



W O R L D



Financial Highlights

(\$ in thousands, unless otherwise noted)

	2011	2010	2009
For the Period			
Revenues	\$ 381,310	\$ 351,228	\$ 325,041
Funds from Operations Available to Common Shareholders and Unitholders (FFO) ⁽¹⁾	104,712	81,310	129,808
Net Income (Loss) Available to Common Shareholders	3,428	(48,054)	(509)
Per Share			
FFO - Diluted ⁽¹⁾	\$ 1.15	\$ 1.02	\$ 2.09
FFO - Basic ⁽¹⁾	\$ 1.15	\$ 1.02	\$ 2.09
Net Income (Loss) - Diluted	\$ 0.04	\$ (0.67)	\$ (0.01)
Net Income (Loss) - Basic	\$ 0.04	\$ (0.67)	\$ (0.01)
Dividends	\$ 0.60	\$ 0.60	\$ 0.70
At Year End			
Total Market Capitalization (in millions) ⁽²⁾	\$ 3,734	\$ 3,357	\$ 2,779
Total Long-Term Liabilities	\$ 1,760	\$ 1,762	\$ 1,704
Shares and Units Outstanding (in thousands)	94,643	85,634	74,529
Market Price of Common Shares	\$ 20.86	\$ 18.05	\$ 11.73
Real Estate Portfolio			
Number of Operating Properties	153	156	156
Multifamily - Apartment Homes ⁽³⁾	34,461	33,569	33,524
Commercial - Leasable Square Feet (in millions) ⁽⁴⁾	9.8	10.7	11.0
Real Estate Before Accumulated Depreciation (in millions)	\$ 3,763	\$ 3,610	\$ 3,512

(1) Funds from operations (FFO) is a supplemental non-GAAP financial measure used to measure the operating performance of equity REITs. A discussion of FFO and a reconciliation of FFO to net income available to common shareholders is included in Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2011, as filed with the Securities and Exchange Commission on February 28, 2012. FFO per share is calculated by dividing FFO by the weighted-average shares and units outstanding for the period.

(2) Consists of all outstanding indebtedness, the liquidation preference of the preferred shares, and the market price of our common shares and operating partnership units at year end.

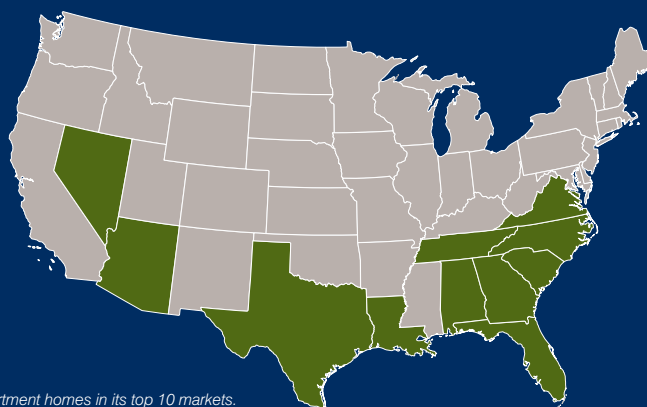
(3) Represents apartment homes in which the company owns or maintains a partial ownership interest.

(4) Represents commercial leasable square feet in which the company owns or maintains a partial ownership interest.

Premier Sunbelt Multifamily Platform

Apartment Homes by Major Market⁽¹⁾

Charlotte, NC	4,851
Dallas/Fort Worth, TX	4,278
Austin, TX	3,244
Raleigh, NC	2,644
Atlanta, GA	2,598
Charleston, SC	1,890
Orlando, FL	1,756
Richmond, VA	1,700
Birmingham, AL	1,608
Savannah, GA	1,437



(1) Represents the company's wholly-owned apartment homes in its top 10 markets.



To Our Shareholders: Your continued interest and investment in our company are appreciated. Three years ago, I outlined a business plan with three steps: reduction, restructure and renewal. Since that time, we have been successful in navigating through the first two phases with solid execution against our directives. It has been a journey to get to this point, but with reduction and restructure behind us, we are now able to pursue growth and renewal of the company on your behalf.

