# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, D.C. 20549**

# FORM 10-Q

**(Mark One)**

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

**For the quarterly period ended June 30, 2024**

**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 number: 1-12110**

# CAMDEN PROPERTY TRUST

**(Exact Name of Registrant as Specified in Its Charter)**

| | |
|---|---|
| **TX** | **76-6088377** |
| **(State or other jurisdiction of incorporation or organization)** | **(I.R.S. Employer Identification No.)** |
| **11 Greenway Plaza, Suite 2400 Houston, Texas** | **77046** |
| **(Address of principal executive offices)** | **(Zip Code)** |

**(713) 354-2500**

**(Registrant's Telephone Number, Including Area Code)**

**N/A**

**(Former Name, Former Address and Former Fiscal Year, If Changed Since Last Report)**

**Securities registered pursuant to Section 12(b) of the Act:**

| Title of each class | Trading Symbol | Name of each exchange on which registered |
|---|---|---|
| **Common Shares of Beneficial Interest, $.01 par value** | **CPT** | **NYSE** |

Indicate by check mark whether the registrant: (1) has 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) has been subject to such filing requirements for the past 90 days. Yes ý No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit). Yes ý No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definition of "large accelerated filer", "accelerated filer", and "small reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

| | | | |
|---|---|---|---|
| Large Accelerated Filer | ý | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ | Smaller Reporting Company | ☐ |
| | | Emerging Growth Company | ☐ |

If an emerging growth company, indicate by check mark if the registrant has elected to not use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ý

On July 26, 2024, 106,634,893 common shares of the registrant were outstanding, net of treasury shares and shares held in our deferred compensation arrangements.

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**PART I. FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**CAMDEN PROPERTY TRUST**
**CONDENSED CONSOLIDATED BALANCE SHEETS**
**(Unaudited)**

| *(in thousands, except share amounts)* | | June 30, 2024 | | December 31, 2023 |
|---|---|---|---|---|
| **Assets** | | | | |
| Real estate assets, at cost | | | | |
| Land | $ | 1,716,515 | $ | 1,711,873 |
| Buildings and improvements | | 11,148,312 | | 10,993,390 |
| | $ | 12,864,827 | $ | 12,705,263 |
| Accumulated depreciation | | (4,582,440) | | (4,332,524) |
| Net operating real estate assets | $ | 8,282,387 | $ | 8,372,739 |
| Properties under development, including land | | 439,758 | | 486,864 |
| Total real estate assets | $ | 8,722,145 | $ | 8,859,603 |
| Accounts receivable – affiliates | | 9,903 | | 11,905 |
| Other assets, net | | 245,625 | | 244,182 |
| Cash and cash equivalents | | 93,932 | | 259,686 |
| Restricted cash | | 7,969 | | 8,361 |
| Total assets | $ | 9,079,574 | $ | 9,383,737 |
| **Liabilities and equity** | | | | |
| Liabilities | | | | |
| Notes Payable | | | | |
| Unsecured | $ | 3,222,569 | $ | 3,385,309 |
| Secured | | 330,241 | | 330,127 |
| Accounts payable and accrued expenses | | 212,247 | | 222,599 |
| Accrued real estate taxes | | 90,702 | | 96,517 |
| Distributions payable | | 113,506 | | 110,427 |
| Other liabilities | | 183,377 | | 186,987 |
| Total liabilities | $ | 4,152,642 | $ | 4,331,966 |
| Commitments and contingencies (Note 10) | | | | |
| Equity | | | | |
| Common shares of beneficial interest; $0.01 par value per share; 175,000,000 shares authorized; 117,737,731 and 117,737,712 issued; 115,690,365 and 115,640,369 outstanding at June 30, 2024 and December 31, 2023, respectively | | 1,157 | | 1,156 |
| Additional paid-in capital | | 5,924,608 | | 5,914,868 |
| Distributions in excess of net income attributable to common shareholders | | (710,633) | | (613,651) |
| Treasury shares, at cost (9,097,234 and 8,859,556 common shares at June 30, 2024 and December 31, 2023, respectively) | | (359,975) | | (320,364) |
| Accumulated other comprehensive gain/ (loss) | | 283 | | (1,252) |
| Total common equity | $ | 4,855,440 | $ | 4,980,757 |
| Non-controlling interests | | 71,492 | | 71,014 |
| Total equity | $ | 4,926,932 | $ | 5,051,771 |
| Total liabilities and equity | $ | 9,079,574 | $ | 9,383,737 |

See Notes to Condensed Consolidated Financial Statements (Unaudited).

