COLONIAL PROPERTIES TRUST

FOCUS

2010 ANNUAL REPORT

Financial Highlights

($ in thousands, unless otherwise noted)	**2010**	**2009**	**2008**
For the Period			
Revenues	$ 367,009	$ 340,754	$ 344,405
Funds from Operations Available to Common Shareholders and Unitholders (FFO)(1)	81,310	128,850	920
Net Loss Available to Common Shareholders	(48,054)	(509)	(55,429)
Per Share			
FFO - Diluted(1)	$ 1.02	$ 2.09	$ 0.02
FFO - Basic(1)	$ 1.02	$ 2.09	$ 0.02
Net Loss - Diluted	$ (0.67)	$ (0.01)	$ (1.19)
Net Loss - Basic	$ (0.67)	$ (0.01)	$ (1.19)
Dividends	$ 0.60	$ 0.70	$ 1.75
At Year End			
Total Market Capitalization (in millions)(2)	$ 3,357	$ 2,779	$ 2,441
Total Long-Term Liabilities	$ 1,762	$ 1,704	$ 1,762
Shares and Units Outstanding (in thousands)	85,634	74,529	57,407
Market Price of Common Shares	$ 18.05	$ 11.73	$ 8.33
Real Estate Portfolio			
Number of Operating Properties	156	156	192
Multifamily - Apartment Homes(3)	33,569	33,524	34,598
Commercial - Leasable Square Feet (in millions)(4)	10.7	11.0	21.7
Real Estate Before Accumulated Depreciation (in millions)	$ 3,610	$ 3,512	$ 3,379

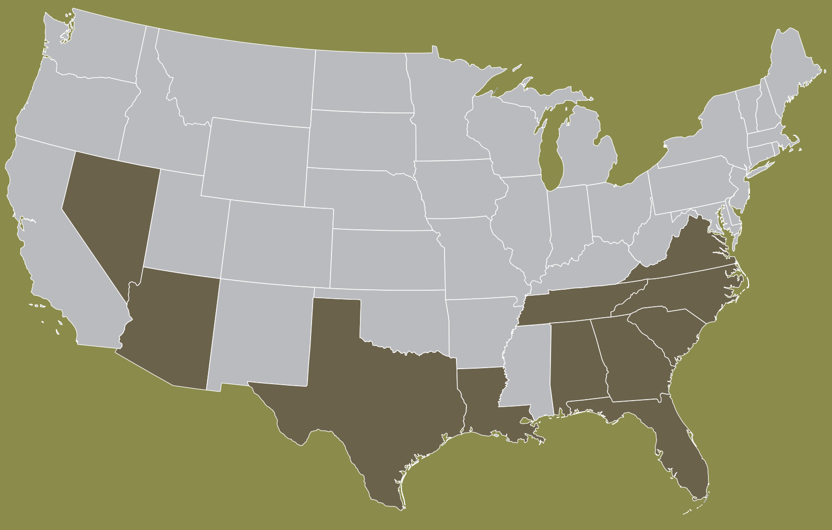
(1) Funds from operations (FFO) is a supplemental non-GAAP financial measure used to measure the operating performance of equity REITs. A discussion of FFO and a reconciliation of FFO to net income available to common shareholders is included in Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2010, as filed with the Securities and Exchange Commission on February 28, 2011. 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.

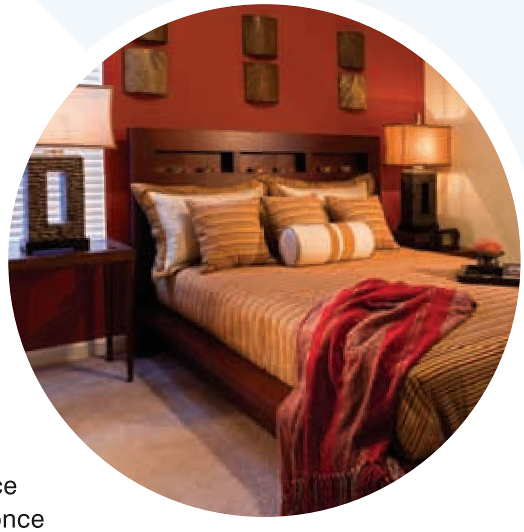
Premier Sunbelt Multifamily Platform

Apartment Homes by Major Market (1)

