured note repurchase program under which the Company and the Operating Partnership may repurchase up to \$200,000 of common and preferred stock and unsecured notes through December 2017. Under this program, the Company repurchased 599 shares of common stock at an aggregate cost of \$32,744 and at an average gross price per share of \$54.67 for the three months ended March 31, 2016. Under this program, in 2015, the Company repurchased 582 shares of common stock at an aggregate cost of \$32,336 and at an average gross price per share of \$55.55. Correspondingly, the Operating Partnership repurchased the same number and amount of common units from the Company.

The Company has an at-the-market common equity sales program for the sale of up to 4,000 shares of common stock. The Company has not used this program in 2016 or 2015. In future periods, the Company and the Operating Partnership may use the proceeds from this program for general corporate purposes.

Noncontrolling interests

In accordance with ASC Topic 810, the Company and the Operating Partnership determined that the noncontrolling interests related to the common units of the Operating Partnership, held by persons other than the Company, met the criterion to be classified and accounted for as "temporary" equity (reflected outside of total equity as "Redeemable Common Units"). At March 31, 2016, and December 31, 2015, the aggregate redemption value of the noncontrolling interests in the Operating Partnership was \$7,202 and \$7,133, respectively, representing their fair value at the respective dates. The Company further determined that the noncontrolling interests in consolidated real estate entities

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totaling \$1,684 (see note 2) met the criterion to be classified and accounted for as a component of permanent equity.

A roll-forward of activity relating to the Company's Redeemable Common Units for the three months ended March 31, 2016 and 2015 was as follows:

| | Three months ended March 31, | |
|--|------------------------------------|---------|
| | 2016 | 2015 |
| Redeemable common units, beginning of period | \$7,133 | \$7,086 |
| Comprehensive income | 38 | 39 |
| Adjustment for ownership interest of redeemable common units | (70) | 1 |
| Stock-based compensation | 3 | 3 |
| Distributions to common unitholders | (57) | (48) |
| Adjustment to redemption value of redeemable common units | 155 | (216) |
| Redeemable common units, end of period | \$7,202 | \$6,865 |

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6. COMPANY EARNINGS PER SHARE

For the three months ended March 31, 2016 and 2015, a reconciliation of the numerator and denominator used in the computation of basic and diluted net income per share was as follows:

| | Three months ended March 31, 2016 2015 | |
|--|--|----------|
| Net income available to common shareholders (numerator): | | |
| Net income | \$20,133 | \$19,985 |
| Noncontrolling interests - Operating Partnership | (42) | (42) |
| Preferred stock dividends | (922) | (922) |
| Unvested restricted stock (allocation of earnings) | (41) | (40) |
| Net income available to common shareholders, adjusted | \$19,128 | \$18,981 |
| Common shares (denominator): | | |
| Weighted average shares outstanding - basic | 53,582 | 54,448 |
| Dilutive shares from stock options | 17 | 17 |
| Weighted average shares outstanding - diluted | 53,599 | 54,465 |
| Per-share amount: | | |
| Basic | \$0.36 | \$0.35 |
| Diluted | \$0.36 | \$0.35 |

Stock options to purchase 106 and 28 shares of common stock for the three months ended March 31, 2016 and 2015, respectively, were excluded from the computation of diluted income from continuing operations per common share as these stock options were antidilutive.

7. OPERATING PARTNERSHIP EARNINGS PER UNIT

For the three months ended March 31, 2016 and 2015, a reconciliation of the numerator and denominator used in the computation of basic and diluted net income per unit was as follows:

| | Three months ended March 31, 2016 2015 | |
|--|--|--|
|--|--|--|

| | | |
|---|----------|----------|
| Net income available to common unitholders (numerator): | | |
| Net income | \$20,133 | \$19,985 |
| Preferred unit distributions | (922) | (922) |
| Unvested restricted stock (allocation of earnings) | (41) | (40) |
| Net income available to common unitholders, adjusted | \$19,170 | \$19,023 |
| Common units (denominator): | | |
| Weighted average units outstanding - basic | 53,703 | 54,569 |
| Dilutive units from stock options | 17 | 17 |
| Weighted average units outstanding - diluted | 53,720 | 54,586 |
| Per-unit amount: | | |
| Basic | \$0.36 | \$0.35 |
| Diluted | \$0.36 | \$0.35 |

Stock options to purchase 106 and 28 shares of common stock for the three months ended March 31, 2016 and 2015, respectively, were excluded from the computation of diluted income from continuing operations per common unit as these stock options were antidilutive.

8. FAIR VALUE MEASURES AND OTHER FINANCIAL INSTRUMENTS

From time to time, the Company records certain assets and liabilities at fair value. Real estate assets may be stated at fair value if they become impaired in a given period and may be stated at fair value if they are held for sale and the fair value of such assets is below historical cost. Additionally, the Company records derivative financial instruments at fair value. The Company also uses fair value metrics to evaluate the carrying values of its real estate assets and for the disclosure of certain financial instruments. Fair value measurements were determined by management using available market information and appropriate valuation methodologies

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available to management at March 31, 2016. Considerable judgment is necessary to interpret market data and estimate fair value. Accordingly, there can be no assurance that the estimates discussed herein, using Level 2 and 3 inputs, are indicative of the amounts the Company could realize on disposition of the real estate assets or other financial instruments. The use of different market assumptions and/or estimation methodologies could have a material effect on the estimated fair value amounts.

Real estate assets

The Company periodically reviews its real estate assets, including operating assets, construction in progress and land held for future investment, for impairment purposes using Level 3 inputs, primarily comparable sales and market data, independent valuations and discounted cash flow models. For the three months ended March 31, 2016 and 2015, the Company did not recognize any impairment charges related to its real estate assets.

Derivatives and other financial instruments

The Company manages its exposure to interest rate changes through the use of derivative financial instruments, primarily interest rate swap arrangements. At March 31, 2016, the Company had outstanding four interest rate swap arrangements with substantially similar terms and conditions. These arrangements have an aggregate notional value of \$300,000 and require the Company to pay a blended fixed interest rate of approximately 1.54% (with the counterparties paying the Company the floating one-month LIBOR rate) and terminate in January 2018. Additionally, at March 31, 2016, the Company had outstanding an additional three interest rate swap arrangements with an aggregate notional value of \$200,000. In May 2016, the Company entered into an additional interest rate swap arrangement with an aggregate notional value of \$100,000. These arrangements require the Company to pay a blended fixed interest rate of approximately 1.37% (with the counterparties paying the Company the floating one-month LIBOR rate) for the period from January 2018 and January 2020, the termination date of these arrangements and the maturity date of the Term Loan (together, the "Interest Rate Swaps"). The Interest Rate Swaps serve as cash flow hedges of amounts outstanding under the Company's variable rate Term Loan (see note 4) and provide for a stated blended fixed rate for \$300,000 of Term Loan borrowings of approximately 2.69% (subject to an adjustment based on subsequent changes in the Company's credit ratings) through January 2018. The stated blended interest rate for \$300,000 of Term Loan borrowings for the period from January 2018 to January 2020 will be approximately 2.52%.

The Interest Rate Swaps are measured and accounted for at fair value on a recurring basis. The Interest Rate Swaps outstanding at March 31, 2016 and December 31, 2015 were valued as net liabilities of \$5,221 and \$3,365, respectively, primarily using level 2 inputs, as substantially all of the fair value was determined using widely accepted discounted cash flow valuation techniques along with observable market-based inputs for similar types of arrangements. The Company reflects both the respective counterparty's nonperformance risks and its own nonperformance risks in its fair value measurements using unobservable inputs. However, the impact of such risks was not considered material to the overall fair value measurements of the derivatives. These liabilities are included in accounts payable, accrued expenses and other liabilities on the consolidated balance sheets. Under ASC Topic 815, a corresponding amount is included in accumulated other comprehensive income (loss), an equity account, until the hedged transactions are recognized in earnings. The following table summarizes the effect of these Interest Rate Swaps (designated as cash flow hedges) on the Company's consolidated statements of operations and comprehensive income for the three months ended March 31, 2016 and 2015:

| Interest Rate Swap / Cash Flow Hedging Instruments | Three months ended March 31, | |
|---|------------------------------------|-----------|
| | 2016 | 2015 |
| Loss recognized in other comprehensive income | \$(2,700) | \$(2,571) |
| Loss reclassified from accumulated other comprehensive income (loss) into interest expense | \$(844) | \$(1,023) |

The amounts reported in accumulated other comprehensive income as of March 31, 2016 will be reclassified to interest expense as interest payments are made under the hedged indebtedness. Over the next year, the Company estimates that \$2,934 will be reclassified from accumulated comprehensive income to interest expense.

As part of the Company's on-going procedures, the Company monitors the credit worthiness of its financial institution counterparties and its exposure to any single entity, which it believes minimizes credit risk concentration. The Company believes the likelihood of realized losses from counterparty non-performance is remote. The Interest Rate Swaps are cross defaulted with the Company's Term Loan and Syndicated Line (see note 4) and contain certain provisions consistent with these types of arrangements. If the Company was

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required to terminate the Interest Rate Swaps and settle the obligations thereunder as of March 31, 2016, the termination payment by the Company would have been approximately \$5,287.

Other financial instruments

Cash equivalents, rents and accounts receivables, accounts payable, accrued expenses and other liabilities are carried at amounts which reasonably approximate their fair values because of the short-term nature of these instruments. At March 31, 2016, the fair value of fixed rate debt was approximately \$607,545 (carrying value of \$586,938) and the fair value of variable rate debt, including the Company's lines of credit, was approximately \$333,008 (carrying value of \$329,936). At December 31, 2015, the fair value of fixed rate debt was approximately \$598,952 (carrying value of \$587,588) and the fair value of variable rate debt, including the Company's lines of credit, was approximately \$300,593 (carrying value of \$297,366). Long-term indebtedness was valued using Level 2 inputs, primarily market prices of comparable debt instruments.

9. SEGMENT INFORMATION

Segment description

In accordance with ASC Topic 280, "Segment Reporting," the Company presents segment information based on the way that management organizes the segments within the enterprise for making operating decisions and assessing performance. The segment information is prepared on the same basis as the internally reported information used by the Company's chief operating decision makers to manage the business.

The Company's chief operating decision makers focus on the Company's primary sources of income from apartment community rental operations. Apartment community rental operations are generally broken down into segments based on the various stages in the apartment community ownership lifecycle. These segments are described below. All commercial properties and other ancillary service and support operations are combined in the line item "other property segments" in the accompanying segment information. The segment information presented below reflects the segment categories based on the lifecycle status of each community as of January 1, 2015.

- Fully stabilized communities – those apartment communities which have been stabilized (the earlier of the point at which a property reaches 95% occupancy or one year after completion of construction) for both 2016 and 2015.
- Newly stabilized communities – those apartment communities which reached stabilized occupancy in 2015.
- Lease-up communities – those apartment communities that are under development and lease-up but were not stabilized by the beginning of 2016, including communities that stabilized in 2016.
- Held for sale and sold communities – those apartment and mixed-use communities classified as held for sale or sold in 2016, if any, and those communities sold in 2015, if any (see note 2).

Segment performance measure

Management uses contribution to consolidated property net operating income ("NOI") as the performance measure for its operating segments. The Company uses NOI, including NOI of stabilized communities, as an operating measure. NOI is defined as rental and other property revenue from real estate operations less total property and maintenance expenses from real estate operations (excluding depreciation and amortization). The Company believes that NOI is an important supplemental measure of operating performance for a REIT's operating real estate because it provides a measure of the core operations, rather than factoring in depreciation and amortization, financing costs and general and administrative expenses generally incurred at the corporate level. This measure is particularly useful, in the opinion of the Company, in evaluating the performance of operating segment groupings and individual properties. Additionally, the Company believes that NOI, as defined, is a widely accepted measure of comparative operating performance in the real estate investment community. The Company believes that the line on the Company's consolidated statement of operations entitled "net income (loss)" is the most directly comparable GAAP measure to NOI.