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**CAMDEN PROPERTY TRUST**
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**
**AND COMPREHENSIVE INCOME**
**(Unaudited)**

| *(in thousands, except per share amounts)* | Three Months Ended June 30, 2024 | Three Months Ended June 30, 2023 | Six Months Ended June 30, 2024 | Six Months Ended June 30, 2023 |
|---|---|---|---|---|
| **Property revenues** | $ 387,150 | $ 385,499 | $ 770,291 | $ 763,662 |
| **Property expenses** | | | | |
| Property operating and maintenance | 90,126 | 87,742 | $ 179,170 | $ 173,027 |
| Real estate taxes | 48,763 | 49,855 | 98,264 | 99,251 |
| Total property expenses | $ 138,889 | $ 137,597 | $ 277,434 | $ 272,278 |
| **Non-property income** | | | | |
| Fee and asset management | $ 2,606 | $ 718 | $ 3,890 | $ 1,296 |
| Interest and other income | 1,598 | 431 | 3,366 | 493 |
| Income on deferred compensation plans | 1,073 | 2,844 | 6,892 | 8,756 |
| Total non-property income | $ 5,277 | $ 3,993 | $ 14,148 | $ 10,545 |
| **Other expenses** | | | | |
| Property management | $ 9,846 | $ 8,751 | $ 19,240 | $ 17,048 |
| Fee and asset management | 475 | 420 | 918 | 833 |
| General and administrative | 18,154 | 15,863 | 34,847 | 31,219 |
| Interest | 32,227 | 33,578 | 64,764 | 66,421 |
| Depreciation and amortization | 145,894 | 143,054 | 290,696 | 285,498 |
| Expense on deferred compensation plans | 1,073 | 2,844 | 6,892 | 8,756 |
| Total other expenses | $ 207,669 | $ 204,510 | $ 417,357 | $ 409,775 |
| Loss on early retirement of debt | — | (2,513) | (921) | (2,513) |
| Gain on sale of operating property | — | 48,919 | 43,806 | 48,919 |
| **Income from continuing operations before income taxes** | $ 45,869 | $ 93,791 | $ 132,533 | $ 138,560 |
| Income tax expense | (1,059) | (851) | (1,964) | (2,001) |
| **Net income** | $ 44,810 | $ 92,940 | $ 130,569 | $ 136,559 |
| Less income allocated to non-controlling interests | (1,893) | (1,841) | (3,763) | (3,543) |
| **Net income attributable to common shareholders** | $ 42,917 | $ 91,099 | $ 126,806 | $ 133,016 |
| | | | | |
| **Earnings per share – basic** | $ 0.40 | $ 0.84 | $ 1.17 | $ 1.22 |
| **Earnings per share – diluted** | $ 0.40 | $ 0.84 | $ 1.17 | $ 1.22 |
| **Weighted average number of common shares outstanding – basic** | 108,406 | 108,663 | 108,556 | 108,616 |
| **Weighted average number of common shares outstanding – diluted** | 108,424 | 109,392 | 108,577 | 108,636 |
| **Condensed Consolidated Statements of Comprehensive Income** | | | | |
| **Net income** | $ 44,810 | $ 92,940 | $ 130,569 | $ 136,559 |
| **Other comprehensive income** | | | | |
| Unrealized gain on cash flow hedging activities | — | — | 85 | — |
| Reclassification of net loss on cash flow hedging activities, prior service cost and net loss on post retirement obligation | 361 | 358 | 1,450 | 717 |
| **Comprehensive income** | $ 45,171 | $ 93,298 | $ 132,104 | $ 137,276 |
| Less income allocated to non-controlling interests | (1,893) | (1,841) | (3,763) | (3,543) |
| **Comprehensive income attributable to common shareholders** | $ 43,278 | $ 91,457 | $ 128,341 | $ 133,733 |

See Notes to Condensed Consolidated Financial Statements (Unaudited).

