

COLONIAL

PROPERTIES TRUST

WHERE YOU LIVE, WORK & SHOP



PLAN A	DEVELOPING WHERE YOU LIVE, WORK AND SHOP
	ANNUAL REPORT

COLONIAL PROPERTIES AT-A-GLANCE



COLONIAL GRAND
@ PROMENADE



COLONIAL GRAND
@ MADISON

MULTIFAMILY

The Multifamily Division develops, acquires and operates multifamily properties throughout the Sunbelt with a particular emphasis on the selection of strong growth submarkets. Our apartment homes offer high-tech amenities and features. In addition, our highly trained staff ensures quality customer service, increased productivity and higher profit margins.

37.9%

Contribution to
Net Operating Income



INTERSTATE P...



AMSOUTH CENTER

EXISTING PROPERTIES BY CITY - 1999

(in units)

AUBURN, AL (240)	ORLANDO, FL (1,790)	SAVANNAH, GA (298)
BIRMINGHAM, AL (3,741)	PENSACOLA, FL (328)	STOCKBRIDGE, GA (240)
HUNTSVILLE, AL (1,436)	SARASOTA/	JACKSON, MS (328)
MOBILE, AL (1,204)	BRADENTON, FL (1,252)	BLUFFTON, SC (414)
MONTGOMERY, AL (772)	TAMPA, FL (1,196)	GREENVILLE, SC (350)
TUSCALOOSA, AL (304)	ATHENS, GA (204)	SAN ANTONIO, TX (322)
GAINESVILLE, FL (560)	AUGUSTA, GA (256)	
JACKSONVILLE, FL (240)	MACON, GA (940)	

DEVELOPMENTS COMPLETED IN 1999

- Colonial Grand at Citrus Park, Tampa, FL	176 units
- Colonial Grand at Cypress Crossing, Orlando, FL	250
- Colonial Grand at Edgewater - Phase II, Huntsville, AL	192
- Colonial Grand at Inverness Lakes - Phase II, Mobile, AL	132
- Colonial Grand at Lakewood Ranch, Bradenton, FL	288
- Colonial Grand at Wesleyan - Phase II, Macon, GA	88
	<u>1,126</u>

DEVELOPMENTS UNDER CONSTRUCTION

- Colonial Grand at Heather Glen, Orlando, FL	448 units
- Colonial Grand at Liberty Park, Birmingham, AL	300
- Colonial Grand at Promenade, Montgomery, AL	384
- Colonial Grand at Reservoir, Jackson, MS	170
- Colonial Grand at Madison, Huntsville, AL	336
- Colonial Village at Ashley Plantation - Phase II, Bluffton (Hilton Head), SC	214
- Colonial Village at Walton Way, Augusta, GA*	256
	<u>2,108</u>

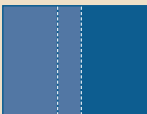
* Redevelopment of an existing property.

RETAIL

The Retail Division develops, acquires and operates dominant regional malls, and community and neighborhood shopping centers in growth markets throughout the Sunbelt. The division operates 16 regional malls, which represent approximately 65% of the division's net operating income. The regional malls are generally in single-mall markets or they are the dominant retail destination for that market. The division also operates 25 community centers with strong anchors in well placed submarkets to best serve the surrounding neighborhood.

47.9%

Contribution to
Net Operating Income



OFFICE

The Office Division develops, acquires and operates urban and suburban office buildings in selected growth markets in the Sunbelt. The division's expansion program follows a disciplined growth strategy focusing on local market knowledge and leasing experience in each of its targeted cities.

14.2%

Contribution to
Net Operating Income



EXISTING PROPERTIES BY CITY - 1999

(in sq. ft.)