Charlotte, NC	4,865
Dallas/Fort Worth, TX	4,480
Atlanta, GA	3,282
Austin, TX	2,908
Raleigh, NC	2,328
Orlando, FL	1,756
Richmond, VA	1,700
Birmingham, AL	1,607
Charleston, SC	1,578
Savannah, GA	1,437

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





To Our Shareholders:

The year 2010 marked an inflection point for multifamily fundamentals. Occupancy rates improved, new and renewal rental rates turned positive and new multifamily supply was virtually nonexistent. This improvement in multifamily fundamentals, coupled with a stronger balance sheet, has positioned us to focus on disciplined growth once again. The support of our shareholders and the unwavering commitment of our management team were instrumental in a successful year for 2010.

We had established four directives for 2010 – simplify the business, improve operating margins, strengthen the balance sheet and grow the company. In 2010, we exited three joint ventures and sold non-core assets totaling $70 million, raised $158 million from issuances of common equity, repurchased $150 million of our preferred shares, acquired two properties for $63 million and began development of a 486-unit apartment community, which helped us make progress on all four of our directives.

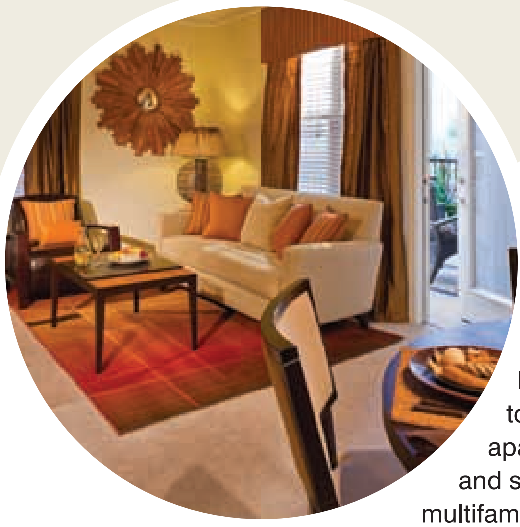
Focus for 2011

Our focus for 2011 is to grow the company through internal and external opportunities, improve operations with favorable market fundamentals and achieve balance sheet targets to support growth.

Business cycles can be characterized in three phases – reduction, restructure and renewal. During this most recent business cycle, we made a number of hard decisions in the reduction phase to reduce corporate overhead, reduce development spending and lower the dividend to an appropriate, sustainable level. During the restructure phase in 2009 and 2010, we raised over $300 million in equity, repurchased $150 million in higher-yielding preferred shares, repurchased unsecured senior notes at significant discounts, extended debt maturities with three Fannie Mae secured financings, exited 10 joint ventures and sold over $150 million of non-core assets, which improved the balance sheet. While we have a little work left to do on the balance sheet, our success in 2010 has helped us transition to the renewal, or growth, phase.

Our focus for 2011 is to grow the company, improve operations and achieve balance sheet targets. Now that we are clearly in this renewal phase, it's important to understand the magnitude of the opportunity that is available, the environment in which we expect to operate and the strategy we will execute to deliver this growth.

We expect growth to come from both internal and external sources. The greatest opportunity lies in our existing multifamily portfolio. We will look to increase revenues by returning rents back to at least the levels we experienced as recently as mid-2008. The momentum we established in the second half of 2010 in pushing our new and renewal lease rates has continued into early 2011, and we intend to build on this improvement throughout the year.



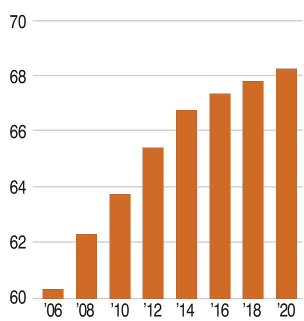
New developments and acquisitions also will contribute to our growth in 2011 as we develop multifamily apartment communities on the land we have in inventory and seek to selectively acquire high-quality, well-located multifamily assets in our primary Sunbelt markets. In addition to the two multifamily apartment communities we acquired in 2010, we are targeting to acquire up to $150 million of multifamily apartment communities in 2011. We also have begun to unlock the value of our inventoried land with the fourth quarter 2010 construction start of a 486-unit apartment community in Tampa that should begin delivery in late fourth quarter 2011. In March, we expect to start development of a 296-unit apartment community in Austin. Our plans are to initiate development with at least one more multifamily apartment community and one commercial development slated for later in the year. Again, these will be developed on land we already have in inventory. The acquisition environment for Class A multifamily apartment communities continues to be competitive, but we are confident we can source opportunities such as the Colonial Grand at Brier Creek transaction in Raleigh that we completed in 2010. A number of recently constructed apartment communities have a capital event upcoming that we believe will create additional acquisition opportunities, but we will remain disciplined in our acquisition underwriting.