**CAMDEN PROPERTY TRUST**
**CONDENSED CONSOLIDATED STATEMENTS OF EQUITY**
**(Unaudited)**
**For the six months ended June 30, 2024**

| *(in thousands, except per share amounts)* | Common Shareholders: Common shares of beneficial interest | Common Shareholders: Additional paid-in capital | Common Shareholders: Distributions in excess of net income | Common Shareholders: Treasury shares, at cost | Common Shareholders: Accumulated other comprehensive (loss)/income | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|
| **Equity, December 31, 2023** | $ 1,156 | $ 5,914,868 | $ (613,651) | $ (320,364) | $ (1,252) | $ 71,014 | $ 5,051,771 |
| Net income | | | 126,806 | | | 3,763 | 130,569 |
| Other comprehensive income | | | | | 1,535 | | 1,535 |
| Net share awards | | 8,781 | | 9,832 | | | 18,613 |
| Employee share purchase plan | | 960 | | 554 | | | 1,514 |
| Common shares repurchased | | | | (49,997) | | | (49,997) |
| Cash distributions declared to equity holders ($2.06 per common share) | | | (223,788) | | | (3,285) | (227,073) |
| Other | 1 | (1) | | | | | — |
| **Equity, June 30, 2024** | $ 1,157 | $ 5,924,608 | $ (710,633) | $ (359,975) | $ 283 | $ 71,492 | $ 4,926,932 |

See Notes to Condensed Consolidated Financial Statements (Unaudited).

**CAMDEN PROPERTY TRUST**
**CONDENSED CONSOLIDATED STATEMENTS OF EQUITY**
**(Unaudited)**
**For the three months ended June 30, 2024**

| *(in thousands, except per share amounts)* | Common Shareholders: Common shares of beneficial interest | Additional paid-in capital | Distributions in excess of net income | Treasury shares, at cost | Accumulated other comprehensive (loss)/income | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|
| **Equity, March 31, 2024** | $ 1,157 | $ 5,919,851 | $ (641,663) | $ (356,880) | $ (78) | $ 71,241 | $ 4,993,628 |
| Net income | | | 42,917 | | | 1,893 | 44,810 |
| Other comprehensive income | | | | | 361 | | 361 |
| Net share awards | | 3,906 | | 666 | | | 4,572 |
| Employee share purchase plan | | 851 | | 554 | | | 1,405 |
| Common shares repurchased | | | | (4,315) | | | (4,315) |
| Cash distributions declared to equity holders ($1.03 per common share) | | | (111,887) | | | (1,642) | (113,529) |
| **Equity, June 30, 2024** | $ 1,157 | $ 5,924,608 | $ (710,633) | $ (359,975) | $ 283 | $ 71,492 | $ 4,926,932 |

See Notes to Condensed Consolidated Financial Statements (Unaudited).

**CAMDEN PROPERTY TRUST**
**CONDENSED CONSOLIDATED STATEMENTS OF EQUITY (Continued)**
**(Unaudited)**
**For the six months ended June 30, 2023**

| *(in thousands, except per share amounts)* | Common Shareholders: Common shares of beneficial interest | Additional paid-in capital | Distributions in excess of net income | Treasury shares, at cost | Accumulated other comprehensive (loss)/income | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|
| **Equity, December 31, 2022** | $ 1,156 | $ 5,897,454 | $ (581,532) | $ (328,684) | $ (1,774) | $ 70,301 | $ 5,056,921 |
| Net income | | | 133,016 | | | 3,543 | 136,559 |
| Other comprehensive income | | | | | 717 | | 717 |
| Net share awards | | 10,078 | | 7,758 | | | 17,836 |
| Employee share purchase plan | | 538 | | 251 | | | 789 |
| Conversion of operating partnership units | | 144 | | | | (144) | — |
| Cash distributions declared to equity holders ($2.00 per common share) | | | (217,702) | | | (3,192) | (220,894) |
| Other | | (386) | | | | | (386) |
| **Equity, June 30, 2023** | $ 1,156 | $ 5,907,828 | $ (666,218) | $ (320,675) | $ (1,057) | $ 70,508 | $ 4,991,542 |

See Notes to Condensed Consolidated Financial Statements (Unaudited).