BIRMINGHAM, AL (1,074,515)	MONTGOMERY, AL (297,516)	TAMPA, FL (291,400)
HUNTSVILLE, AL (866,421)	ORLANDO, FL (71,945)	ATLANTA, GA (535,712)

DEVELOPMENTS COMPLETED IN 1999

- Colonial Plaza, Birmingham, AL*	178,617 sq. ft.
- 1800 International Park, Birmingham, AL	146,128
- Colonial Center at Research Park, Huntsville, AL	133,412
	<u>458,157</u>

DEVELOPMENTS UNDER CONSTRUCTION

- Colonial Center 300 at Mansell Overlook, Atlanta, GA	161,637 sq. ft.
- Independence Plaza, Birmingham, AL*	107,281
	<u>268,918</u>

* Redevelopment of an existing property.

ACQUISITIONS

- Emmett R. Johnson Building, Birmingham, AL	162,763 sq. ft.
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EXISTING PROPERTIES BY CITY - 1999

(in sq. ft.)

AUBURN, AL (399,889)	TAMPA/ST. PETERSBURG, FL (400,393)	GREENSBORO, NC (103,548)
BIRMINGHAM, AL (784,502)	ATHENS, GA (343,569)	LOCUST, NC (46,970)
GADSDEN, AL (490,898)	ATLANTA, GA (25,510)	MOUNT AIRY, NC (208,666)
HUNTSVILLE/DECATUR, AL (991,201)	BRUNSWICK, GA (507,450)	YADKINVILLE, NC (90,917)
MOBILE, AL (1,433,031)	COLUMBUS, GA (109,630)	MYRTLE BEACH, SC (486,493)
MONTGOMERY, AL (655,539)	GAINESVILLE, GA (518,115)	CHATTANOOGA, TN (73,539)
JACKSONVILLE, FL (193,833)	MACON, GA (1,440,559)	ABINGDON, VA (165,684)
OCALA, FL (87,136)	VALDOSTA, GA (400,972)	STAUNTON, VA (423,177)
ORLANDO, FL (2,447,510)	BURLINGTON, NC (412,697)	
PUNTA GORDA, FL (198,918)	GREENVILLE, NC (467,504)	

DEVELOPMENTS UNDER CONSTRUCTION

- Brookwood Village Mall, Birmingham, AL*	750,754 sq. ft.
- Colonial Promenade Trussville, Birmingham, AL	388,302
- Colonial Promenade Tutwiler Farm, Birmingham, AL	213,111
- Colonial Promenade Madison, Huntsville, AL	110,820
- Northdale Court, Tampa, FL*	192,726
	<u>1,655,713</u>

* Redevelopment of an existing property.

ACQUISITIONS

- The Plaza Mall, Greenville, NC	467,504 sq. ft.
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COLONIAL MALL
GADSDEN



ORLANDO FASHION
SQUARE

COLONIAL PROPERTIES TRUST is one of the largest diversified real estate investment trusts (REITs) in the United States with a total market capitalization of \$2.0 billion. The company develops, owns and operates multifamily, office and retail properties in select growth markets where you live, work and shop in the Sunbelt region of the United States. A self-administered and self-managed REIT, Colonial Properties Trust is a fully integrated, diversified real estate company whose activities include development of new properties, acquisition of existing properties, build-to-suit development, and the provision of management, leasing and brokerage services for income-producing real estate.

Colonial Properties Trust is headquartered in Birmingham, Alabama, and is traded on the New York Stock Exchange under the symbol: CLP.

VISION | To Be the Star Performer in Real Estate
MISSION | Making Your Life Better



Diversified Property Portfolio
Sunbelt Focused
Consistent Long-Term Performance Through:
Operating Excellence, Development, Acquisitions,
Dispositions and Joint Ventures

OUR COMMITMENT

Shareholders | Increased Return and Consistent Performance
Customers | Highest Quality Environments Where You Live, Work & Shop
Employees | Positive and Exciting Workplace