Echo Boomer Population Growth

Nearly 64 million strong in 2010, the echo boomers will be a key demand driver for apartment rentals for many years to come. Combined with a declining home ownership rate, more eligible renters provides a strong demand picture for multifamily.

Echo Boomers

(ages 20-34, in millions)



Source: Woods & Poole

The opportunities I have been referencing and the confidence we have in moving forward are based on five primary factors. First, we are coming out of one of the worst recessions in the industry with strong occupancy for our multifamily portfolio above 95 percent. This gives us confidence we will have pricing power to push new and renewal lease rates. Second, new supply of multifamily apartment communities may be limited, as lending criteria have tightened and equity requirements for new developments have increased. Therefore, we believe there will not be an excessive amount of new supply coming online until late in the recovery cycle.

Additionally, we anticipate a continued decline in the home ownership rate. According to industry analysts, every one percent decline in home ownership brings another 1.3 million renters to the market. The explosion of echo boomers – the prime renting population – is the fourth reason we expect a better operating environment. The resulting demand from this growing demographic cohort should continue for years to come. The final factor is job growth. Job growth is the most important demand driver for the multifamily industry. Unemployment remains elevated today, but as the economy recovers, jobs should be added, further driving demand for apartments.

New supply of multifamily apartment communities may be limited. Compared with past recessions, we believe supply should remain at historical lows over the next few years.

We have targeted a net operating income mix of 90 percent multifamily and 10 percent commercial, which we intend to achieve through internal and external growth in our multifamily portfolio, as well as the disposition of commercial assets.

Our ability to pursue growth opportunities is based on the improved fundamental outlook for 2011 and the significant work we have done on the balance sheet. We have taken major steps over the past two years with the goal of achieving an investment grade rating. Our leverage at year end 2010 was reduced to 49.5 percent of net debt plus preferred to gross assets compared with 58.9 percent two years ago, and the fixed charge coverage ratio has improved to 2.0 times, as compared with 1.6 times two years ago. Debt maturities are likewise very manageable with only $57 million of consolidated debt maturing in 2011.

Our capital plan for 2011 will focus on continuing to improve these balance sheet metrics as we benefit from healthier multifamily fundamentals. We expect to selectively dispose of additional commercial assets, monetize the book value of a portion of the undeveloped land we already own and to selectively raise common equity to achieve our leverage target of approximately 45 percent.

We are excited about the opportunities for Colonial Properties Trust in this renewal phase. The supply and demand balance is very favorable for financially strong and disciplined multifamily operators over the next few years.

Our ultimate goal remains to improve the value of our shareholders' investment and become the first choice for investing in a multifamily platform in the Sunbelt. We are committed to maintaining our focus on the directives I have outlined, and we are confident we will be able to deliver on these directives in 2011. Thank you for your continued support and investment, and I look forward to reporting our progress during the year.

Sincerely,

Thomas H. Lowder
Chairman and Chief Executive Officer

The Case for Optimism in 2011

Our confidence for 2011 is built on: emerging out of one of the worst recessions in history with strong occupancy; limited new supply of multifamily assets; a continued decline in home ownership; the explosion of echo boomers; and an improving job growth outlook.