**CAMDEN PROPERTY TRUST**
**CONDENSED CONSOLIDATED STATEMENTS OF EQUITY (Continued)**
**(Unaudited)**
**For the three months ended June 30, 2023**

| *(in thousands, except per share amounts)* | Common Shareholders: Common shares of beneficial interest | Common Shareholders: Additional paid-in capital | Common Shareholders: Distributions in excess of net income | Common Shareholders: Treasury shares, at cost | Common Shareholders: Accumulated other comprehensive (loss)/income | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|
| **Equity, March 31, 2023** | $ 1,156 | $ 5,903,437 | $ (648,457) | $ (321,431) | $ (1,415) | $ 70,263 | $ 5,003,553 |
| Net income | | | 91,099 | | | 1,841 | 92,940 |
| Other comprehensive income | | | | | 358 | | 358 |
| Net share awards | | 4,357 | | 505 | | | 4,862 |
| Employee share purchase plan | | 420 | | 251 | | | 671 |
| Cash distributions declared to equity holders ($1.00 per common share) | | | (108,860) | | | (1,596) | (110,456) |
| Other | | (386) | | | | | (386) |
| **Equity, June 30, 2023** | $ 1,156 | $ 5,907,828 | $ (666,218) | $ (320,675) | $ (1,057) | $ 70,508 | $ 4,991,542 |

**CAMDEN PROPERTY TRUST**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(Unaudited)**

| *(in thousands)* | Six Months Ended June 30, 2024 | Six Months Ended June 30, 2023 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Net income | $ 130,569 | $ 136,559 |
| Adjustments to reconcile net income to net cash from operating activities: | | |
| Depreciation and amortization | 290,696 | 285,498 |
| Loss on early retirement of debt | 921 | 2,513 |
| Gain on sale of operating property | (43,806) | (48,919) |
| Share-based compensation | 7,009 | 7,098 |
| Net change in operating accounts and other | (24,430) | (16,107) |
| Net cash from operating activities | $ 360,959 | $ 366,642 |
| **Cash flows from investing activities** | | |
| Development and capital improvements, including land | $ (210,480) | $ (196,271) |
| Net proceeds from sale of operating property | 114,474 | 60,359 |
| Other | (4,472) | (3,784) |
| Net cash from investing activities | $ (100,478) | $ (139,696) |
| **Cash flows from financing activities** | | |
| Borrowings on unsecured revolving credit facility | $ 120,000 | $ 934,000 |
| Repayments on unsecured revolving credit facility | (120,000) | (499,000) |
| Proceeds from notes payable | 395,952 | — |
| Repayment of notes payable | (550,000) | (437,749) |
| Distributions to common shareholders and non-controlling interests | (223,949) | (214,011) |
| Repurchase of common shares | (49,997) | — |
| Other | 1,367 | 1,233 |
| Net cash from financing activities | $ (426,627) | $ (215,527) |
| **Net (decrease)/increase in cash, cash equivalents, and restricted cash** | (166,146) | 11,419 |
| **Cash, cash equivalents, and restricted cash, beginning of period** | 268,047 | 17,438 |
| **Cash, cash equivalents, and restricted cash, end of period** | $ 101,901 | $ 28,857 |
| **Reconciliation of cash, cash equivalents, and restricted cash to the Condensed Consolidated Balance Sheets** | | |
| Cash and cash equivalents | $ 93,932 | $ 20,326 |
| Restricted cash | 7,969 | 8,531 |
| Total cash, cash equivalents, and restricted cash, end of period | $ 101,901 | $ 28,857 |
| **Supplemental information** | | |
| Cash paid for interest, net of interest capitalized | $ 61,786 | $ 65,103 |
| Cash paid for income taxes | 2,906 | 3,021 |
| **Supplemental schedule of noncash investing and financing activities** | | |
| Distributions declared but not paid | 113,506 | 110,465 |
| Value of shares issued under benefit plans, net of cancellations | 25,249 | 25,070 |
| Accrual associated with construction and capital expenditures | 30,838 | 22,342 |

See Notes to Condensed Consolidated Financial Statements (Unaudited).