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Segment information

The following table reflects each segment's contribution to consolidated revenues and NOI together with a reconciliation of segment contribution to property NOI to consolidated net income for the three months ended March 31, 2016 and 2015. Additionally, substantially all of the Company's assets relate to the Company's property rental operations. Asset cost, depreciation and amortization by segment are not presented because such information at the segment level is not reported internally.

| | Three months ended | |
|--|--------------------|----------|
| | March 31, | |
| | 2016 | 2015 |
| Revenues | | |
| Fully stabilized communities | \$90,242 | \$86,769 |
| Newly stabilized communities | 1,077 | 1,022 |
| Lease-up communities | 990 | - |
| Other property segments | 5,886 | 5,327 |
| Other | 272 | 313 |
| Consolidated revenues | \$98,467 | \$93,431 |
| Contribution to Property Net Operating Income | | |
| Fully stabilized communities | \$54,751 | \$52,938 |
| Newly stabilized communities | 580 | 526 |
| Lease-up communities | 305 | - |
| Other property segments, including corporate management expenses | (228) | (469) |
| Consolidated property net operating income | 55,408 | 52,995 |
| Interest income | 1 | 81 |
| Other revenues | 272 | 313 |
| Depreciation | (22,709) | (21,257) |
| Interest expense | (7,766) | (8,373) |
| General and administrative | (4,886) | (5,014) |
| Investment and development | (25) | (235) |
| Other investment costs | (77) | (134) |
| Other expenses | (333) | - |
| Equity in income of unconsolidated real estate entities, net | 643 | 397 |
| Gains on sales of real estate assets, net | - | 1,773 |
| Other income (expense), net | (395) | (364) |
| Net loss on extinguishment of indebtedness | - | (197) |
| Net income | \$20,133 | \$19,985 |

10. STOCK-BASED COMPENSATION PLANS

As the primary operating subsidiary of the Company, the Operating Partnership participates in and bears the compensation expenses associated with the Company's stock-based compensation plans. The information discussed below relating to the Company's stock-based compensation plans is also applicable for the Operating Partnership.

Incentive stock plans

Incentive stock awards are granted under the Company's 2003 Incentive Stock Plan, as amended and restated in October 2008 (the "2003 Stock Plan"). Under the 2003 Stock Plan, an aggregate of 3,469 shares of common stock were reserved for issuance. Of this amount, stock grants count against the total shares available under the 2003 Stock Plan as 2.7 shares for every one share issued, while options (and stock appreciation rights ("SAR") settled in shares) count against the total shares available as one share for every one share issued on the exercise of an option (or SAR). The exercise price of each option granted under the 2003 Stock Plan may not be less than the market price of the Company's common stock on the date of the option grant and all options may have a maximum life of ten years. Participants receiving restricted stock grants are generally eligible to vote such shares and receive dividends on such shares. Substantially all stock option and restricted stock grants are subject to annual vesting provisions (generally three to five years) as determined by the compensation committee overseeing the 2003 Stock Plan.

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Compensation costs for stock options have been estimated on the grant date using the Black-Scholes option-pricing method. The weighted average assumptions used in the Black-Scholes option-pricing model are as follows:

| | March 31, | |
|------------------------------|-----------|-------|
| | 2016 | 2015 |
| Dividend yield | 3.0% | 2.7% |
| Expected volatility | 23.8% | 42.8% |
| Risk-free interest rate | 1.6% | 1.4% |
| Expected option term (years) | 6.0 | 6.0 |
| | years | years |

The Company's assumptions were derived from the methodologies discussed herein. The expected dividend yield reflects the Company's current historical yield, which was expected to approximate the future yield at the date of grant. Expected volatility was based on the historical volatility of the Company's common stock. The risk-free interest rate for the expected life of the options was based on the implied yields on the U.S. Treasury yield curve at the date of grant. The weighted average expected option term was based on the Company's historical data for prior period stock option exercise and forfeiture activity.

Restricted stock

Compensation cost for restricted stock is amortized ratably into compensation expense over the applicable vesting periods. Total compensation expense related to restricted stock was \$1,164 and \$1,467 for the three months ended March 31, 2016 and 2015, respectively. At March 31, 2016, there was \$5,833 of unrecognized compensation cost related to restricted stock. This cost is expected to be recognized over a weighted average period of 2.1 years.

A summary of the activity related to the Company's restricted stock for the three months ended March 31, 2016 and 2015 is as follows:

| | Three months ended March 31, | | | |
|--------------------------------------|------------------------------|---|--------|---|
| | 2016 | | 2015 | |
| | Shares | Weighted-Avg. Grant-Date Fair Value | Shares | Weighted-Avg. Grant-Date Fair Value |
| Unvested shares, beginning of period | 78 | \$ 56 | 76 | \$ 49 |
| Granted (1) | 60 | 58 | 68 | 60 |
| Vested | - | - | (3) | 52 |
| Unvested shares, end of period | 138 | 57 | 141 | 54 |

1)The total value of the restricted share grants for the three months ended March 31, 2016 and 2015 was \$3,486 and \$4,123, respectively.

Stock options

Compensation cost for stock options is amortized ratably into compensation expense over the applicable vesting periods. The Company recorded compensation expense related to stock options of \$235 and \$178 for the three months ended March 31, 2016 and 2015, respectively, recognized under the fair value method. At March 31, 2016, there was \$999 of unrecognized compensation cost related to unvested stock options. This cost is expected to be recognized over a weighted average period of 2.2 years.

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A summary of stock option activity under all plans for the three months ended March 31, 2016 and 2015 is presented below:

| | Three months ended March 31, | | | |
|--|------------------------------|----------------|--------|----------------|
| | 2016 | | 2015 | |
| | Shares | Exercise Price | Shares | Exercise Price |
| Options outstanding, beginning of period | 133 | \$ 49 | 148 | \$ 46 |
| Granted | 78 | 58 | 28 | 60 |
| Exercised | (11) | 39 | (38) | 48 |
| Options outstanding, end of period (1) | 200 | 53 | 138 | 49 |
| Options exercisable, end of period (1) | 91 | 48 | 77 | 45 |
| Options vested and expected to vest, end of period (1) | 195 | 53 | 135 | 49 |
| Weighted average fair value of options granted during the period | | \$9.44 | | \$19.49 |

1) March 31, 2016 the aggregate intrinsic value of stock options outstanding, exercisable and vested/expected to vest was \$1,338, \$1,036 and \$1,323, respectively. At that same date, the weighted average remaining contractual lives of stock options outstanding, exercisable and vested/expected to vest was 8.0 years, 6.2 years and 7.9 years, respectively.

Upon the exercise of stock options, the Company issues shares of common stock from treasury shares or, to the extent treasury shares are not available, from authorized common shares. The total intrinsic value of stock options exercised for the three months ended March 31, 2016 and 2015 was \$214 and \$548, respectively.

At March 31, 2016, the Company segregated its outstanding options into two ranges, based on exercise prices, as follows:

| Option Ranges | Options Outstanding | | | Options Exercisable | | |
|-------------------|---------------------|------------------------------|----------------------------|---------------------|------------------------------|----------------------------|
| | Shares | Weighted Avg. Exercise Price | Weighted Avg. Life (Years) | Shares | Weighted Avg. Exercise Price | Weighted Avg. Life (Years) |
| \$37.04 - \$50.30 | 94 | \$ 47 | 6.1 | 82 | \$ 47 | |
| \$57.80 - \$60.40 | 106 | 58 | 9.6 | 9 | 60 | |
| Total | 200 | 53 | 8.0 | 91 | 48 | |

Employee stock purchase plan

The Company maintains an Employee Stock Purchase Plan (the “ESPP”) approved by Company shareholders in 2014. The maximum number of shares issuable under the ESPP is 250. The purchase price of shares of common stock under the ESPP is equal to 85% of the lesser of the closing price per share of common stock on the first or last day of the trading period, as defined. The Company records the aggregate cost of the ESPP (generally the 15% discount on the share purchases) as a period expense. Total compensation expense relating to the ESPP was \$54 and \$54 for the three months ended March 31, 2016 and 2015, respectively.

11. INCOME TAXES

The Company has elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (the “Code”). To qualify as a REIT, the Company must distribute annually at least 90% of its adjusted taxable income, as defined in the Code, to its shareholders and satisfy certain other organizational and operating requirements. It is management’s current intention to adhere to these requirements and maintain the Company’s REIT status. As a REIT, the Company generally will not be subject to federal income tax at the corporate level on the taxable income it distributes to its shareholders. Should the Company fail to qualify as a REIT in any tax year, it may be subject to federal income taxes at regular corporate rates (including any applicable alternative minimum tax) and may not be able to qualify as a REIT for four subsequent taxable years. The Company may be subject to certain state and local taxes on its income and property, and to federal income taxes and excise taxes on its undistributed taxable income.

The Operating Partnership files tax returns as a limited partnership under the Code. As a partnership, the income and losses of the Operating Partnership are allocated to its partners, including the Company, for inclusion in their respective income tax returns. Accordingly, no provision or benefit for income taxes has been included in the accompanying Operating Partnership financial statements. The Operating Partnership intends to make sufficient cash distributions to the Company to enable it to meet its annual REIT distribution requirements.

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In the preparation of income tax returns in federal and state jurisdictions, the Company, the Operating Partnership and its taxable REIT subsidiaries assert certain tax positions based on their understanding and interpretation of the income tax law. The taxing authorities may challenge such positions and the resolution of such matters could result in the payment and recognition of additional income tax expense. Management believes it has used reasonable judgments and conclusions in the preparation of its income tax returns. The Company and its subsidiaries, including the Company's taxable REIT subsidiaries ("TRSs"), income tax returns are subject to examination by federal and state tax jurisdictions for years 2012 through 2014. Net income tax loss carryforwards and other tax attributes generated in years prior to 2012 are also subject to challenge in any examination of the 2012 to 2014 tax years.

The Company utilizes TRSs principally to perform such non-REIT activities as asset and property management and other services. These TRSs are subject to federal and state income taxes. The income tax attributes associated with the TRSs are not material to the Company's consolidated financial position or results of operations.

12. OTHER EXPENSES

Other expenses for the three months ended March 31, 2016 included casualty losses of \$250 related to an extreme weather event in one of the Company's Texas markets and \$83 related to the upgrade of the Company's human resource information systems.

13. LEGAL PROCEEDINGS, COMMITMENTS AND CONTINGENCIES

In September 2010, the United States Department of Justice (the "DOJ") filed a lawsuit against the Company in the United States District Court for the Northern District of Georgia. The suit alleges various violations of the Fair Housing Act ("FHA") and the Americans with Disabilities Act ("ADA") at properties designed, constructed or operated by the Company in the District of Columbia, Virginia, Florida, Georgia, New York, North Carolina and Texas. The plaintiff seeks statutory damages and a civil penalty in unspecified amounts, as well as injunctive relief that includes retrofitting apartments and public use areas to comply with the FHA and the ADA and prohibiting construction or sale of noncompliant units or complexes. The Company filed a motion to transfer the case to the United States District Court for the District of Columbia, where a previous civil case involving alleged violations of the FHA and ADA by the Company was filed and ultimately dismissed. On October 29, 2010, the United States District Court for the Northern District of Georgia issued an opinion finding that the complaint shows that the DOJ's claims are essentially the same as the previous civil case, and, therefore, granted the Company's motion and transferred the DOJ's case to the United States District Court for the District of Columbia. Discovery has closed, and the Court has denied motions filed by the parties relating to additional discovery and expert witnesses. Each party filed Motions for Summary Judgment, which were briefed in April 2014. In March 2015, the Court denied both Motions for Summary Judgment and requested supplemental briefing, which both sides submitted in June 2015. In October 2015, the Court requested additional briefing due in December 2015 to resolve legal issues before trial. Substantive briefing on these legal issues was completed on February 9, 2016. The parties now await a hearing with the Court to discuss the issues and potentially to set the case for trial. Until such time as the Court issues rulings on the application of the law to the facts of this case, it is not possible to predict or determine the outcome of the legal proceeding, nor is it possible to estimate the amount of loss, if any, that would be associated with an adverse decision.