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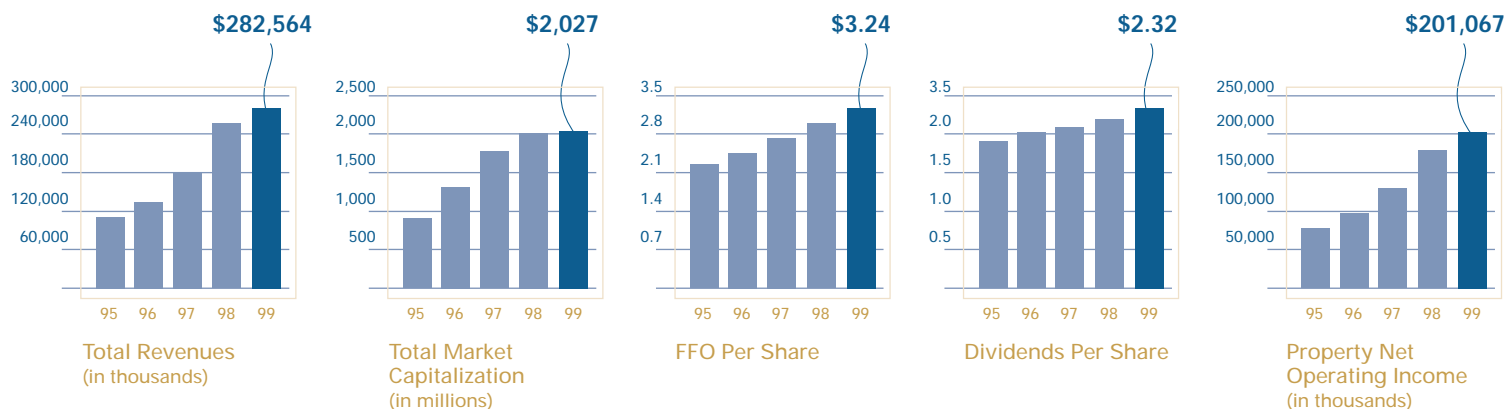
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FINANCIAL HIGHLIGHTS

COLONIAL PROPERTIES TRUST

Dollar amounts in thousands except per share data	1999	1998	1997
FOR THE PERIOD			
Revenues	\$ 282,564	\$ 257,367	\$ 184,126
Funds from Operations	113,872	103,746	77,493
Net Income Available to Common Shareholders	44,833	39,284	30,277
PER SHARE			
Funds from Operations	\$ 3.24	\$ 2.97	\$ 2.70
Net Income – Basic and Diluted	1.83	1.59	1.53
Dividends Paid	2.32	2.20	2.08
Dividend Payout Ratio	71.6%	74.1%	77.0%
AT YEAR-END			
Total Market Capitalization	\$ 2,027,036	\$ 2,013,084	\$ 1,764,810
Market Value of Equity	987,173	1,103,762	1,062,766
Notes and Mortgages Payable	1,039,863	909,322	702,044
Shares and Units Outstanding (in thousands)	32,870	36,761	31,129
Market Price of Common Shares	\$ 23 ³ / ₁₆	\$ 26 ⁵ / ₁₆	\$ 30 ¹ / ₁₆
REAL ESTATE PORTFOLIO			
Number of Operating Properties	111	106	93
Multifamily Apartment Units	16,415	15,381	13,759
Retail Leasable Area (square feet in millions)	13.9	13.5	10.6
Office Leasable Area (square feet in millions)	3.1	2.7	1.9
Real Estate Investment, at cost	\$ 2,006,827	\$ 1,864,699	\$ 1,491,241

UP 9.1%



TO OUR SHAREHOLDERS

Once again, your Company had another successful year. Through our Star Strategy, your dividend was increased, the balance sheet remains healthy and our properties achieved operating excellence. Our Star Strategy is working well. Our focus on the Sunbelt, the growth area of the nation, continues to pay dividends as the region's growth continues. Equally important is your Company's commitment to consistent performance achieved through operating excellence and expertise in development, acquisitions and dispositions. However, it is our commitment to property type diversification that makes your Company truly unique.