CONSOLIDATED BALANCE SHEETS

(In thousands, except per share data)

	December 31, 2010	December 31, 2009
ASSETS		
Land, buildings and equipment	$ 3,331,108	$ 3,210,350
Undeveloped land and construction in progress	261,955	237,100
Less: Accumulated depreciation	(640,981)	(519,728)
Real estate assets held for sale, net	16,861	65,022
Net real estate assets	2,968,943	2,992,744
Cash and cash equivalents	4,954	4,590
Restricted cash	9,294	7,952
Accounts receivable, net	20,734	33,934
Notes receivable	44,538	22,208
Prepaid expenses	23,225	16,503
Deferred debt and lease costs	23,035	22,560
Investment in partially-owned unconsolidated entities	22,828	17,422
Other assets	53,583	54,719
Total assets	$ 3,171,134	$ 3,172,632
LIABILITIES, NONCONTROLLING INTEREST AND SHAREHOLDERS' EQUITY		
Notes and mortgages payable	$ 1,384,209	$ 1,393,797
Unsecured credit facility	377,362	310,546
Total long-term liabilities	1,761,571	1,704,343
Accounts payable	38,915	28,299
Accrued interest	12,002	13,133
Accrued expenses	15,267	26,142
Investment in partially-owned unconsolidated entities	27,954	—
Other liabilities	10,129	15,054
Total liabilities	1,865,838	1,786,971
Commitments and Contingencies		
Redeemable Noncontrolling Interest:		
Common Units	145,539	133,537
Preferred shares of beneficial interest, $.01 par value, 20,000,000 shares authorized:		
8 1/8% Series D Cumulative Redeemable Preferred Shares of Beneficial Interest, liquidation preference $25 per depositary share, 0 and 4,004,735 depositary shares (liquidation value of $0 and $100,118) issued and outstanding at December 31, 2010 and 2009, respectively	—	4
Common shares of beneficial interest, $.01 par value, 125,000,000 shares authorized; 83,957,388 and 71,989,227 shares issued at December 31, 2010 and 2009, respectively	840	720
Additional paid-in capital	1,808,298	1,760,362
Cumulative earnings	1,260,944	1,296,188
Cumulative distributions	(1,808,700)	(1,753,015)
Noncontrolling Interest	50,769	100,985
Treasury shares, at cost; 5,623,150 shares at December 31, 2010 and 2009	(150,163)	(150,163)
Accumulated other comprehensive loss	(2,231)	(2,957)
Total shareholders' equity	1,159,757	1,252,124
Total liabilities, noncontrolling interest and shareholders' equity	$3,171,134	$3,172,632

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

(In thousands, except share and per share data)

	For The Years Ended December 31, 2010	December 31, 2009	December 31, 2008
Revenue:			
Minimum rent	$ 295,478	$ 279,435	$ 276,293
Rentals from affiliates	855	77	96
Tenant recoveries	10,232	4,353	4,249
Other property-related revenue	48,751	41,850	35,303
Construction revenues	—	36	10,137
Other non-property-related revenue	11,693	15,003	18,327
Total revenue	367,009	340,754	344,405
Operating expenses:			
Property operating expenses	105,672	95,393	84,132
Taxes, licenses, and insurance	42,037	39,950	38,367
Construction expenses	—	35	9,530
Property management expenses	8,584	7,749	8,426
General and administrative expenses	18,563	17,940	23,180
Management fee and other expenses	9,504	14,184	15,153
Restructuring charges	361	1,400	1,028
Investment and development expenses	422	1,989	4,365
Depreciation	122,103	113,100	101,342
Amortization	8,931	4,090	3,371
Impairment and other losses	1,308	10,388	93,116
Total operating expenses	317,485	306,218	382,010
Income (loss) from operations	49,524	34,536	(37,605)
Other income (expense):			
Interest expense	(84,553)	(87,023)	(70,134)
Debt cost amortization	(4,645)	(4,963)	(5,019)
Gain on retirement of debt	1,044	56,427	15,951
Interest income	1,597	1,446	2,776
Income (loss) from partially-owned unconsolidated entities	3,365	(1,243)	12,516
Loss on hedging activities	(289)	(1,709)	(385)
(Loss) gain from sales of property, net of income taxes of $117, $3,157 and $1,546 for 2010, 2009 and 2008, respectively	(1,391)	5,875	6,776
Income tax (expense) benefit and other	(1,084)	10,086	1,014
Total other income (expense)	(85,956)	(21,104)	(36,505)
(Loss) income from continuing operations	(36,432)	13,432	(74,110)
(Loss) income from discontinued operations	(1,716)	17	(19,473)
(Loss) gain on disposal of discontinued operations, net of income taxes of $0, $70 and $1,064 for 2010, 2009 and 2008, respectively	(395)	1,729	43,062
(Loss) income from discontinued operations	(2,111)	1,746	23,589
Net (loss) income	(38,543)	15,178	(50,521)
Continuing operations:			
Noncontrolling interest in CRLP — common unitholders	4,866	407	15,274
Noncontrolling interest in CRLP — preferred unitholders	(7,161)	(7,250)	(7,251)
Noncontrolling interest of limited partners	103	(999)	(531)
Discontinued operations:			
Noncontrolling interest in CRLP — common unitholders	202	(325)	(4,049)
Noncontrolling interest of limited partners	(4)	597	449
Net (income) loss attributable to noncontrolling interest	(1,994)	(7,570)	3,892
Net (loss) income attributable to parent company	(40,537)	7,608	(46,629)
Dividends to preferred shareholders	(5,649)	(8,142)	(8,773)
Preferred unit repurchase gains	3,000	—	—
Preferred share issuance costs write-off	(4,868)	25	(27)
Net loss available to common shareholders	$ (48,054)	$ (509)	$ (55,429)
Net loss per common share — basic:			
Loss from continuing operations	$ (0.65)	$ (0.05)	$ (1.61)
(Loss) income from discontinued operations	(0.02)	0.04	0.42
Net loss per common share — basic	$ (0.67)	$ (0.01)	$ (1.19)
Net loss per common share — diluted:			
Loss from continuing operations	$ (0.65)	$ (0.05)	$ (1.61)
(Loss) income from discontinued operations	(0.02)	0.04	0.42
Net loss per common share — diluted	$ (0.67)	$ (0.01)	$ (1.19)
Weighted average common shares outstanding — basic	71,919	53,266	47,231
Weighted average common shares outstanding — diluted	71,919	53,266	47,231
Net (loss) income	$ (38,543)	$ 15,178	$ (50,521)
Other comprehensive income (loss):			
Unrealized loss on cash flow hedging activities	—	—	(100)
Adjust for amounts included in net (loss) income	726	2,248	—
Comprehensive (loss) income	$ (37,817)	$ 17,426	$ (50,621)