The Company is involved in various other legal proceedings incidental to its business from time to time, some of which are expected to be covered by liability or other insurance. Management of the Company believes that any resolution of pending proceedings or liability to the Company which may arise as a result of these various other legal proceedings will not have a material effect on the Company's results of operations, cash flows or financial position.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(Unaudited, in thousands, except per share or unit and apartment unit data)

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF
OPERATIONS

Company overview

Post Properties, Inc. (the "Company") and its subsidiaries develop, own and manage upscale multi-family apartment communities in selected markets in the United States. The Company through its wholly-owned subsidiaries is the sole general partner, a limited partner and owns a majority interest in Post Apartment Homes, L.P. (the "Operating Partnership"), a Georgia limited partnership. The Operating Partnership, through its operating divisions and subsidiaries conducts substantially all of the on-going operations of the Company, a publicly traded corporation which operates as a self-administered and self-managed real estate investment trust ("REIT"). As used herein, the term "Company" includes Post Properties, Inc. and its subsidiaries, including Post Apartment Homes, L.P., unless the context indicates otherwise.

The Company has elected to qualify and operate as a self-administrated and self-managed REIT for federal income tax purposes. A REIT is a legal entity which holds real estate interests and is generally not subject to federal income tax on the income it distributes to its shareholders. The Operating Partnership is governed under the provisions of a limited partnership agreement, as amended. Under the provisions of the limited partnership agreement, as amended, Operating Partnership net profits, net losses and cash flow (after allocations to preferred ownership interests) are allocated to the partners in proportion to their common ownership interests. Cash distributions from the Operating Partnership shall be, at a minimum, sufficient to enable the Company to satisfy its annual dividend requirements to maintain its REIT status under the Code.

At March 31, 2016, the Company had interests in 24,162 apartment units in 61 communities, including 1,471 apartment units in four communities held in unconsolidated entities and 2,630 apartment units in seven communities currently under development and in lease-up. At March 31, 2016, approximately 30.2%, 21.6%, 13.3% and 10.7% (on a unit basis) of the Company's operating communities were located in the Atlanta, Georgia, Dallas, Texas, the greater Washington, D.C. and Tampa, Florida metropolitan areas, respectively.

At March 31, 2016, the Company owned approximately 99.8% of the common limited partnership interests ("Common Units") in the Operating Partnership. Common Units held by persons other than the Company represented a 0.2% common noncontrolling interest in the Operating Partnership.

The discussion below is combined for the Company and the Operating Partnership as their results of operations and financial conditions are substantially the same except for the effect of the 0.2% weighted average common noncontrolling interest in the Operating Partnership.

Operations Overview

The following discussion provides an overview of the Company's operations, and should be read in conjunction with the more full discussion of the Company's operating results, liquidity and capital resources and risk factors reflected elsewhere in this Form 10-Q.

Property Operations

Favorable market fundamentals and demographics and a steadily improving economy and jobs market and a declining rate of home ownership have contributed to improved multi-family housing demand and, consequently, positive revenue and net operating income (“NOI”) in the Company’s markets since 2010. Year-over-year same store revenues and NOI increased by 4.0% and 3.4%, or \$3,473 and \$1,813, respectively, in the first three months of 2016, as compared to the first three months of 2015. The Company's operating results for the first three months of 2016 and its outlook for the remainder of 2016 are more fully discussed in the "Results of Operations" and "Outlook" sections below. The Company's outlook for the remainder of 2016 is based on the expectation that economic and employment conditions will continue to exhibit moderate growth. However, there continues to be risk and uncertainty in the economy and the jobs market. If the economic recovery was to stall or U.S. economic conditions were to worsen, the Company's operating results would be adversely affected. Furthermore, development of new multi-family rental units has continued to increase, which has increased the competitive supply of rental units in the markets in which the Company operates. This new supply contributed to a moderation in the rate of rental income and NOI growth in recent years and this trend is expected to persist in 2016.

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Development Activity

At March 31, 2016, the Company had 2,290 apartment units in six communities under development with total budgeted development and construction costs of \$478,600. These communities are summarized in the “Liquidity and Capital Resources” section below under the sub caption “Current Communities under Development”. The Company currently expects to complete apartment units and initiate the lease-up of two of these communities, containing 794 apartment units, in 2016.

An additional community, The High Rise at Post Alexander™, containing 340 apartment units with total projected costs of \$74,800, continues its initial lease-up and, as of April 30, 2016, was 72.6% leased.

The square footage amounts discussed above are approximate and actual amounts may vary. The Company currently expects to utilize available borrowing capacity under its unsecured bank credit facilities, or other indebtedness, and, from time to time, asset sales to fund future estimated construction expenditures.

In addition, the Company may commence development activities at certain of its existing and new land sites over the next two years. Management believes, however, that the timing of such development starts will depend largely on a continued favorable outlook for multi-family apartment rentals, capital market conditions and the U.S. economy. Until such time as additional development activities commence or certain land positions are sold, the Company expects that operating results will be adversely impacted by costs of carrying land held for future investment or sale. There can be no assurance that land held for investment will be developed in the future or at all. Although the Company does not believe that any impairment exists at March 31, 2016, should the Company change its expectations regarding the timing and projected undiscounted future cash flows expected from land held for future investment, or the estimated fair value of its assets, the Company could be required to recognize impairment losses in future periods.

Common Share Repurchase Program

In the third quarter of 2015, the Company announced an allocation of up to \$100,000 of an existing \$200,000 repurchase program (see note 5 to the consolidated financial statements) to pursue common share repurchases over an approximate twelve-month period. Under this program, in the three months ended March 31, 2016, the Company repurchased 599 common shares at an aggregate cost of \$32,744 at an average gross price per share of \$54.67. Cumulative through March 31, 2016 under this program, the Company repurchased 1,181 shares of common stock at an aggregate cost of \$65,080 and at an average price per share of \$55.10. Future common share repurchases are expected to be conditioned on the trading price of the Company’s common shares in relation to management’s estimates of the net asset value of the Company’s portfolio, and on general economic and market conditions. There can be no assurance that any additional shares will be repurchased under this program.

The following discussion should be read in conjunction with the selected financial data and with all of the accompanying consolidated financial statements appearing elsewhere in this report. This discussion is combined for the Company and the Operating Partnership as their results of operations and financial condition are substantially the same except for the effect of the 0.2% weighted average common minority interest in the Operating Partnership. See the summary financial information in the section below titled, “Results of Operations.”

Disclosure Regarding Forward-Looking Statements

Certain statements made in this report, and other written or oral statements made by or on behalf of the Company, may constitute “forward-looking statements” within the meaning of the federal securities laws. In addition, the Company, or the executive officers on the Company’s behalf, may from time to time make forward-looking statements in reports and other documents the Company files with the Securities Exchange Commission (SEC) or in connection with oral statements made to the press, potential investors or others. Statements regarding future events and developments and the Company’s future performance, as well as management’s expectations, beliefs, plans, estimates or projections relating to the future, are forward-looking statements within the meaning of these laws. Forward-looking statements include statements preceded by, followed by or that include the words “believes,” “expects,” “anticipates,” “plans,” “estimates,” “should,” or similar expressions. Examples of such statements in this report include expectations regarding economic and apartment market conditions, the Company’s anticipated operating results in 2016, expectations regarding future impairment charges, anticipated construction and development activities (including projected costs, timing and anticipated potential sources of financing of future development activities), expectations regarding cash flows from operating activities, expected costs of development, anticipated investment, interest and other expenses, expectations regarding the use of proceeds from outstanding borrowings and effective interest rates under the Company’s unsecured term loan and revolving credit facilities, expectations regarding compensation costs for stock-based compensation, expectations regarding the delivery of apartment units at lease-up communities, the Company’s expected debt levels, expectations regarding the availability of additional capital, unsecured and secured financing, the anticipated dividend level in 2016 and expectations regarding the source of funds for payment of the dividend,

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expectations regarding the Company's ability to execute its 2016 business plan and to meet short-term and long-term liquidity requirements, including capital expenditures, development and construction expenditures, land and apartment community sales and acquisitions, dividends and distributions on its common and preferred equity and debt service requirements and long-term liquidity requirements including maturities of long-term debt and acquisition and development activities, the Company's expectations regarding asset acquisitions and sales in 2016, the Company's expectations regarding the use of joint venture arrangements, expectations regarding the Company's at-the-market common equity program and the use of proceeds thereof, expectations regarding the DOJ matter and the outcome of and insurance coverage for other legal proceedings, and expectations regarding the Company's ability to maintain its REIT status under the Internal Revenue Code. Forward-looking statements are only predictions and are not guarantees of performance. These statements are based on beliefs and assumptions of the Company's management, which in turn are based on currently available information. Important assumptions relating to the forward-looking statements include, among others, assumptions regarding the market for the Company's apartment communities, demand for apartments in the markets in which it operates, competitive conditions and general economic conditions. These assumptions could prove inaccurate. The forward-looking statements also involve risks and uncertainties, which could cause actual results to differ materially from those contained in any forward-looking statement. Many of these factors are beyond the Company's ability to control or predict. Such factors include, but are not limited to, the following:

- The success of the Company's business strategies described on pages 2 to 3 of this Form 10-K;
- Conditions affecting ownership of residential real estate and general conditions in the multi-family residential real estate market;
- Uncertainties associated with the Company's real estate development and construction;
- Uncertainties associated with the timing and amount of apartment community sales;
- Exposure to economic and other competitive factors due to market concentration;
- Future local and national economic conditions, including changes in job growth, interest rates, the availability of mortgage and other financing and related factors;
- The Company's ability to generate sufficient cash flows to make required payments associated with its debt financing;
- The effects of the Company's leverage on its risk of default and debt service requirements;
- The impact of a downgrade in the credit rating of the Company's securities;
- The effects of a default by the Company or its subsidiaries on an obligation to repay outstanding indebtedness, including cross-defaults and cross-acceleration under other indebtedness or the responsibility for recourse guarantees;
- The effects of covenants of the Company's or its subsidiaries' mortgage indebtedness on operational flexibility and default risks;
- Uncertainties associated with the global capital markets, including the continued availability of traditional sources of capital and liquidity and related factors;
- The Company's ability to maintain its current dividend level;
- The impact of any additional charges the Company may be required to record in the future related to any impairment in the carrying value of its assets;
-

- The impact of competition on the Company's business, including competition for residents in the Company's apartment communities and development locations;
- The Company's ability to compete for limited investment opportunities;
 - The effects of any decision by the government to eliminate Fannie Mae or Freddie Mac or reduce government support for apartment mortgage loans;
 - The effect of changes in interest rates and the effectiveness of interest rate hedging contracts;
 - The success of the Company's acquired apartment communities;
 - The Company's ability to succeed in new markets;
 - The costs associated with compliance with laws requiring access to the Company's properties by persons with disabilities, including the impact of the Company's ongoing litigation with the U.S. Department of Justice ("DOJ") regarding the Americans with Disabilities Act and the Fair Housing Act as well as the impact of other litigation;
 - Any breach of the Company's privacy or information security systems;
 - The effects of losses from natural catastrophes in excess of insurance coverage;
 - Uncertainties associated with environmental and other regulatory matters;
 - The costs associated with moisture infiltration and resulting mold remediation;
 - Uncertainties associated with increased costs to own and maintain the Company's apartment communities;
 - Ongoing risks and uncertainties associated with the Company's previous investment in for-sale condominium housing, including warranty and related obligations;

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- The Company's ability to control joint ventures, properties in which it has joint ownership and corporations and limited partnership in which it has partial interests;
- The Company's ability to renew leases or relet units as leases expire;
- The Company's ability to continue to qualify as a REIT under the Internal Revenue Code;
- The Operating Partnership's ability to continue to be treated as a partnership under the Internal Revenue Code;
- The effects of changes in accounting policies and other regulatory matters detailed in the Company's filings with the Securities and Exchange Commission;
- Increased costs arising from health care reform; and
- Other factors, including the risk factors discussed in Item 1A of the Company's Form 10-K.