Unlike single-sector REITs, your Company's commitment to property type diversification allows us the flexibility to allocate capital to the product type that provides the most attractive investment opportunity. The marketplace drives the composition of our portfolio, and the flexibility to change our portfolio composition is the key to our success.

We focused our investment opportunities in two directions during 1999: first, investment in our own company through a common share repurchase program, and second, an expanded emphasis on development in each property type. When acquisitions are not economically feasible, we capitalize on our extensive development experience and respond to opportunities with new products and ideas. We funded a portion of these investments by taking advantage of attractive opportunities to sell over \$100 million of multifamily assets during the year. We view our development pipeline as the

basis for the external growth of our Company for the next several years, and this development focus will continue into 2000 and 2001.

MARKET ANALYSIS

While continually seeking out potential new markets, existing markets are continuously reviewed for new investment opportunities. Our market research department reviews and analyzes existing and potential markets for acquisition and development opportunities. By weighting employment, population and household income, we rank each of the 124 metropolitan statistical areas (MSAs) in the Sunbelt region assessing their demographic strength. We also monitor the current and planned construction and absorption activity for each property type. Market analysis and the subsequent selection of markets drives investment activities.

INVESTMENT STRATEGY: FOCUS ON DEVELOPMENT

Combining our development expertise and our market research analysis, we completed \$110 million in construction projects during 1999: six multifamily properties and three office projects. Currently, our pipeline includes \$260 million of apartment homes, office buildings and shopping centers; as of year-end, we have invested \$153 million in these developments.

MIXED-USE DEVELOPMENT

Our diversification and resulting multiple product type expertise makes us uniquely qualified for mixed-use development. Our mixed-use division focuses on projects where we can capitalize on the synergy created by our multiple development expertise. Mixed-use projects – *where you live, work and shop* – fit current lifestyle trends that demand more convenience in every aspect of life. People want to live closer to where they work and have easy access to shopping, dining and entertainment. The mixed-use division develops projects that respond to these trends.

One example of a mixed-use project on the drawing board is Colonial Town Park in Orlando, Florida. Colonial Town Park is a 170-acre development in the Heathrow/Lake Mary area of north Orlando. A new interchange from Interstate 4 delivers people directly into our property. The plans for this new community espouse our theme of *developing where you live, work and shop*. We expect to begin multifamily and office development here in 2000, followed by a retail development in 2001.

DIVIDEND RAISED AGAIN

While income and value have not been appreciated in stock valuations, our total shareholder return (dividend and stock price appreciation) has exceeded the REIT industry's indices five-year average return.

Industry analysts have referred to REIT dividend yields as a "paid-to-wait" investment, compensating investors with a strong dividend until the REIT stock market rebounds. Quite frankly, we agree. If Wall Street will not currently recognize the value of our Company, we believe that our shareholders' confidence and loyalty should be rewarded with strong returns through our dividend.

Since the Company's IPO in 1993, Funds from Operations (FFO) per share have grown 10% annually, on average, and the dividend has been raised an average of 6% per year. Our continued growth in FFO per share and our solid operating cash flows led the Board of Trustees to, once again, raise the company's quarterly dividend to \$0.60 per share, or \$2.40 annually. Also, 17.4% of 1999's dividend is a return of capital and the associated tax is deferred, increasing your current yield on your investment.

HEALTHY BALANCE SHEET STRATEGY

While sustaining consistent growth in FFO per share, we maintained a healthy balance sheet by proactively monitoring our credit ratios, leverage, and debt capacity.




The Company's investment program was largely financed through asset sales. The recycling of disposition proceeds will continue to be an integral part of our balance sheet strategy in 2000. Additionally, we successfully accessed the private preferred equity market early in 1999 and issued \$100 million of preferred units.