Our directives for 2011 were to grow the company, improve operations and achieve our balance sheet targets. We made substantial progress on each of our directives and are carrying the momentum we established last year into 2012 as we move solidly into the growth phase of our business plan.

Strong multifamily fundamentals are putting us in a position to grow the company. The timing of our growth phase with these fundamentals is not by chance. In our analysis three years ago, we noted the growing echo boomer population (20-34 year olds) – over 63 million strong in 2011 and the largest demographic group in the country – combined with a lack of new supply and declining home ownership, would create a very favorable supply/demand balance for multifamily owners. With the housing market still searching for a bottom, we see no indication yet of the prime renter population shrinking or the percentage of move-outs to home ownership rising appreciably. More importantly, we expect job growth to improve gradually during the year, which has historically been the biggest driver of demand. These trends have come together to create what we believe is one of the better operating climates for the multifamily business in recent memory.

The exceptional fundamentals in the multifamily business and the execution of our business plan produced strong operating results in 2011. We achieved 7.3 percent same-property net operating income (NOI) growth – an annual record for our company – sustained a consistently high same-property physical occupancy throughout the year – 95.9 percent as of December 31, 2011 – kept resident turnover at a low level, produced 12.8 percent growth in FFO per share, reduced leverage 400 basis points and delivered a total return to shareholders of 18.9 percent. In recognition of our performance and the expectation that the positive trends and growth will continue into 2012, the board of trustees declared a 20 percent increase in our quarterly common share dividend effective with the first quarter of 2012.

Leveraging our strong occupancy in 2011, we were able to increase our new lease rates 3.3 percent and our renewal rates 6.4 percent, which were the primary drivers of our operating performance. We also improved the portfolio through asset recycling transactions and putting capital to work. During 2011, we acquired apartment

We made substantial progress on each of our directives and are carrying the momentum we established last year into 2012 as we move solidly into the growth phase of our business plan.



**Echo Boomer
Population Growth**

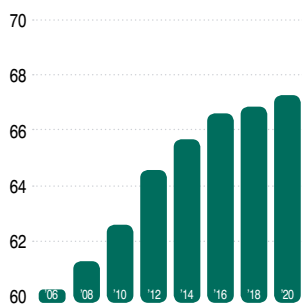
Over 63 million strong in 2011, the echo boomers will be a key demand driver for apartment rentals for many years to come.

communities totaling 2,455 units with an average age of 3 years for a total investment of \$235 million while disposing of apartment communities totaling 1,726 units with an average age of 22 years for total proceeds of \$106 million. Additionally, we sold our interests in three retail centers and one office building totaling 1.4 million square feet for total consideration of \$100 million.

In order to achieve our balance sheet targets, we were active in the capital markets during the year. We raised \$164 million of common equity from at-the-market equity programs, completed a seven-year \$250 million unsecured term loan at an attractive long-term rate and repurchased the remaining \$50 million of outstanding Series B Preferred units. Our leverage at year end continued to trend down, reaching 45.5 percent of net debt plus preferred to gross assets compared with 49.5 percent a year ago.

As we look ahead to 2012, our directives are to grow the company, achieve an investment grade rating and improve our portfolio. We will look to grow the company internally through improving our core NOI as well as externally through our development pipeline and select acquisitions. Our current development pipeline consists of four apartment communities under construction totaling 1,367 units and a total investment of \$178 million. These developments include: the 486-unit Colonial Grand at Hampton Preserve in Tampa, Florida; the 296-unit Colonial Grand at Double Creek in Austin, Texas; the 232-unit Colonial Grand at Lake Mary in Orlando, Florida; and the 353-unit Colonial Reserve at South End in Charlotte, North Carolina. We are projecting to spend \$125 million to \$150 million on new developments in 2012, which would allow us to add approximately three to four more apartment communities to that pipeline during the year. While we are mindful of new supply in our markets, our goal is to unlock the value of the land carried on our books as quickly as possible and be in front of any new supply that might come online over the next few years.