Management believes these forward-looking statements are reasonable; however, undue reliance should not be placed on any forward-looking statements, which are based on current expectations. Further, forward-looking statements speak only as of the date they are made, and management undertakes no obligation to update publicly any of them in light of new information or future events.

Critical accounting policies and new accounting pronouncements

In the preparation of financial statements and in the determination of Company operating performance, the Company utilizes certain significant accounting policies. The Company's significant accounting policies are included in the notes to the Company's consolidated financial statements included in the Company's Form 10-K. The Company's critical accounting policies are those that require application of management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods. For a complete description of the Company's critical accounting policies, please refer to pages 30 to 31 of the Company's Form 10-K. There were no significant changes to the Company's critical accounting policies and estimates for the three months ended March 31, 2016. The discussion below details the Company's critical accounting policies related to asset impairments as well as the impact of the new accounting pronouncements relating to revenue recognition, consolidated reporting, the presentation of debt issuance costs and interest expense and the accounting for leases.

Critical accounting policies

The Company continually evaluates the recoverability of the carrying value of its real estate assets using the methodology summarized in its accounting policies (see note 1 to the consolidated financial statements). Under current accounting literature, the evaluation of the recoverability of the Company's real estate assets requires the judgment of Company management in the determination of the future cash flows expected from the assets and the estimated holding period for the assets. The Company uses market capitalization rates to determine the estimated residual value of its operating real estate assets and, generally, takes a long-term view of the holding period of its assets unless specific facts and circumstances warrant shorter holding periods (expected sales, departures from certain geographic markets, etc.). The Company considers a real estate asset held for investment as impaired if the undiscounted, estimated future cash flows of the asset (both the annual estimated cash flow from future operations and the estimated cash flow from the theoretical sale of the asset) over its expected holding period are less than the asset's net book value. For real estate assets held for sale, if any, the Company recognizes impairment losses if an asset's net book value is in excess of its estimated fair value, less costs to sell. At March 31, 2016, management believed it had applied reasonable estimates and judgments in determining the proper classification of its real estate assets and

determined that no impairment existed. See notes 1 and 8 to the consolidated financial statements for a further discussion of the Company's methodologies for determining the fair value of the Company's real estate assets. Should external or internal circumstances change requiring the need to shorten the holding periods or adjust the estimated future cash flows of certain of the Company's assets, the Company could be required to record impairment charges in the future.

New accounting pronouncements

In May 2014, Accounting Standards Update No. 2014-09 ("ASU 2014-09"), "Revenue from Contracts with Customers," was issued. This new guidance establishes a single comprehensive revenue recognition model under U.S. GAAP and provides for enhanced disclosures. Under this new guidance, the amount of revenue recognized for certain transactions could differ from amounts recognized under existing accounting guidance and could also result in recognition in different reporting periods. Also, the provisions of ASU 2014-09 exclude revenue recognition regarding lease contracts (see below). In August 2015, ASU 2014-09 was amended to defer the effective date by one year. The new guidance is effective for annual reporting periods beginning after December 15, 2017; however, adoption is permitted for annual reporting periods beginning after December 15, 2016. The Company expects to adopt ASU 2014-09 as of January 1, 2018 and is currently evaluating the impact that this new guidance may have on its results of operations.

In February 2015, Accounting Standards Update No. 2015-02 ("ASU 2015-02"), "Consolidation," was issued. The new guidance primarily amends current consolidation accounting guidance with respect to the evaluation criteria for determining whether certain

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limited partnerships or similar legal entities and certain variable interest entities are subject to consolidated reporting. The Company adopted ASU 2015-02 on January 1, 2016. The new standard did not have a material impact on the Company's financial position or results of operations.

In April and August 2015, Accounting Standards Update Nos. 2015-03 and 2015-15 ("ASU 2015-03" and "ASU 2015-15"), "Interest-Imputation of Interest," were issued. ASU 2015-03 requires debt issuance costs to be presented as direct deductions from the face value of the related debt instrument in the preparation of consolidated balance sheets. Further, ASU 2015-03 requires companies to report the amortization of debt issuance costs as interest expense in their consolidated statements of operations. Effective January 1, 2016, the Company retrospectively adopted ASU 2015-03 and ASU 2015-15. As such, the Company reclassified \$4,583 of net debt issuance costs related to its secured and unsecured debt instruments as of December 31, 2015 from Deferred financing costs, net to a reduction of Indebtedness on its consolidated balance sheets. Further, the Company reclassified \$280 from Amortization of deferred financing costs to Interest expense on its consolidated statements of operations for the three months ended March 31, 2015. ASU 2015-15 states that debt issuance costs related to line-of-credit arrangements will continue to be classified as deferred assets and ratably amortized over the term of the arrangements. The Company reclassified \$2,365 of net debt issuance costs related to its line-of-credit arrangements as of December 31, 2015, from Deferred financing costs, net to Other assets on its consolidated balance sheets and also reclassified \$169 from Amortization of deferred financing costs to Other income (expense), net in its consolidated statements of operations for the three months ended March 31, 2015.

In February 2016, Accounting Standards Update No. 2016-02 (ASU-2016-02), "Leases" was issued. ASU 2016-02 establishes a new lease accounting recognition model for lessees and lessors. Under this new guidance, lessees will be required to apply a dual approach, classifying leases with a term of more than 12 months as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase of the leased asset by the lessee. This classification will determine whether the lease expense is recognized based on an effective interest method (finance leases) or on a straight-line basis over the term of the lease (operating leases). A lessee is also required to record a right-of-use asset and a lease liability, measured at the net present value of the lease obligations, for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance. The guidance is effective for interim and annual reporting periods beginning after December 31, 2018. The Company currently expects to adopt ASU 2016-02 as of January 1, 2019 and is currently evaluating the impact that this new guidance may have on its statements of financial position and its results of operations

Results of operations

The following discussion of results of operations should be read in conjunction with the consolidated statements of operations and the community operations/segment performance information included below.

The Company's revenues and earnings from continuing operations are generated primarily from the operation of its apartment communities. For purposes of evaluating comparative operating performance, the Company categorizes its operating apartment communities based on the period each community reaches stabilized occupancy. The Company generally considers a community to have achieved stabilized occupancy on the earlier to occur of (1) attainment of

95% physical occupancy on the first day of any month or (2) one year after completion of construction.

For the three months ended March 31, 2016, the Company's portfolio of operating apartment communities, excluding four communities held in unconsolidated entities, consisted of the following: (1) 52 communities that were completed and stabilized for all of the current and prior year (same store communities), (2) one community which reached stabilized occupancy in 2015 (newly stabilized communities), and (3) a portion of one community in lease-up in 2016 (lease-up communities). There were no apartment communities classified as held for sale at March 31, 2016.

The Company has adopted an accounting policy related to communities in the lease-up stage whereby substantially all operating expenses (including pre-opening marketing and management and leasing personnel expenses) are expensed as incurred. During the lease-up phase, the sum of interest expense on completed units and other operating expenses (including pre-opening marketing and management and leasing personnel expenses) will initially exceed rental revenues, resulting in a "lease-up deficit," which continues until such time as rental revenues exceed such expenses. Lease-up deficits were \$482 and \$0 for the three months ended March 31, 2016 and 2015, respectively. The Company expects to incur additional lease-up deficits for the full year of 2016.

In order to evaluate the operating performance of its communities for the comparative years listed below, the Company has presented financial information which summarizes the rental and other revenues, property operating and maintenance expenses (excluding

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depreciation and amortization) and net operating income on a comparative basis for all of its operating communities and for its stabilized operating communities. Net operating income is a supplemental non-GAAP financial measure. The Company believes that the line on the Company's consolidated statement of operations entitled "net income" is the most directly comparable GAAP measure to net operating income. Net operating income is reconciled to GAAP net income in the financial information accompanying the tables. The Company believes that net operating income is an important supplemental measure of operating performance for a REIT's operating real estate because it provides a measure of the core operations, rather than factoring in depreciation and amortization, financing costs and general and administrative expenses. This measure is particularly useful, in the opinion of the Company, in evaluating the performance of geographic operations, operating segment groupings and individual properties. Additionally, the Company believes that net operating income, as defined, is a widely accepted measure of comparative operating performance in the real estate investment community.

All operating communities

The operating performance and capital expenditures from continuing operations for all of the Company's apartment communities and other commercial properties summarized by segment for the three months ended March 31, 2016 and 2015 were as follows:

| | Three months ended | | \$ Change | % Change | |
|---|--------------------|----------|-----------|----------|---|
| | March 31, 2016 | 2015 | | | |
| Rental and other property revenues | | | | | |
| Fully stabilized communities (1) | \$90,242 | \$86,769 | \$ 3,473 | 4.0 | % |
| Newly stabilized communities (2) | 1,077 | 1,022 | 55 | 5.4 | % |
| Lease-up communities (3) | 990 | - | 990 | 100.0 | % |
| Other property segments (4) | 5,886 | 5,327 | 559 | 10.5 | % |
| | 98,195 | 93,118 | 5,077 | 5.5 | % |
| Property operating and maintenance expenses (excluding depreciation and amortization) | | | | | |
| Fully stabilized communities (1) | 35,491 | 33,831 | 1,660 | 4.9 | % |
| Newly stabilized communities (2) | 497 | 496 | 1 | 0.2 | % |
| Lease-up communities (3) | 685 | - | 685 | 100.0 | % |
| Other property segments, including corporate management expenses (5) | 6,114 | 5,796 | 318 | 5.5 | % |
| | 42,787 | 40,123 | 2,664 | 6.6 | % |
| Property net operating income (6) | \$55,408 | \$52,995 | \$ 2,413 | 4.6 | % |
| Capital expenditures (7) | | | | | |
| Annually recurring | \$3,524 | \$2,268 | \$ 1,256 | 55.4 | % |

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| | | | | | |
|------------------------------------|---------|--------|-------|------|---|
| Periodically recurring | \$1,224 | \$698 | \$526 | 75.4 | % |
| Average apartment units in service | 20,401 | 20,060 | 341 | 1.7 | % |

- 1)Communities which reached stabilization prior to January 1, 2015.
- 2)Communities which reached stabilized occupancy in 2015.
- 3)Communities in lease-up but were not stabilized by the beginning of 2016, including communities stabilized in 2016.
- 4)Other property segment revenues include revenues from commercial properties, revenues from furnished apartment rentals above the unfurnished rental rates and any property revenue not directly related to property operations. Other property segment revenues exclude other corporate revenues of \$272 and \$313 for the three months ended March 31, 2016 and 2015, respectively.
- 5)Other expenses include expenses associated with commercial properties, furnished apartment rentals and corporate property management expenses. Corporate property management expenses were \$3,294 and \$3,098 for the three months ended March 31, 2016 and 2015, respectively.

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6) A reconciliation of property net operating income to GAAP net income is detailed below.

| | Three months ended March 31, | |
|---|---------------------------------|----------|
| | 2016 | 2015 |
| Fully stabilized community NOI | \$54,751 | \$52,938 |
| Property NOI from other operating segments | 657 | 57 |
| Consolidated property NOI | 55,408 | 52,995 |
| Add (subtract): | | |
| Interest income | 1 | 81 |
| Other revenues | 272 | 313 |
| Depreciation | (22,709) | (21,257) |
| Interest expense | (7,766) | (8,373) |
| General and administrative | (4,886) | (5,014) |
| Investment and development | (25) | (235) |
| Other investment costs | (77) | (134) |
| Other expenses | (333) | - |
| Equity in income of unconsolidated real estate entities, net | 643 | 397 |
| Gains on sales of real estate assets, net | - | 1,773 |
| Other income (expense), net | (395) | (364) |
| Net loss on extinguishment of indebtedness | - | (197) |
| Net income | \$20,133 | \$19,985 |

7) In addition to those expenses which relate to property operations, the Company incurs annually recurring and periodically recurring capital expenditures relating to acquiring new assets, materially enhancing the value of an existing asset, or substantially extending the useful life of an existing asset, all of which are capitalized. Annually recurring capital expenditures are those that are generally expected to be incurred on an annual basis. Periodically recurring capital expenditures are those that generally occur less frequently than on an annual basis. Periodically recurring capital expenditures include second generation lease costs on commercial properties of \$135 and \$25 for the three months ended March 31, 2016 and 2015, respectively.

