

Post Properties (PPS)

\$48.58 equity price, market cap of \$2.65BB, 54.5MM shares. Distributed \$40MM to common shareholders, or a 0.73/share distribution, yielding 1.5% for common shareholders. Interest bearing debt of \$970MM, and cash of \$13MM, so EV is \$3.62B. EV/op. cash flow is 35x, so this is on the pricey side.

\$2B assets, \$1B in liabilities, leaving \$1B in S.E. Op. cash flow is roughly \$100MM annually. \$970 MM in interest bearing debt and annual interest expense is \$55MM, or a 5.6% cost of debt. EBITDA/building asset value is \$150/\$2085, or 7.2%. EBITDA is \$150MM, so an EBITDA/interest expense coverage of roughly 3x. There isn't a concern with solvency, but we are a little cautious of the profitability of these projects. Net interest margin is only 1.6%, which is slim.

22,000 apartments, Atlanta, Dallas, D.C., Tampa, or non-core metro, secondary class properties. The co. is expanding into luxury condominium construction and sales.