Echo Boomers
(ages 20-34, in millions)



Source: Woods & Poole

In 2012, we anticipate acquisition volume of \$100 million to \$150 million. We have already achieved \$45 million of this total with the acquisition of the 350-unit Class A apartment community, Colonial Grand at Brier Falls in Raleigh, North Carolina, in January 2012. We are targeting Class A multifamily properties that will improve the overall age of our portfolio, increase our average rent per unit, improve our operating margin and reduce our capital expenditure requirements within markets in our Sunbelt footprint where rents have not fully recovered. Shareholders can expect that we will remain disciplined when it comes to executing additional acquisitions and weighing the opportunities against new multifamily developments.

As we look ahead to 2012, our directives are to **grow the company, achieve an investment grade rating and improve our portfolio**. We will look to grow the company internally through improving our core NOI as well as externally through our development pipeline and select acquisitions.



We're **expecting the momentum we gained in 2011**
and the continued strong multifamily fundamentals to provide us with one of the
better operating environments in quite some time in 2012.





Consistent with our strategy in 2011, we plan to fund much of our development and acquisition activity with proceeds from dispositions. Our goal is to achieve a portfolio mix of 90 percent of total NOI from the multifamily portfolio and 10 percent from the commercial portfolio. We will achieve this mix through the continued sale of certain office and retail assets and the sale of older, less productive multifamily assets recycled into newer Class A properties, coupled with the delivery of our multifamily developments.

We believe we are in a position to achieve our investment grade rating in 2012. While we acknowledge it is tougher to get your investment grade rating back once you've lost it, our leverage, coverage ratios, liquidity and debt maturities make a strong case for re-establishing an investment grade rating. Our goals for the near term, which have been developed with guidance from the rating agencies, are to continue to expand our fixed charge ratio beyond 2.0 times, achieve a net debt plus preferred to gross asset value ratio of approximately 45 percent and a net debt to EBITDA ratio of 8.0 times or better. We are right on these metrics and will be looking to make our case with the rating agencies this year, while at the same time executing on numerous growth opportunities available to us.

As I noted earlier, we're expecting the momentum we gained in 2011 and the continued strong multifamily fundamentals to provide us with one of the better operating environments in quite some time in 2012. Our management team is focused on executing our directives to deliver strong returns from our strategy. Thank you for your continued support and investment, and I look forward to reporting our progress to you during the year.

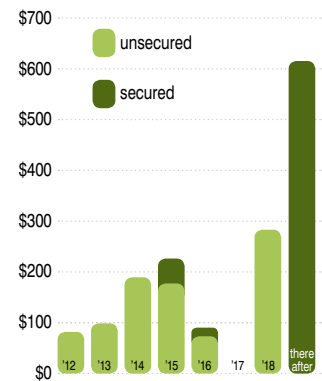
Sincerely,

Thomas H. Lowder
Chairman and Chief Executive Officer

Positioned to achieve investment grade in 2012

our leverage, coverage ratios, liquidity and debt maturities make a strong case for re-establishing an investment grade rating.

Consolidated Debt Maturities⁽¹⁾ (\$ in millions)



⁽¹⁾ Excludes \$184 million outstanding as of December 31, 2011 under our unsecured line of credit, which matures in June 2012.

CONSOLIDATED BALANCE SHEETS

(In thousands, except per share data)

	December 31, 2011	December 31, 2010
ASSETS		
Land, buildings and equipment	\$ 3,445,455	\$ 3,331,108
Undeveloped land and construction in progress	306,826	261,955
Less: Accumulated depreciation	(731,894)	(640,981)
Real estate assets held for sale, net	10,543	16,861
Net real estate assets	3,030,930	2,968,943
Cash and cash equivalents	6,452	4,954
Restricted cash	43,489	9,294
Accounts receivable, net	26,762	20,734
Notes receivable	43,787	44,538
Prepaid expenses	19,912	23,225
Deferred debt and lease costs	22,408	23,035
Investment in partially-owned unconsolidated entities	12,303	22,828
Other assets	52,562	53,583
Total assets	\$ 3,258,605	\$ 3,171,134
LIABILITIES, NONCONTROLLING INTEREST AND SHAREHOLDERS' EQUITY		
Notes and mortgages payable	\$ 1,575,727	\$ 1,384,209
Unsecured credit facility	184,000	377,362
Total debt	1,759,727	1,761,571
Accounts payable	50,266	38,915
Accrued interest	11,923	12,002
Accrued expenses	15,731	15,267
Investment in partially-owned unconsolidated entities	31,577	27,954
Other liabilities	25,208	10,129
Total liabilities	1,894,432	1,865,838
Redeemable noncontrolling interest:		
Common units	159,582	145,539
Equity:		
Common shares of beneficial interest, \$0.01 par value, 125,000,000 shares authorized; 93,096,722 and 83,957,388 shares issued at December 31, 2011 and December 31, 2010, respectively	931	840
Additional paid-in capital	1,964,881	1,808,298
Cumulative earnings	1,267,958	1,260,944
Cumulative distributions	(1,862,838)	(1,808,700)
Noncontrolling interest	728	50,769
Treasury shares, at cost; 5,623,150 shares at December 31, 2011 and 2010	(150,163)	(150,163)
Accumulated other comprehensive loss	(16,906)	(2,231)
Total shareholders' equity	1,204,591	1,159,757
Total liabilities, noncontrolling interest and shareholders' equity	\$ 3,258,605	\$ 3,171,134