The Board of Trustees recognized the significant undervaluation of the common shares in the stock market and approved a \$150 million share repurchase program to capitalize on this compelling investment opportunity. The Company purchased \$122 million of shares and units into treasury during the year at attractive yields, improving the Company's net asset value per share. Our Board believes this to be an attractive investment and will continue to execute this program.

CONTINUED FOCUS

We are committed to creating value in Colonial Properties Trust through the execution of our Star Strategy. An investment in Colonial Properties Trust provides current income, long-term growth, consistent performance and a low risk profile.

Our stock is traded under the ticker symbol "CLP" on the New York Stock Exchange. Look us up. You have read our story and learned more about our Star Strategy. We hope you will share it with your friends, family and colleagues. Thank you for your investment.

THOMAS H. LOWDER	CHAIRMAN OF THE BOARD, PRESIDENT AND CHIEF EXECUTIVE OFFICER	
		

Q&A

THOMAS H. LOWDER, Chairman of the Board, President and Chief Executive Officer

C. REYNOLDS THOMPSON, III, Chief Operating Officer

HOWARD B. NELSON, JR., Chief Financial Officer



Colonial Properties Trust executives address some of the most frequently asked questions about the Company's strategies and future.

WHAT HAS BEEN THE KEY TO COLONIAL PROPERTIES' SUCCESS?

Lowder: The key to Colonial Properties' success is our Star Strategy: a diversified property portfolio in the Sunbelt that provides consistent long-term performance through operating excellence, development, acquisitions, dispositions and joint ventures. Our Star Strategy allows us the ability to allocate capital to the property type (multifamily, office or retail) with the most attractive investment opportunity. Our diversification provides us with more investment opportunities and a consistent income stream.

WHY SHOULD SOMEONE INVEST IN COLONIAL PROPERTIES TRUST?

Lowder: Colonial Properties' Star Strategy provides consistent long-term performance with a lower risk profile. We have generated 9 – 11% FFO growth per share since we've been a public company, and we expect to continue growth in that range for the future. Our long-term growth, coupled with a very attractive dividend yield, provides an investor with superior investment opportunity.

HOW WILL THE COMPANY GENERATE INTERNAL GROWTH IN 2000?

Thompson: Our office and retail portfolios have leasing opportunities which will drive the Company's internal growth in 2000. Additionally, through revenue growth and expense control, we expect the multifamily division to continue to generate same-property growth in the 3 – 3½% range.

WHAT IS COLONIAL PROPERTIES' INVESTMENT STRATEGY IN 2000?

Thompson: Our plan is to continue to sell assets and enter into strategic joint ventures on existing properties. The proceeds from these activities will be recycled into our development pipeline, common stock repurchase program and acquisitions – where value can be created.



from left to right Colonial Grand at Wesleyan, Macon, GA
Lakeside Office Park, Huntsville, AL
Colonial Promenade Beechwood, Athens, GA

WHAT IS THE COMPANY'S BALANCE SHEET STRATEGY?

Nelson: Colonial Properties has always maintained a healthy and flexible financial strategy. The Company has strong credit statistics and a solid balance sheet position. We are investment grade rated by Standard & Poor's (BBB-, with a positive outlook), Moody's (Baa3, with a positive outlook) and Duff & Phelps (BBB). This flexible strategy allows us to react quickly to new opportunities.

WHAT IS THE BENEFIT OF THE MIXED-USE INITIATIVE?

Thompson: The Company has a history of mixed-use projects. Today's demographic trends present a unique opportunity for developments where you *live, work and shop*. Our mixed-use division focuses on the development of projects which meet these demographic trends by coordinating the development expertise of our three divisions.

WHAT IS DRIVING YOUR INVESTMENT IN CERTAIN MARKETS?

Lowder: Market analysis drives our investment and disposition activities. Population growth, job growth and household income are key factors in the analysis. In addition to the relevant demographic data, we also monitor supply and demand activity for each property type. Existing markets are continuously reviewed and new investment opportunities are dependent upon the market and submarket analysis.