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Fully stabilized communities

The Company defines fully stabilized communities as those which have reached stabilization prior to the beginning of the previous year. For the 2016 to 2015 comparison, fully stabilized communities are defined as those communities which reached stabilization prior to January 1, 2015. This portfolio consisted of 52 communities with 19,819 units, including 12 communities with 5,065 units (25.6%) located in Atlanta, Georgia, 15 communities with 4,726 units (23.8%) located in Dallas, Texas, 6 communities with 2,645 units (13.3%) located in the greater Washington D.C. metropolitan area, 5 communities with 2,342 units (11.8%) located in Tampa, Florida, 5 communities with 1,748 units (8.8%) located in Charlotte, North Carolina and 9 communities with 3,293 units (16.7%) located in other markets. The operating performance of these communities was as follows:

| | Three months ended | | | |
|--|--------------------|----------|----------|----|
| | March 31, | | | |
| | 2016 | 2015 | % Change | |
| Rental and other revenues | \$90,242 | \$86,769 | 4.0 | % |
| Property operating and maintenance expenses | | | | |
| (excluding depreciation and amortization) | 35,491 | 33,831 | 4.9 | % |
| Same store net operating income (1) | \$54,751 | \$52,938 | 3.4 | % |
| Capital expenditures (2) | | | | |
| Annually recurring | \$3,465 | \$2,220 | 56.1 | % |
| Periodically recurring | 842 | 555 | 51.7 | % |
| Total capital expenditures (A) | \$4,307 | \$2,775 | 55.2 | % |
| Total capital expenditures per unit (A ÷ 19,819 units) | \$217 | \$140 | 55.0 | % |
| Average monthly rental rate per unit (3) | \$1,471 | \$1,436 | 2.4 | % |
| Average economic occupancy (4) | 96.2 % | 94.9 % | 1.3 | % |
| Physical occupancy, end of period (4) | 94.9 % | 94.6 % | 0.3 | % |
| Gross turnover (5) | 43.2 % | 44.8 % | (1.6) |)% |
| Percentage rent increase - new leases (6) | 0.9 % | 1.2 % | (0.3) |)% |
| Percentage rent increase - renewed leases (6) | 5.0 % | 4.0 % | 1.0 | % |

- 1) Net operating income of stabilized communities is a supplemental non-GAAP financial measure. See page 32 for a reconciliation of net operating income for stabilized communities to GAAP net income.
- 2) A reconciliation of these segment components of property capital expenditures to total annually recurring and periodically recurring and total capital expenditures as presented in the consolidated statements of cash flows prepared under GAAP is detailed below.

| | Three months ended | |
|--|--------------------|----------|
| | March 31, | |
| | 2016 | 2015 |
| Annually recurring capital expenditures by operating segment | | |
| Fully stabilized communities | \$3,465 | \$2,220 |
| Newly stabilized communities | 2 | 1 |
| Lease-up communities | 1 | - |
| Commercial and other segments | 56 | 47 |
| Total annually recurring capital expenditures | \$3,524 | \$2,268 |
| Periodically recurring capital expenditures by operating segment | | |
| Fully stabilized communities | \$842 | \$555 |
| Newly stabilized communities | - | - |
| Lease-up communities | - | - |
| Commercial and other segments | 382 | 143 |
| Total periodically recurring capital expenditures | \$1,224 | \$698 |
| Total revenue generating capital expenditures | \$2,481 | \$1,633 |
| Decrease (increase) in capital expenditure accruals, net of commercial leasing costs | \$2 | \$(524) |
| Total property capital expenditures per statements of cash flows | \$7,231 | \$4,075 |

The Company uses same store annually recurring and periodically recurring capital expenditures as cash flow measures. Same store annually recurring and periodically recurring capital expenditures are supplemental non-GAAP financial measures. The Company believes that same store annually recurring and periodically recurring capital expenditures are important indicators of the costs incurred by the Company in maintaining same store communities. The corresponding GAAP measures include information with respect to the Company's other operating segments consisting of newly stabilized communities, lease-up communities, acquired communities, held for sale and/or sold communities and commercial properties in addition to same store information. Therefore, the Company believes that its presentation of same store annually recurring and periodically recurring capital expenditures is necessary to demonstrate same store

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replacement costs over time. The Company believes that the most directly comparable GAAP measure to same store annually recurring and periodically recurring capital expenditures is the line on the Company's consolidated statements of cash flows entitled "total property capital expenditures."

- 3) Average monthly rental rate is defined as the gross actual rental rates for leased units and the anticipated rental rates for unoccupied units, divided by total units.
- 4) Average economic occupancy is defined as gross potential rent plus other rental fees less vacancy losses, model expenses and bad debt expenses divided by gross potential rent for the period, expressed as a percentage. Gross potential rent is defined as the sum of the gross actual rental rates for leased units and the anticipated rental rates for unoccupied units. The calculation of average economic occupancy does not include a deduction for net concessions and employee discounts. Average economic occupancy, including these amounts, would have been 95.7% and 94.3% for the three months ended March 31, 2016 and 2015, respectively. For the three months ended March 31, 2016 and 2015, net concessions were \$210 and \$405, respectively, and employee discounts were \$188 and \$163, respectively. Physical occupancy is defined as the number of units occupied divided by the total apartment units, expressed as a percentage.
- 5) Gross turnover represents the percentage of leases expiring during the period that are not renewed by the existing resident(s).
- 6) Percentage change is calculated using the respective new or renewed rental rate as of the date of a new lease, as compared with the previous rental rate on that same unit. Accordingly, these percentage changes may differ from the change in the average monthly rental rate per unit due to the timing of move-ins and/or the term of the respective leases.

Comparison of three months ended March 31, 2016 to three months ended March 31, 2015

The Operating Partnership reported net income available to common unitholders of \$19,211 for the three months ended March 31, 2016 compared to \$19,063 for the three months ended March 31, 2015. The Company reported net income available to common shareholders of \$19,169 for the three months ended March 31, 2016, compared to \$19,021 for the three months ended March 31, 2015. As discussed below, the increase in income between periods primarily reflects the increased operating performance of fully stabilized and lease-up communities and reduced interest expense, substantially offset increased depreciation expense on lease-up communities as well as the impact of gain on sale of a retail asset in 2015.

Rental and other revenues from property operations increased \$5,077 or 5.5% from 2015 to 2016 primarily due to increased revenues from the Company's fully stabilized communities of \$3,473 or 4.0%, increased revenues of \$990 from lease-up communities and increased revenues of \$559 from other property segments. The revenue increase from fully stabilized communities is discussed in more detail below. The revenue increase from lease-up communities primarily reflects the continuing lease-up of one community that began its initial lease-up in mid-2015. The revenue increase from other property segments primarily reflects modest increases in commercial property and corporate apartment revenues.

Property operating and maintenance expenses (exclusive of depreciation and amortization) increased \$2,664 or 6.6% from 2015 to 2016 primarily due to increases from fully stabilized communities of \$1,660 or 4.9%, increases of \$685

from lease-up communities, and increases of \$318 from other property segments. The increased expense from fully stabilized communities is discussed in more detail below. The expense increase from lease-up communities primarily reflects the operating expenses associated with the continuing lease-up of one community that began its initial leasing activities in the second quarter of 2015. The expense increase from other property segments primarily reflects modest increases in corporate apartment expenses as well as modest increases in corporate property management expenses.

In 2016 and 2015, there were no sales of wholly owned apartment communities. Gains on sales of real estate assets in 2015 included a gain of \$1,773 on the sale of the Company's remaining condominium retail space.

Depreciation expense increased \$1,452 or 6.8% from 2015 to 2016 primarily due to increased depreciation of \$808 primarily related to the completion of apartment units at one lease-up community in the second and third quarters of 2015 as well as general increases in depreciation of \$571 at fully stabilized communities reflecting on-going capital expenditures, including unit upgrades throughout the portfolio.

General and administrative expenses decreased \$128 or 2.6% from 2015 to 2016 primarily due to decreased net compensation costs primarily due to moderately lower long-term incentive plan expenses primarily resulting from the retirement of a senior officer in 2015 and due to reduced 2016 restricted share grants for certain other officers, partially offset by modest salary increases in 2016, increased technology costs related to system upgrades completed in prior years as well as increased technology development costs related to on-going customer facing technology initiatives.

Investment and development expenses decreased \$210 or 89.4% from 2015 to 2016 primarily due to increased capitalization of development personnel and associated costs to development projects of \$279 between years. This increase was due to increased capitalization at three communities commenced in 2015, partially offset by the reduction of development capitalization at one community that was completed in 2015. Additionally, development personnel and other costs increased by \$69 between years. The Company expects that the capitalization of development costs and expenses will be moderately higher in full year 2016, which will result in decreased net investment and development expenses for the full year 2016.

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Other investment costs decreased \$57 or 42.5% from 2015 to 2016. Other investment costs primarily include land carry expenses, such as property taxes and assessments. The decrease primarily reflects reduced land carry expenses related to land placed under development in 2015.

Interest expense decreased \$607 or 7.3% from 2015 to 2016 primarily due to increased interest capitalization to development projects of \$568 in 2016. Increased interest capitalization on the Company's development projects primarily related to increased capitalization at three communities under construction that commenced in 2015, partially offset by decreased interest capitalization on one community completed in 2015. The Company expects interest expense for the full year of 2016 to be lower than in 2015 due to increased interest capitalization on increased development and construction activities between years, partially offset by increased interest costs on anticipated line of credit facility borrowings to be used to fund construction and development activities.

Other expenses for the three months ended March 31, 2016 included casualty losses of \$250 related to an extreme weather event in one of the Company's Texas markets and \$83 related to the upgrade of the Company's human resources information systems.

Annually recurring and periodically recurring capital expenditures increased \$1,782 or 60.1% from 2015 to 2016. The increase in periodically recurring capital expenditures of \$526 primarily reflects increased exterior remediation and structural expenditures at two communities and increased tenant improvements at an office property in 2016 as well as the impact of a \$545 litigation recovery in 2015 related to vendor damages to sprinkler systems at one community, partially offset by reduced remediation and structural expenditures at two communities in 2016. For the full year 2016, the Company expects periodically recurring capital expenditures to be moderately lower than 2015 primarily due to timing of structural and exterior remediation projects between years partially offset by the timing of expected increases in tenant improvements at office and retail properties between years. The increase in annually recurring capital expenditures of \$1,256 primarily reflects increased roofing and pool upgrade expenditures at one property in 2016 and the general timing of other expenditures between years. For the full year 2016, the Company expects annually recurring capital expenditures to be moderately higher than 2015 primarily due to modest increases throughout the portfolio in 2016.

Fully stabilized communities

Rental and other revenues increased \$3,473 or 4.0% from 2015 to 2016. This increase primarily resulted from a 2.4% increase in the average monthly rental rate per apartment unit between periods. The increase in average rental rates resulted in a revenue increase of approximately \$2,107 between periods. Average economic occupancy increased from 94.9% in 2015 to 96.2% in 2016. The occupancy change between periods resulted in decreased vacancy losses of \$713 in 2015. The remaining increase in rental and other property revenues of \$653 was primarily due to increased leasing fees and lower net concessions between years. Average rental rate increases were primarily due to increasing rental demand resulting from a steadily improving economy, favorable demographics and favorable market fundamentals. See the "Outlook" section below for an additional discussion of revenue trends for 2016.