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

(In thousands, except share and per share data)

	For The Years Ended		
	December 31, 2011	December 31, 2010	December 31, 2009
Revenues:			
Minimum rent	\$ 310,053	\$ 282,120	\$ 265,903
Rentals from affiliates	903	855	77
Tenant recoveries	10,934	10,228	4,332
Other property related revenue	51,373	46,332	39,690
Other non-property related revenue	8,047	11,693	15,039
Total revenues	381,310	351,228	325,041
Operating expenses:			
Property operating expense	106,067	100,305	90,138
Taxes, licenses and insurance	42,491	40,009	37,725
Property management expense	9,185	8,584	7,749
General and administrative expense	20,439	18,563	17,940
Management fees and other expenses	8,067	9,504	14,219
Restructuring charges	153	361	1,400
Investment and development expense	1,781	422	1,989
Depreciation	123,460	116,374	107,622
Amortization	8,426	8,848	4,004
Impairment and other losses	5,736	1,308	10,388
Total operating expenses	325,805	304,278	293,174
Income from operations	55,505	46,950	31,867
Other income (expense):			
Interest expense	(86,573)	(83,091)	(86,069)
Debt cost amortization	(4,767)	(4,618)	(4,941)
Gain on retirement of debt	—	1,044	56,427
Interest income	1,503	1,597	1,446
Income (loss) from partially-owned unconsolidated entities	17,497	3,365	(1,243)
Loss on hedging activities	—	(289)	(1,709)
Gain (loss) from sales of property, net of income taxes of \$0, \$117 and \$3,157 for 2011, 2010 and 2009	115	(1,391)	5,875
Income tax (expense) benefit and other	(872)	(1,084)	10,086
Total other income (expense)	(73,097)	(84,467)	(20,128)
(Loss) income from continuing operations	(17,592)	(37,517)	11,739
Income (loss) from discontinued operations	38	(631)	1,711
Gain (loss) on disposal of discontinued operations, net of income taxes of \$0, \$0 and \$70 for 2011, 2010 and 2009	23,733	(395)	1,728
Net income (loss) from discontinued operations	23,771	(1,026)	3,439
Net income (loss)	6,179	(38,543)	15,178
Continuing operations:			
Noncontrolling interest in CRLP — common unitholders	1,580	4,969	643
Noncontrolling interest in CRLP — preferred unitholders	(3,586)	(7,161)	(7,250)
Noncontrolling interest of limited partners	(53)	103	(999)
Discontinued operations:			
Noncontrolling interest in CRLP	(1,873)	99	(561)
Noncontrolling interest of limited partners	—	(4)	597
Net income attributable to noncontrolling interest	(3,932)	(1,994)	(7,570)
Net income (loss) attributable to parent company	2,247	(40,537)	7,608
Dividends to preferred shareholders	—	(5,649)	(8,142)
Preferred unit repurchase gains	2,500	3,000	—
Preferred share/unit issuance costs write-off	(1,319)	(4,868)	25
Net income (loss) available to common shareholders	\$ 3,428	\$ (48,054)	\$ (509)
Net income (loss) per common share — basic:			
Continuing operations	\$ (0.22)	\$ (0.66)	\$ (0.04)
Discontinued operations	0.26	(0.01)	0.03
Net income (loss) per common share — basic	\$ 0.04	\$ (0.67)	\$ (0.01)
Net income (loss) per common share — diluted:			
Continuing operations	\$ (0.22)	\$ (0.66)	\$ (0.04)
Discontinued operations	0.26	(0.01)	0.03
Net income (loss) per common share — diluted	\$ 0.04	\$ (0.67)	\$ (0.01)
Weighted average common shares outstanding:			
Basic	84,142	71,919	53,266
Diluted	84,142	71,919	53,266
Net income (loss)	\$ 6,179	\$ (38,543)	\$ 15,178
Other comprehensive (loss) income:			
Changes in fair value of qualifying hedges	(19,302)	—	—
Adjust for amounts included in net income (loss)	3,164	726	2,248
Comprehensive (loss) income	\$ (9,959)	\$ (37,817)	\$ 17,426