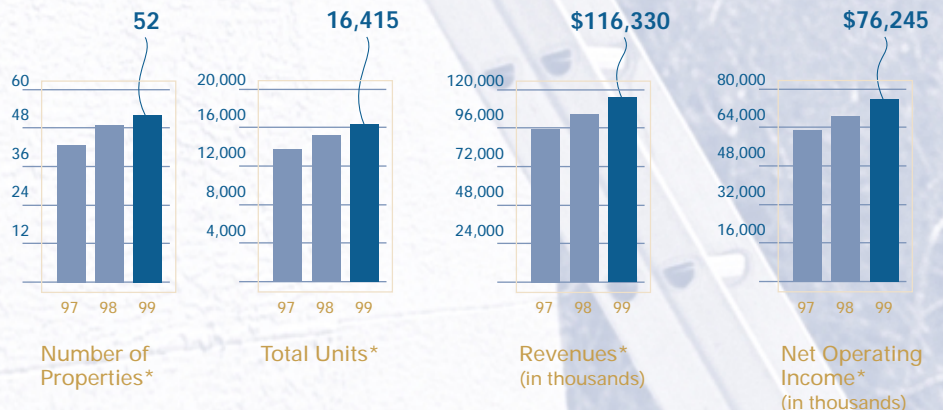
The Multifamily Division portfolio consists of 52 properties, representing 16,415 units in 22 cities in six states. The division ended the year with a 94% occupancy rate and continued to post one of the strongest operating margins (66%) in the multifamily sector.

During 1999, the Multifamily Division took full advantage of the Company's Star Strategy by selling over \$100 million of assets. With the funds from these sales, the division aggressively pursued development opportunities. Six new communities representing 1,852 units are in development for Year 2000 openings. Additionally, the division has 256 units under redevelopment. All are in growth areas that were carefully assessed by Colonial Properties to make sure the demographics, job creation and income growth were favorable for development.

In recognition of its quality development efforts, the Multifamily Division has received numerous awards from industry organizations. In 1999, the division received the following awards: the Aurora Award from the Southeast Building Conference, the National Pillars of the Industry Award from the National Association of Homebuilders, the Florida Nurserymen and Growers Association Award for Excellence in Landscaping and the Associated Builders and Contractors Award.

From new developments to efficient management, Colonial Properties continues to increase profits and grow the Multifamily Division. Colonial Properties continues to emphasize operating excellence at all of its properties to maintain strong operating margins. In addition, the division is providing customers with more services, such as advanced digital cable and multiple phone and data connections, high-speed Internet connections and home theater surround sound that generate additional revenue from each property.

PLAN
A DEVELOPING WHERE YOU LIVE, WORK AND SHOP
LIVE



* Includes subsidiary information.

The Office Division portfolio consists of 18 properties, representing 3.1 million square feet in six cities in three states. The division finished the year with a 93% portfolio occupancy rate and an impressive 70% operating margin as it continued to generate strong internal rent growth.

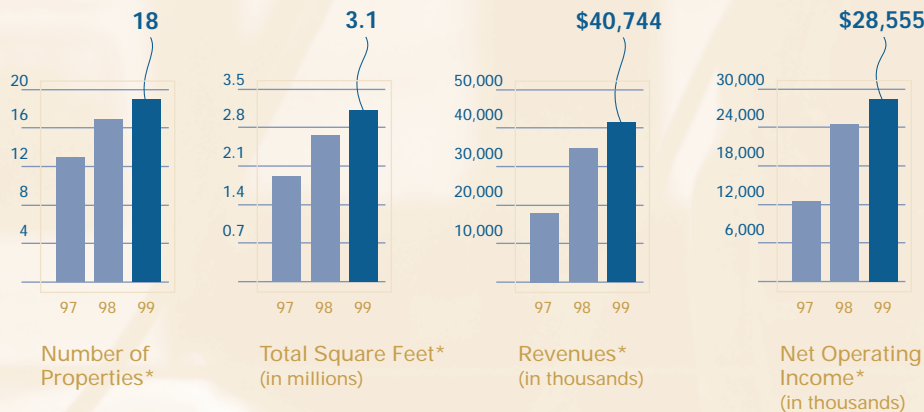
The division will emphasize the development of new buildings into the new century. Rather than expanding into new regions, the Office Division's strategy is to expand in five markets where it already has a presence – Atlanta, Birmingham, Huntsville, Orlando and Tampa. In these markets, the division has a wealth of local real estate knowledge as well as many professional relationships that are important to growing the office business.