Property operating and maintenance expenses (exclusive of depreciation and amortization) increased \$1,660 or 4.9% from 2015 to 2016. This increase was primarily due to increased property tax expenses of \$649 or 4.5%, increased maintenance expenses of \$662 or 15.9% and increased personnel expenses of \$168 or 2.3%. The increase in property tax expenses primarily reflects increased expense accruals in 2016 due to higher expected real estate valuations by tax authorities in most of the Company's markets. Maintenance expenses increased primarily due to increased exterior paint expenses and increased fire system repair expenses as well as the general timing of landscaping and other expenditures between years. The increase in personnel expenses primarily reflects modest salary increases, somewhat higher incentive bonuses reflecting improved operating results, partially offset by increased allocations to phased lease-up properties of \$210 between years. See the "Outlook" section below for a discussion of expense trends for 2016.

Outlook

The outlook and assumptions presented below are forward-looking and are based on the Company's future view of apartment market and general economic conditions, as well as other risks outlined above under the caption "Disclosure Regarding Forward-Looking Statements." There can be no assurance that the Company's actual results will not differ materially from the outlook and assumptions set forth below. The Company assumes no obligation to update this outlook in the future.

The Company's outlook for 2016 is based on the expectation that economic and employment conditions will continue to steadily improve. However, there continues to be risk and uncertainty in the economy and the jobs market. If the economic recovery was to stall or U.S. economic conditions were to worsen, the Company's operating results would be adversely affected. Furthermore, a

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moderate supply of new apartment units over the past several years, coupled with improving multi-family housing demand in the Company's markets, has generally supported improved operating fundamentals in the multi-family rental markets. As such, development of new multi-family rental units has continued to increase, which has increased the competitive supply of new rental units in the markets in which the Company operates. This new supply has contributed to a moderation in the rate of rental income and NOI growth in recent years and this trend is expected to persist in 2016.

Rental and other revenues from fully stabilized communities are expected to increase moderately for the full year of 2016, compared to 2015, driven primarily by new and renewed leases being completed at moderately higher market rental rates, as the Company expects to generally maintain occupancy levels for the year relatively consistent with those in 2015. The rate of revenue growth for 2016 is expected to be somewhat consistent with 2015, as increased demand attributable to a steadily improving economy and jobs market offsets increases in the new supply of competitive rental apartments in most markets. Operating expenses of fully stabilized communities are expected to increase moderately for 2016, compared to 2015. The Company expects property tax, personnel and utility expenses to be the largest contributors to operating expense growth. As a result, management expects fully stabilized community net operating income to increase modestly for 2016. Further, management expects net operating income from lease-up communities to increase moderately in 2016 primarily due to the lease-up of one community in 2016.

Management expects general and administrative, property management and investment and development expenses (before amounts capitalized to development projects) to increase modestly for 2016, compared to 2015 but are expected to be substantially offset by increases in amounts capitalized to development projects. Capitalized development personnel and costs are expected to increase in 2016 due to the on-going construction of six apartment communities under construction or in lease-up at March 31, 2016. Other expenses are expected to increase in 2016 due to expected technology system upgrades and marketing and advertising initiatives in 2016.

Management expects interest expense for 2016 to be lower than in 2015 due to increased interest capitalization attributable to expected increases in the volume of communities under construction in 2016, partially offset by increased interest expense on line of credit borrowings primarily used for funding of construction expenditures in 2016.

The Company currently expects to utilize retained 2016 operating cash flow, available borrowing capacity under its unsecured bank credit facilities, or other indebtedness and, from time to time, asset sales to fund future estimated construction expenditures. See "Liquidity and Capital Resources" section below where discussed further. The Company's outlook does not currently anticipate any share issuances under its at-the-market equity program in 2016. Future sales under any at-the-market common equity program will depend upon a variety of factors, including, among others, the volume of investment activities, market conditions, the trading price of the Company's common stock relative to other sources of capital and the Company's liquidity position.

Liquidity and capital resources

The discussion in this Liquidity and capital resources section is the same for the Company and the Operating Partnership, except that all indebtedness described herein has been incurred by the Operating Partnership.

The Company's net cash provided by operating activities increased from \$36,401 for the three months ended March 31, 2015 to \$38,321 for the three months ended March 31, 2016 primarily due to reduced net interest expense and increased property net operating income in 2016 from fully stabilized and lease-up communities. For the full year 2016, the Company expects cash flows from operating activities to increase moderately resulting from expected increases in property net operating income from fully stabilized and lease-up communities and due to lower net interest expense in 2016.

Net cash flow used in investing activities increased from \$22,363 for the three months ended March 31, 2015 to \$36,032 for the three months ended March 31, 2016 primarily due to increased construction and development expenditures between periods, as the Company has six development projects currently under construction in 2016, and the absence of asset sales in 2016. For the full year 2016, the Company expects to continue to incur development expenditures on its existing development projects. See "Current Development Activity" below for further information

Net cash flows used in financing activities decreased from \$28,469 for the three months ended March 31, 2015 to \$26,355 for the three months ended March 31, 2016, primarily due to increased line-of-credit facility borrowings in 2016, partially offset by increased common share repurchases in 2016 and increased dividends to shareholders between years. For the full year 2016, based on its current outlook, the Company expects increased line of credit borrowings primarily to fund on-going construction and development

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expenditures. As discussed below, the Company announced a share repurchase program in 2015. Future share repurchases in 2016, if any, would also be funded through increased line-of-credit borrowings in 2016. The Company's outlook does not currently anticipate any share issuances under its at-the-market equity program and no debt is scheduled to mature in 2016.

Since 1993, the Company has elected to be taxed as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended. Management currently intends to continue operating the Company as a REIT in 2016. As a REIT, the Company is subject to a number of organizational and operating requirements, including a requirement to distribute 90% of its adjusted taxable income to its shareholders. As a REIT, the Company generally will not be subject to federal income taxes on its taxable income it distributes to its shareholders.

Generally, the Company's objective is to meet its short-term liquidity requirement of funding the payment of its current level of quarterly preferred and common stock dividends to shareholders through its net cash flows provided by operating activities, less its annually recurring and periodically recurring property and corporate capital expenditures. These operating capital expenditures are the capital expenditures necessary to maintain the earnings capacity of the Company's operating assets over time. For the three months ended March 31, 2016, the Company's net cash flow from operations, reduced by operating capital expenditures, was sufficient to fully fund the Company's dividend payments to common and preferred shareholders.

In February 2016, the Company's board of directors increased the quarterly dividend rate from \$0.44 to \$0.47 per common share. The Company currently expects to maintain the quarterly dividend payment rate to common shareholders of \$0.47 per common share for the remainder of 2016. However, future dividend payments by the Company will be paid at the discretion of the board of directors and will depend on the actual funds from operations of the Company, the Company's financial condition and capital requirements, the annual distribution requirements under the REIT provisions of the Internal Revenue Code and other factors that the board of directors deems relevant. The Company's board of directors reviews the dividend quarterly, and there can be no assurance that the current dividend level will be maintained.

To the extent the Company continues to pay dividends at rates determined by the board of directors, the Company expects to use net cash flows from operations reduced by annual operating capital expenditures to fund the dividend payments to common and preferred shareholders. The Company may also use cash and cash equivalents and, if its net cash flows from operations are not sufficient to meet its anticipated dividend payment rate, line of credit borrowings to fund dividend payments. The Company's dividends can be paid as a combination of cash and stock in order to satisfy the annual distribution requirements applicable to REITs. To the extent that management considers it advisable to distribute gains from any future asset sales to shareholders in the form of a special dividend, the Company may pay a portion of such dividend in the form of stock to preserve liquidity. The Company's net cash flow from operations continues to be sufficient to meet the dividend requirements necessary to maintain its REIT status.

The Company generally expects to fund its long-term liquidity requirements, including maturities of long-term debt and acquisition and development activities, through long-term unsecured and secured borrowings, possibly through the sale of selected operating communities, through net proceeds from at-the-market common equity programs and possibly through equity or leveraged joint venture arrangements. As it has done in the past, the Company may also use joint venture arrangements in future periods to reduce its market concentrations in certain markets, build critical

mass in other markets, to enter into new markets and to reduce its exposure to certain risks of its future development activities.

As previously discussed, the Company has used the proceeds from the sale of selected residential and retail communities as one means of funding its development and acquisition activities. Total net sales proceeds from asset sales for the three months ended March 31, 2016 and for the full year of 2015 were \$0 and \$4,529, respectively. The proceeds from these asset sales were used to increase available cash and cash equivalent balances and to fund development and investment activities. As of March 31, 2016, the Company had no apartment communities held for sale.

The Company has an at-the-market common equity sales program for the sale of up to 4,000 shares of common stock. The Company has not used this or a previous program in recent years and had 4,000 shares available for issuance at March 31, 2016. The Company has used previous at-the-market common equity programs and may use this program, from time to time, as an additional source of capital and liquidity and to maintain the strength of its balance sheet. Sales under any program will be dependent on a variety of factors, including, among others, market conditions, the trading price of the Company's common stock relative to other sources of capital and the Company's liquidity position.

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As of March 31, 2016, the Company has principal payment obligations and maturities of long-term indebtedness of \$2,305, \$153,296 and \$3,502 in 2016, 2017 and 2018, respectively. Additionally, as of March 31, 2016, the Company's aggregate pipeline of six apartment communities under development totaled approximately \$478,600, of which approximately \$296,000 remained to be incurred by the Company. The Company currently expects to utilize retained cash flow from operations, available borrowing capacity under its unsecured bank credit facilities, or other unsecured and secured indebtedness and, from time to time, asset sales to fund future debt maturities and estimated construction expenditures.

A summary of the Company's outstanding debt and debt maturities at March 31, 2016 is included in note 4 to the consolidated financial statements. In the three months ended March 31, 2016, there were no issuances or retirements of secured or unsecured indebtedness. In March 2016, the Company entered into three new interest rate swap arrangements with an aggregate notional value of \$200,000 that will serve as cash flow hedges of a corresponding amount of Term Loan indebtedness for the period from January 2018 through January 2020, the maturity date of Term Loan and the termination date of the interest rate swaps. In May 2016, the Company entered into an additional interest rate swap arrangement with an aggregate notional value of \$100,000 with pricing, terms and conditions substantially consistent with the three swap arrangements entered into in March 2016. These interest rate swap arrangements totaling \$300,000 will effectively fix the LIBOR component of the interest rate paid under the Term Loan at a blended rate of approximately 1.37% during this period. See "Part I, Item 3" of this Form 10-Q for a further discussion of these interest swap arrangements.

As of April 30, 2016, the Company had outstanding borrowings of \$53,900, and \$169 of outstanding letters of credit under its \$330,000 combined unsecured revolving line of credit facilities. The terms, conditions and restrictive covenants associated with the Company's unsecured revolving line of credit facilities, term loan and senior unsecured notes are summarized in note 4 to the consolidated financial statements. Management believes the Company was in compliance with the covenants of the Company's unsecured revolving lines of credit, term loan and senior unsecured notes at March 31, 2016.

Management believes it will have adequate retained cash flow from operations and capacity under its unsecured revolving lines of credit to execute its 2016 business plan and meet its short-term liquidity requirements. The Company also currently believes that it will continue to have access to additional equity capital, unsecured debt financing and secured debt financing through loan programs sponsored by Fannie Mae, Freddie Mac and other secured lenders. In the past, the Company has utilized loan programs sponsored by Fannie Mae and Freddie Mac as a key source of capital to finance its growth and its operations. Should these entities discontinue providing liquidity to the multi-family sector, it could significantly reduce the Company's access to debt capital and/or increase borrowing costs and could adversely affect the development of multi-family homes. In addition, the amount and timing of any new debt financings may be limited by restrictive covenants under the Company's current unsecured debt arrangements, such as coverage ratios and limitations on aggregate secured debt as a percentage of total assets, as defined. There can be no assurances that secured financing will continue to be available through U.S. government sponsored programs and other secured lenders or that the Company's access to additional debt financings will not be limited by its financial covenants.