Trustees & Senior Officers

Trustees

Carl F. Bailey ^{1,2*,3,5}
Chairman, TekQuest Industries, Inc.; Board of Trustees, Birmingham Southern College; Co-Chairman (Ret.), BellSouth Telecommunications, Inc.; Chairman and CEO (Ret.), South Central Bell Telephone Company

Edwin M. Crawford ^{1,5}
Private Investor; Partner, Crawford-Ross

M. Miller Gorrie ^{3,5*}
Chairman of the Board, Brasfield & Gorrie, LLC; Director, American Cast Iron Pipe Co.

William M. Johnson ^{4,5}
President and Chief Executive Officer, Johnson Development Company

James K. Lowder ⁵
Chairman, The Colonial Company; Director, Alabama Power Company

Thomas H. Lowder ^{3*,5}
Chairman of the Board and Chief Executive Officer, Colonial Properties Trust

Herbert A. Meisler ^{1,2}
President, The Rime Companies; Director, Mobile Airport Authority

Claude B. Nielsen ^{2,3,4*}
Chairman of the Board, President and Chief Executive Officer, Coca-Cola Bottling Company United, Inc

Harold W. Ripps ^{4,5}
Chief Executive Officer, The Rime Companies

John W. Spiegel ^{1*,2,3,4}
Vice Chairman and Chief Financial Officer (Ret.), SunTrust Banks, Inc.; Director, RockTenn Company, Inc.; Director, CPEX and Pharmaceuticals, Inc.

*Indicates committee chair
1 Audit Committee
2 Governance Committee
3 Executive Committee
4 Executive Compensation Committee
5 Investment Committee

Senior Officers

Thomas H. Lowder
Chairman of the Board and Chief Executive Officer

C. Reynolds Thompson, III
President and Chief Financial Officer

Paul F. Earle
Chief Operating Officer

John P. Rigrish
Chief Administrative Officer, Corporate Secretary

Jerry A. Brewer
Executive Vice President, Finance

Mary Ann Klingler
Executive Vice President, Multifamily

James E. Maher
Executive Vice President, Office

Kenneth J. Marshall
Executive Vice President, Retail Development

Brian J. Neltner
Executive Vice President, Retail

Bradley P. Sandidge
Executive Vice President, Accounting

Scott A. Sladek
Executive Vice President, Multifamily

Edward T. Wright
Executive Vice President, Multifamily Development and Construction

Corporate Headquarters

2101 Sixth Avenue North,
Suite 750
Birmingham, AL 35203
(205) 250-8700
www.colonialprop.com

Independent Accountants

Deloitte & Touche LLP
Birmingham, AL

Corporate Counsel

Hogan Lovells US LLP
Washington, DC

Transfer Agent and Registrar

Computershare Investor Services
P.O. Box 43078
Providence, RI 02940-3078
www.computershare.com

Shares Listed

New York Stock Exchange
symbol: CLP

Annual Meeting

The Annual Meeting of Shareholders of Colonial Properties Trust is scheduled for Wednesday, April 25, 2012, at 10:30 a.m. CT, 1st floor conference room of Colonial Brookwood Center, 569 Brookwood Village, Suite 131, Homewood, AL 35209.

Form 10-K

A copy of the company's Annual Report on Form 10-K for the year ended December 31, 2011, which has been filed with the Securities and Exchange Commission, accompanies this annual report. Address inquiries to Investor Relations at the company's corporate headquarters.