Trustees & Senior Officers

Corporate Shareholder Information

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

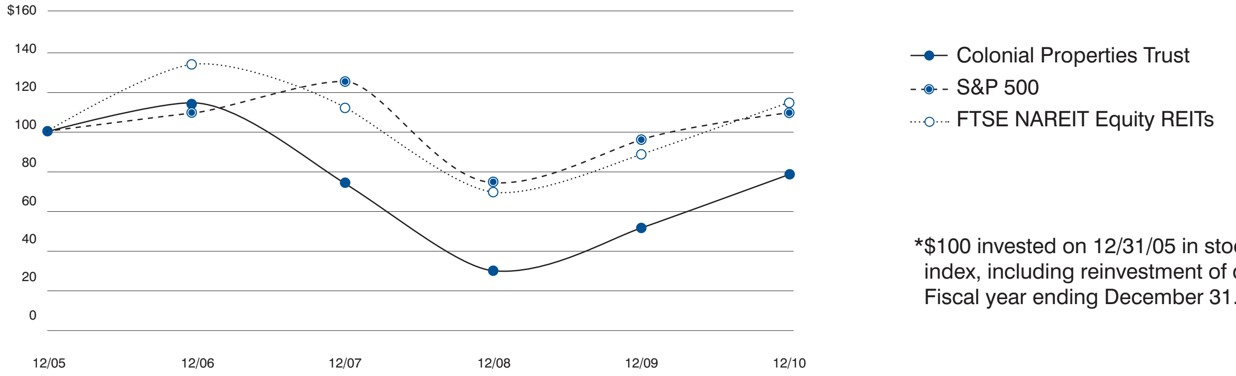
Annual Meeting
The Annual Meeting of Shareholders of Colonial Properties Trust is scheduled for Wednesday, April 27, 2011, at 10:30 a.m. CDT, 1st floor conference room of Colonial Brookwood Center, 569 Brookwood Village, Suite 131, Homewood, AL 35209.

Form 10-K
A copy of the company's Annual Report on Form 10-K for the year ended December 31, 2010, 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 18, 2011, the company had an estimated 3,352 shareholders of record and 34,350 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.

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 12/31/05 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 signs of improvement in multifamily fundamentals and the company's efforts to further simplify the business, strengthen the balance sheet, improve operating margins and grow the company, 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, 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; 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.

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