Stock and debt repurchase programs

In December 2014, the Company's board of directors adopted a stock and unsecured note repurchase program under which the Company and the Operating Partnership may repurchase up to \$200,000 of common and preferred stock and unsecured notes through December 31, 2017. In August 2015, the Company announced an allocation of up to \$100,000 of this capacity to pursue common share repurchases over an approximate 12-month period. In the three months ended March 31, 2016, under this program, the Company repurchased 599 shares of common stock at an aggregate cost of \$32,744 and at an average gross price per share of \$54.67. Cumulative through March 31, 2016, under this program, the Company repurchased 1,181 shares of common stock at an aggregate cost of \$65,080 and at an average price per share of \$55.10. Correspondingly, the Operating Partnership repurchased the same number and amount of common units from the Company. Future common share repurchases are expected to be funded through the capital sources discussed above under "Liquidity and Capital Resources" section. Future common share repurchases are expected to be conditioned on the trading price of the Company's common shares in relation to management's estimates of the net asset value of the Company's portfolio, and on general economic and market conditions. There can be no assurance that any additional shares will be repurchased under this program.

Capitalization of fixed assets and community improvements

The Company has a policy of capitalizing those expenditures relating to the acquisition of new assets and the development and construction of new apartment communities. In addition, the Company capitalizes expenditures that enhance the value of existing

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assets and expenditures that substantially extend the life of existing assets. All other expenditures necessary to maintain a community in ordinary operating condition are expensed as incurred.

The Company capitalizes interest, real estate taxes, and certain internal personnel and associated costs related to apartment communities under development and construction. The incremental personnel and associated costs are capitalized to the projects under development and construction based upon the effort associated with such projects. The Company treats each unit in an apartment community separately for cost accumulation, capitalization and expense recognition purposes. Prior to the commencement of leasing activities, interest and other construction costs are capitalized and included in construction in progress. The Company ceases the capitalization of such costs as the residential units in a community become substantially complete and available for occupancy. This practice results in a proration of these costs between amounts that are capitalized and expensed as the residential units in a development community become available for occupancy. In addition, prior to the completion of units, the Company expenses, as incurred, substantially all operating expenses (including pre-opening marketing expenses) of such communities.

Acquisition of assets and community development and other capitalized expenditures for the three months ended March 31, 2016 and 2015 are summarized as follows:

| | Three months ended March 31, | |
|--|------------------------------------|----------|
| | 2016 | 2015 |
| New community development and acquisition activity (1) | \$32,109 | \$28,168 |
| Periodically recurring capital expenditures | | |
| Community rehabilitation and other revenue generating | | |
| improvements (2) | 2,481 | 1,633 |
| Other community additions and improvements (3) | 1,224 | 698 |
| Annually recurring capital expenditures | | |
| Carpet replacements and other community additions and | | |
| improvements (4) | 3,524 | 2,268 |
| Corporate additions and improvements | 255 | 206 |
| | \$39,593 | \$32,973 |
| Other Data | | |
| Capitalized interest | \$1,550 | \$982 |
| Capitalized development and associated costs (5) | \$1,414 | \$1,135 |

1) Reflects aggregate land and community development and acquisition costs, exclusive of the change in construction payables between years.

- 2) Represents expenditures for major renovations of communities and other upgrade costs that enhance the rental value of such units.
- 3) Represents property improvement expenditures that generally occur less frequently than on an annual basis. Amounts include second generation lease costs on commercial properties of \$135 and \$25 for the three months ended March 31, 2016 and 2015, respectively.
- 4) Represents property improvement expenditures of a type that are expected to be incurred on an annual basis.
- 5) Reflects development personnel and associated costs capitalized to construction and development activities.

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Current communities under development

At March 31, 2016, the Company had 2,290 units in six communities under development and 340 units in one community in lease-up. These communities are summarized in the table below (\$ in millions except cost per square foot data).

| Community | Location | Number of Units | Estimated Average Unit Size Sq. Ft. (1) | Estimated Retail Sq. Ft. (1) | Estimated Total Cost (2) | Estimated Total Cost Per Sq. Ft. (3) | Estimated Costs Incurred as of 3/31/2016 | Quarter of First Units Available | Estimated Quarter of Stabilized Occup. (4) | Estimated Percent Leased (5) |
|-------------------------------------|-------------|-----------------|---|------------------------------|--------------------------|--------------------------------------|--|----------------------------------|--|------------------------------|
| Under construction | | | | | | | | | | |
| Post Parkside™ at Wade, II | Raleigh, NC | 406 | 910 | - | \$ 57.5 | \$ 156 | \$ 37.0 | 2Q 2016 | 3Q 2017 | N/A |
| Post Afton Oaks™ | Houston, TX | 388 | 867 | - | 80.7 | 240 | 56.0 | 3Q 2016 | 4Q 2017 | N/A |
| Post South Lamar™, II | Austin, TX | 344 | 734 | 5,800 | 65.6 | 254 | 28.5 | 1Q 2017 | 2Q 2018 | N/A |
| Post Millennium Midtown™ | Atlanta, GA | 356 | 864 | - | 90.6 | 295 | 18.7 | 2Q 2017 | 3Q 2018 | N/A |
| Post River North™ (6) | Denver, CO | 358 | 818 | - | 88.2 | 301 | 23.8 | 3Q 2017 | 4Q 2018 | N/A |
| Post Centennial Park™ | Atlanta, GA | 438 | 808 | - | 96.0 | 271 | 18.6 | 1Q 2018 | 2Q 2019 | N/A |
| Total | | 2,290 | | 5,800 | \$ 478.6 | | \$ 182.6 | | | |
| Substantially complete, in lease-up | | | | | | | | | | |
| The High Rise at | | | | | | | | | | |
| Post Alexander™ | Atlanta, GA | 340 | 830 | - | \$ 74.8 | \$ 265 | \$ 74.2 | 2Q 2015 | 4Q 2016 | 72.6% |

1) Square footage amounts are approximate. Actual square footage may vary.

2) To the extent that developments contain a retail component, total estimated cost includes estimated first generation tenant improvements and leasing commissions. For stabilized apartment communities, remaining unfunded construction costs include first generation retail tenant improvements and leasing commissions.

3)

The estimated total cost per square foot is calculated using net rentable residential and retail square feet, where applicable. Square footage amounts used are approximate. Actual amounts may vary.

- 4) The Company defines stabilized occupancy as the earlier to occur of (i) the attainment of 95% physical occupancy or (ii) one year after completion of construction.
- 5) Represents unit status as of April 30, 2016.
- 6) The Company owns a 92.5% interest in this community. The Company consolidates this community for financial reporting purposes. Total estimated cost excludes any future promoted interest to the developer.

Inflation

Substantially all of the leases at the Company's communities allow, at the time of renewal, for adjustments in the rent payable thereunder, and thus may enable the Company to seek increases in rents. The substantial majority of these leases are for one year or less and the remaining leases are for up to two years. At the expiration of a lease term, the Company's lease agreements generally provide that the term will be extended unless either the Company or the lessee gives at least sixty (60) days written notice of termination. In addition, the Company's policy generally permits the early termination of a lease by a lessee upon thirty (30) days written notice to the Company and the payment of an amount equal to two month's rent as compensation for early termination. The short-term nature of these leases generally serves to offset the risk to the Company that the adverse effect of inflation may have on the Company's general, administrative and operating expenses.

Funds from operations

The Company uses the National Association of Real Estate Investment Trusts ("NAREIT") definition of funds from operations ("FFO"). FFO is defined by NAREIT as net income available to common shareholders determined in accordance with GAAP, excluding gains (or losses) from extraordinary items and sales of depreciable property, plus depreciation of real estate assets, and after adjustment for unconsolidated partnerships and joint ventures all determined on a consistent basis in accordance with GAAP. FFO is a supplemental non-GAAP financial measure. FFO presented herein is not necessarily comparable to FFO presented by other real estate companies because not all real estate companies use the same definition. The Company's FFO is comparable to the FFO of real estate companies that use the current NAREIT definition.

The Company also uses FFO as an operating measure. Accounting for real estate assets using historical cost accounting under GAAP assumes that the value of real estate assets diminishes predictably over time. NAREIT stated in its April 2002 White Paper on Funds from Operations "since real estate asset values have historically risen or fallen with market conditions, many industry investors have considered presentations of operating results for real estate companies that use historical cost accounting to be insufficient by themselves." As a result, the concept of FFO was created by NAREIT for the REIT industry to provide an alternate measure. Since

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the Company agrees with the concept of FFO and appreciates the reasons surrounding its creation, management believes that FFO is an important supplemental measure of operating performance.

In addition, since most equity REITs provide FFO information to the investment community, the Company believes FFO is a useful supplemental measure for comparing the Company's results to those of other equity REITs. The Company believes that the line on the Company's consolidated statement of operations entitled "net income available to common shareholders" is the most directly comparable GAAP measure to FFO.

FFO should not be considered as an alternative to net income available to common shareholders (determined in accordance with GAAP) as an indicator of the Company's financial performance. While management believes that FFO is an important supplemental non-GAAP financial measure, management believes it is also important to stress that FFO should not be considered as an alternative to cash flow from operating activities (determined in accordance with GAAP) as a measure of the Company's liquidity. Further, FFO is not necessarily indicative of sufficient cash flow to fund all of the Company's needs or ability to service indebtedness or make distributions.

A reconciliation of net income available to common shareholders to FFO available to common shareholders and unitholders for the three months ended March 31, 2016 and 2015 was as follows.

| | Three months ended March 31, | |
|--|------------------------------------|----------|
| | 2016 | 2015 |
| Net income available to common shareholders | \$19,169 | \$19,021 |
| Noncontrolling interests - Operating Partnership Unitholders | 42 | 42 |
| Depreciation on consolidated real estate assets | 22,347 | 20,911 |
| Depreciation on real estate assets held in | | |
| unconsolidated entities | 301 | 300 |
| Gains on sales of depreciable real estate assets | - | (1,773) |
| Funds from operations available to common | | |
| shareholders and unitholders (1) | \$41,859 | \$38,501 |
| Weighted average shares outstanding - basic (2) | 53,699 | 54,567 |
| Weighted average shares and units outstanding - basic (2) | 53,820 | 54,688 |
| Weighted average shares outstanding - diluted (2) | 53,716 | 54,584 |
| Weighted average shares and units outstanding - diluted (2) | 53,837 | 54,705 |

1) For the three months ended March 31, 2015, FFO included debt extinguishment losses of \$197 associated with the refinancing of the Company's unsecured lines of credit and term loan facilities.

2) Diluted weighted average shares and units included the impact of dilutive securities totaling 17 and 17 for the three months ended March 31, 2016 and 2015, respectively. Additionally, basic and diluted weighted average shares and units included the impact of non-vested shares and units totaling 117 and 119 for the three months ended March 31, 2016 and 2015, respectively, for the computation of funds from operations per share. Such non-vested shares and units are considered in the income per share computations under generally accepted accounting principles using the “two-class method.”

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's primary market risk exposure is interest rate risk. At March 31, 2016 the Company had outstanding variable rate debt of \$32,405 tied to LIBOR under its aggregate \$330,000 line of credit arrangements. At March 31, 2016, the Company had outstanding variable rate debt of \$300,000 under a term loan facility ("Term Loan") at interest rates tied to LIBOR (see note 4 to the consolidated financial statements). In addition, the Company had outstanding four interest rate swap arrangements with substantially similar terms and conditions with notional amounts totaling \$300,000. These interest rate swap arrangements (as summarized in the table below) serve as cash flow hedges for amounts outstanding under the Term Loan and provide a stated blended interest rate for the corresponding amount of Term Loan borrowings of 2.69% through January 2018, the termination date of the four swaps. In March 2016, the Company entered into three additional interest rate swap arrangements with an aggregate notional value of \$200,000 that will serve as cash flow hedges of a corresponding amount of Term Loan indebtedness for the period from January 2018 through January 2020, the maturity date of the Term Loan. In May 2016, the Company entered into an additional interest rate swap arrangement with an aggregate notional value of \$100,000 with pricing, terms and conditions substantially consistent with the three swap arrangements entered into in March 2016. These interest rate swap arrangements totaling \$300,000 will effectively fix the LIBOR component of the interest rate paid under the Term Loan at a blended rate of approximately 1.37% during this period. The stated blended interest rate for \$300,000 of Term Loan borrowings for the period from January 2018 to January 2020 will be approximately 2.52%. In addition, the Company has interest rate risk associated with fixed rate debt at maturity. The discussion in this section is the same for the Company and the Operating Partnership, except that all indebtedness described herein has been incurred by the Operating Partnership or one of its subsidiaries.