Share Ownership

As of February 17, 2012, the company had an estimated 2,701 shareholders of record and 24,788 beneficial owners.

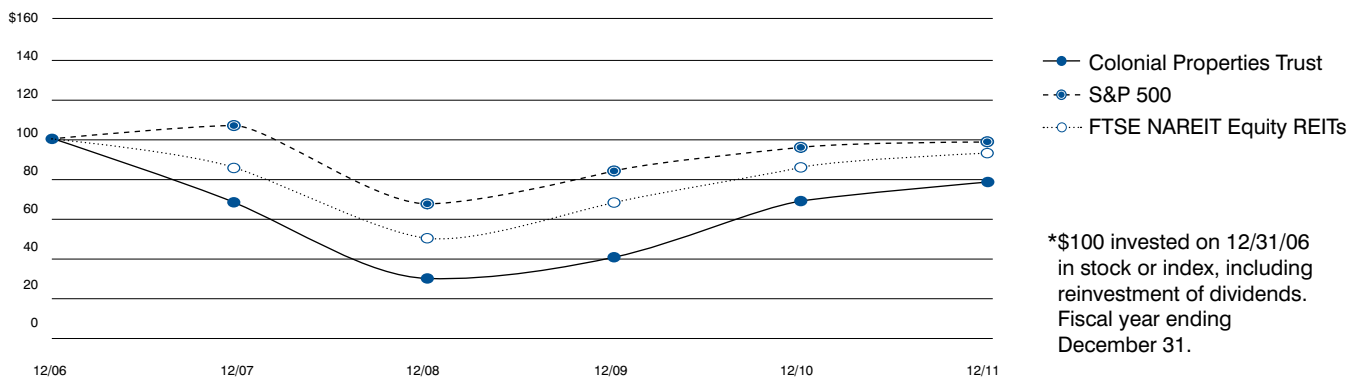
Direct Investment Program

Colonial Properties Trust offers a Direct Investment Program that allows shareholders to make initial purchases of shares directly from the company and automatically invest dividends, as well as make voluntary cash payments for the purchase of additional shares. To receive more information, contact the company's Transfer Agent, Computershare Investor Services, at (866) 897-1807 or the Investor Relations department at (800) 645-3917.

Corporate Shareholder Information

Comparison of 5 Year Cumulative Total Return*

Among Colonial Properties Trust, The S&P Index and the FTSE NAREIT Equity REITs Index



*\$100 invested on 12/31/06 in stock or index, including reinvestment of dividends. Fiscal year ending December 31.

Forward-Looking Statements

Certain statements in this annual report, including statements regarding the operating environment and other trends in the multifamily business, future improvement in job growth, expected development and acquisition activity, and the company's efforts to grow the company, achieve investment grade rating and improve the portfolio, may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and involve known and unknown risks, uncertainties and other factors that may cause the company's actual results, performance, achievements or transactions to be materially different from the results, performance, achievements or transactions expressed or implied by the forward-looking statements.

Factors that impact such forward looking statements include, among others, changes in national, regional and local economic conditions, which may be negatively impacted by concerns about inflation, deflation, government deficits (including the European sovereign debt crisis), high unemployment rates, decreased consumer confidence and liquidity concerns, particularly in markets in which we have a high concentration of properties; exposure, as a multifamily focused REIT, to risks inherent in investments in a single industry; ability to obtain financing at favorable rates, if at all, and refinance existing debt as it matures, including with respect to the refinancing or replacement of our unsecured revolving credit facility; performance of affiliates or companies in which we have made investments; changes in operating costs; higher than expected construction costs; uncertainties associated with the timing and amount of real estate disposition and the resulting gains/losses associated with such dispositions; legislative or regulatory decisions; the Company's ability to continue to maintain its status as a REIT for federal income tax purposes; price volatility, dislocations and liquidity disruptions in the financial markets and the resulting impact on availability of financing; the effect of any rating agency actions on the cost and availability of new debt financings; level and volatility of interest or capitalization rates or capital market conditions; effect of any terrorist activity or other heightened geopolitical crisis; or other factors affecting the real estate industry generally.



www.colonialprop.com