The result of the division's "stay focused" growth strategy in these key markets is solid pre-leasing performance. Over two-thirds of International Park's 146,000-square-foot expansion in Birmingham has now been pre-leased. The Colonial Center at Research Park in Huntsville is over 65% pre-leased. And in Atlanta, the 162,000-square-foot expansion, Colonial Center 300 at Mansell Overlook, pre-leased over 56,000 square feet before ground was broken. The delivery and lease up of these buildings will improve the Office Division's returns in 2000 and 2001.

As the division extends its presence in these growing markets where job creation continues to increase, it is also making a concerted effort to brand the office properties with the Colonial name. By incorporating the Company's name, existing and potential clients can associate future buildings with the quality and service of our current product.



PLAN
A DEVELOPING WHERE YOU LIVE, WORK AND SHOP
WORK



The Retail Division portfolio consists of 41 properties, representing approximately 13.9 million square feet in 30 cities in seven states. The division ended the year with a 90% occupancy rate. Operating margins increased to 72%.

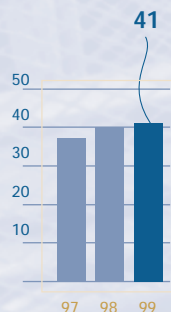
The Retail Division had a very successful year as it, too, put the emphasis on development and redevelopment. The division's development centered around its strong relationships with major retailers such as Home Depot, Wal-Mart, Regal Cinema, Marshalls, Target and Publix. These anchor tenants continue to be the key to opportunities in community center development. And because the Retail Division has established solid partnerships with these retailers, they are open to the proposals Colonial Properties presents to their real estate teams.

The division continues to show solid same-property growth and has been successful in its efforts to generate additional income from the leasing of its permanent and seasonal retail merchandising units (RMUs) and a comprehensive contract for the placement of ATMs in its 16 malls.

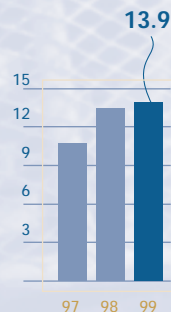
The Retail Division took on the challenge of branding its properties in order to leverage strong tenant relationships and create customer name recognition. The International Council of Shopping Centers recognized Colonial Properties Trust with the MAXI award for its success in promoting its brand names – Colonial Mall, Colonial Promenade and Colonial Shoppes. Twenty-eight properties now incorporate the Colonial brand as part of their name.



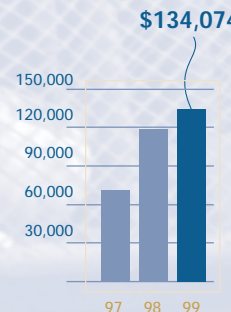
PLAN	DEVELOPING WHERE YOU LIVE, WORK AND SHOP
A	SHOP



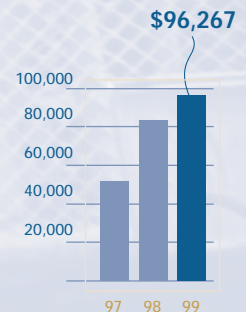
Number of Properties*



Total Square Feet* (in millions)



Revenues* (in thousands)



Net Operating Income* (in thousands)

* Includes subsidiary information.