Management has and will continue to manage interest rate risk as follows:

- maintain a conservative ratio of fixed rate, long-term debt to total debt such that variable rate exposure is kept at an acceptable level;
- fix certain long-term variable rate debt through the use of interest rate swaps or interest rate caps with appropriately matching maturities;
- use derivative financial instruments where appropriate to fix rates on anticipated debt transactions; and
- take advantage of favorable market conditions for long-term debt and/or equity.

Management uses various financial models and advisors to achieve these objectives.

The table below provides information, including the fair value measured in accordance with ASC Topic 815, about the Company's derivative financial instruments that are sensitive to changes in interest rates, as of March 31, 2016. For the Company's interest rate swap arrangements, the table presents notional amounts and weighted average interest rates by (expected) contractual maturity dates. Notional amounts are used to calculate the contractual payments to be exchanged under the contract.

| Interest Rate Derivatives | Hedged Debt Instrument | Notional Amount | Average | | Termination Date | Fair Value Asset (Liab.) |
|---|------------------------|-----------------|----------------|----------------------|------------------------|--------------------------|
| | | | Fixed Pay Rate | Average Receive Rate | | |
| Interest rate swaps - variable to fixed (three) (1) | Term loan borrowings | \$230,000 (1) | 1.55% | LIBOR | one-month 1/19/2018 | \$ (3,716) |

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| | | | | | | | | |
|-------------------------------|------------|-----------|-----|-------|-----------|-----------|-----------|---|
| Interest rate swap - variable | Term loan | | | | one-month | | | |
| to fixed (one) (2) | borrowings | \$70,000 | (2) | 1.50% | LIBOR | 1/19/2018 | \$ (1,064 |) |
| Interest rate swap - variable | Term loan | | | | one-month | | | |
| to fixed (one) (3) | borrowings | \$100,000 | (3) | 1.43% | LIBOR | 1/19/2020 | \$ (318 |) |
| Interest rate swap - variable | Term loan | | | | one-month | | | |
| to fixed (one) (3) | borrowings | \$50,000 | (3) | 1.34% | LIBOR | 1/19/2020 | \$ (74 |) |
| Interest rate swap - variable | Term loan | | | | one-month | | | |
| to fixed (one) (3) | borrowings | \$50,000 | (3) | 1.32% | LIBOR | 1/19/2020 | \$ (49 |) |
| | | | | | | | \$ (5,221 |) |

1)Cash payments under the arrangements began in January 2012 based on aggregate notional amounts of \$100,000. Notional amounts increased to an aggregate of \$230,000 in June 2012.

2)Cash payments under this arrangement began in July 2012.

3)Cash payments under these arrangements commence in January 2018.

As more fully described in note 8 to the consolidated financial statements, the interest rate swap arrangements are carried on the consolidated balance sheet at the fair value shown above in accordance with ASC Topic 815. For the three months ended March 31,

2016, other than borrowings on the unsecured revolving lines of credit and the interest rate swap arrangements entered into in March 2016 (see note 4 to the consolidated financial statements), there were no material changes in outstanding fixed or variable rate debt arrangements. The Company has floating rate LIBOR-based borrowings outstanding of \$32,405 as of March 31, 2016, excluding the variable rate bank term loan debt effectively swapped to fixed rates under the derivative financial instruments. As such, a 1% change in interest rates would cause a \$324 increase (decrease) in the Company's interest costs.

ITEM 4. CONTROLS AND PROCEDURES

As required by Securities and Exchange Commission rules, the Company and the Operating Partnership have evaluated the effectiveness of the design and operation of their disclosure controls and procedures as of the end of the period covered by this quarterly report on Form 10-Q. This evaluation was carried out under the supervision and with the participation of the management of the Company and the Operating Partnership, including the principal executive officer and principal financial officer. Based on this evaluation, these officers have concluded that the design and operation of the Company's and the Operating Partnership's disclosure controls and procedures were effective as of the end of the period covered by this quarterly report on Form 10-Q. Disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 as amended (the "Exchange Act")) are the controls and other procedures of the Company and the Operating Partnership that are designed to ensure that information required to be disclosed by the Company and the Operating Partnership in the reports that they file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms.

There were no changes to the Company's or the Operating Partnership's internal controls over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) during the period covered by this report that materially affected, or are reasonably likely to materially affect, the Company's or the Operating Partnership's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In September 2010, the United States Department of Justice (the "DOJ") filed a lawsuit against the Company in the United States District Court for the Northern District of Georgia. The suit alleges various violations of the Fair Housing Act ("FHA") and the Americans with Disabilities Act ("ADA") at properties designed, constructed or operated by the Company in the District of Columbia, Virginia, Florida, Georgia, New York, North Carolina and Texas. The plaintiff seeks statutory damages and a civil penalty in unspecified amounts, as well as injunctive relief that includes retrofitting apartments and public use areas to comply with the FHA and the ADA and prohibiting construction or sale of noncompliant units or complexes. The Company filed a motion to transfer the case to the United States District Court for the District of Columbia, where a previous civil case involving alleged violations of the FHA and ADA by the Company was filed and ultimately dismissed. On October 29, 2010, the United States District Court for the Northern District of Georgia issued an opinion finding that the complaint shows that the DOJ's claims are essentially the same as the previous civil case, and, therefore, granted the Company's motion and transferred the DOJ's case to the United States District Court for the District of Columbia. Discovery has closed, and the Court has denied motions filed by the parties relating to additional discovery and expert witnesses. Each party filed Motions for Summary Judgment, which were briefed in April 2014. In March 2015, the Court denied both Motions for Summary Judgment and requested supplemental briefing, which both sides submitted in June 2015. In October 2015, the Court requested additional briefing due in December 2015 to resolve legal issues before trial. Substantive briefing on these legal issues was completed on February 9, 2016. The parties now await a hearing with the Court to discuss the issues and

potentially to set the case for trial. Until such time as the Court issues rulings on the application of the law to the facts of this case, it is not possible to predict or determine the outcome of the legal proceeding, nor is it possible to estimate the amount of loss, if any, that would be associated with an adverse decision.

The Company is involved in various other legal proceedings incidental to their business from time to time, some of which are expected to be covered by liability or other insurance. Management of the Company believes that any resolution of pending proceedings or liability to the Company which may arise as a result of these various other legal proceedings will not have a material effect on the Company's results of operations, cash flows or financial position.

ITEM 1A. RISK FACTORS

There were no material changes in the Registrants' Risk Factors as previously disclosed in Item 1A of the Registrants' Annual Report on Form 10-K for the year ended December 31, 2015.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(a) None.

(b) Not applicable.

(c) The following table summarizes the Company's purchases of its equity securities for the three months ended March 31, 2016 (in thousands, except shares and per share amounts).

| Period | Total Number of Shares Purchased | Average Price Paid Per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (1) |
|---|-------------------------------------|---------------------------------|--|---|
| January 1, 2016 - January 31, 2016 | 228,231 | \$ 55.92 | 228,231 | \$ 154,899 |
| February 1, 2016 - February 29, 2016 | 370,502 | 53.91 | 370,502 | 134,920 |
| March 1, 2016 - March 31, 2016 | — | — | — | 134,920 |
| Total | 598,733 | \$ 54.67 | 598,733 | \$ 134,920 |

1) In the fourth quarter of 2014, the Company's board of directors approved a stock repurchase program that was announced on November 19, 2014 under which the Company may repurchase up to \$200,000 of common or preferred stock through December 31, 2017. In August 2015, the Company announced an allocation of up to \$100,000 of this capacity to pursue common share repurchases over an approximate 12-month period.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Certain exhibits required by Item 601 of Regulation S-K have been filed with previous reports by the Registrants and are incorporated by reference herein.

The Registrants agree to furnish a copy of all agreements relating to long-term debt upon request of the SEC.

| Exhibit No. | Description |
|-------------|--|
| 3.1(a) | —Articles of Incorporation of the Company |
| 3.2(b) | —Articles of Amendment to the Articles of Incorporation of the Company |
| 3.3(b) | —Articles of Amendment to the Articles of Incorporation of the Company |
| 3.4(b) | —Articles of Amendment to the Articles of Incorporation of the Company |
| 3.5(c) | —Articles of Amendment to the Articles of Incorporation of the Company |
| 3.6(d) | —Bylaws of the Company (as Amended and Restated effective as of June 9, 2009) |
| 4.1(e) | —Indenture between the Company and SunTrust Bank, as Trustee |
| 4.2(f) | —First Supplemental Indenture to the Indenture between the Operating Partnership and SunTrust Bank, as Trustee |
| 4.3(g) | —Form of Post Apartment Homes, L.P. 4.75% Note due 2017 |
| 4.4(h) | —Form of Post Apartment Homes, L.P. 3.375% Note due 2022 |
| 11.1(i) | —Statement Regarding Computation of Per Share Earnings |
| 31.1 | —Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended, and adopted under Section 302 of the Sarbanes-Oxley Act of 2002 |
| 31.2 | —Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended, and adopted under Section 302 of the Sarbanes-Oxley Act of 2002 |
| 32.1 | —Certification of the Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted under Section 906 of the Sarbanes-Oxley Act of 2002 |
| 32.2 | —Certification of the Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted under Section 906 of the Sarbanes-Oxley Act of 2002 |
| 101 | —The following financial information for the Company and the Operating Partnership, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Equity and Accumulated Earnings, (v) the Consolidated Statements of Cash Flows, and (vi) the Notes to the Consolidated Financial Statements. |
| (a) | Filed as an exhibit to the Registration Statement on Form S-11 (SEC File No. 33-61936), as amended, of the Company and incorporated herein by reference. |
| (b) | Filed as an exhibit to the Annual Report on Form 10-K of the Registrants for the year ended December 31, 2002 and incorporated herein by reference. |
| (c) | Filed as an exhibit to the Quarterly Report on Form 10-Q of the Registrants for the quarter ended September 30, 1999 and incorporated herein by reference. |
| (d) | Filed as an exhibit to the current Report on Form 8-K of the Registrants filed on February 12, 2009 and incorporated herein by reference. |
| (e) | Filed as an exhibit to the Registration Statement on Form S-3 (SEC File No. 333-42884), as amended, of the Company and incorporated herein by reference. |
| (f) | Filed as an exhibit to the Registration Statement on Form S-3ASR (SEC File No. 333-139581) of the Company and incorporated herein by reference. |
| (g) | |

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Filed as an exhibit to the Current Report on Form 8-K of the Registrants filed October 18, 2010 and incorporated herein by reference.

(h) Filed as an exhibit to the Current Report on Form 8-K of the Registrants filed November 7, 2012 and incorporated herein by reference.

(i) The information required by this exhibit is included in notes 6 and 7 to the consolidated financial statements and is incorporated herein by reference.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

POST PROPERTIES, INC.

May 9, 2016 By /s/ David P. Stockert
David P. Stockert
President and Chief Executive Officer
(Principal Executive Officer)

May 9, 2016 By /s/ Christopher J. Papa
Christopher J. Papa
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

May 9, 2016 By /s/ Arthur J. Quirk
Arthur J. Quirk
Senior Vice President and Chief Accounting Officer
(Principal Accounting Officer)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

POST APARTMENT HOMES, L.P.

By: Post GP Holdings, Inc., its sole general partner

May 9, 2016 By /s/ David P. Stockert
David P. Stockert
President and Chief Executive Officer
(Principal Executive Officer)

May 9, 2016 By /s/ Christopher J. Papa
Christopher J. Papa
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

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Senior Vice President and Chief Accounting Officer
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