**CAMDEN PROPERTY TRUST**
**Notes to Condensed Consolidated Financial Statements**
**(Unaudited)**

**1. Description of Business**

*Business*. Formed on May 25, 1993, Camden Property Trust ("CPT"), a Texas real estate investment trust ("REIT"), and all consolidated subsidiaries are primarily engaged in the ownership, management, development, reposition, redevelopment, acquisition, and construction of multifamily apartment communities. Our multifamily apartment communities are referred to as "communities," "multifamily communities," "properties," or "multifamily properties" in the following discussion. As of June 30, 2024, we owned interests in, operated, or were developing 177 multifamily properties comprised of 59,996 apartment homes across the United States. Of the 177 properties, five properties were under construction as of June 30, 2024, and will consist of a total of 1,746 apartment homes when completed. We also own land holdings which we may develop into multifamily communities in the future.

**2. Summary of Significant Accounting Policies and Recent Accounting Pronouncements**

*Principles of Consolidation*. Our condensed consolidated financial statements include our accounts and the accounts of other subsidiaries (including partnerships and limited liability companies) over which we have control. All intercompany transactions, balances, and profits have been eliminated in consolidation. Investments acquired or created are evaluated based on the accounting guidance relating to variable interest entities ("VIEs"), which requires the consolidation of VIEs in which we are considered to be the primary beneficiary. If the investment is determined not to be a VIE, then the investment is evaluated for consolidation primarily using a voting interest model. In determining if we have a controlling financial interest, we consider factors such as ownership interests, decision making authority, kick-out rights, and participating rights. As of June 30, 2024, two of our consolidated operating partnerships were VIEs. We are considered the primary beneficiary of both consolidated operating partnerships and therefore consolidate these operating partnerships. As of June 30, 2024, we held approximately 93% and 95% of the outstanding common limited partnership units and the sole 1% general partnership interest in each of these consolidated operating partnerships.

*Interim Financial Reporting*. We have prepared these unaudited financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial statements and the applicable rules and regulations of the Securities and Exchange Commission ("SEC"). Accordingly, these statements do not include all information and footnote disclosures required for annual statements. While we believe the disclosures presented are adequate for interim reporting, these interim unaudited financial statements should be read in conjunction with the audited financial statements and notes included in our 2023 Annual Report on Form 10-K.

*Asset Impairment*. Long-lived assets are reviewed for impairment annually or whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Impairment may exist if estimated future undiscounted cash flows associated with long-lived assets are not sufficient to recover the carrying value of such assets. We consider projected future undiscounted cash flows, trends, strategic decisions regarding future development plans, and other factors in our assessment of whether impairment conditions exist. While we believe our estimates of future cash flows are reasonable, different assumptions regarding a number of factors, including market rents, economic conditions, and occupancies, could significantly affect these estimates. When impairment exists, the long-lived asset is adjusted to its fair value. In estimating fair value, management uses appraisals, management estimates, and discounted cash flow calculations which utilize inputs from a marketplace participant's perspective. We did not record any impairment charges for the three or six months ended June 30, 2024 or 2023.

The value of our properties under development depends on market conditions, including estimates of the project start date, projected construction costs, and demand for multifamily communities. We have reviewed market trends and other marketplace information and incorporated this information as well as our current outlook into the assumptions we use in our impairment analyses. Due to the judgment and assumptions applied in the impairment analyses, it is possible actual results could differ substantially from those estimated.

We believe the carrying value of our operating real estate assets, properties under development, and land is currently recoverable. However, if market conditions deteriorate or if changes in our development strategy significantly affect any key assumptions used in our fair value estimates, we may need to take material charges in future periods for impairments related to existing assets. Any such material non-cash charges could have an adverse effect in our condensed consolidated financial position and results of operations.

*Cost Capitalization*. Real estate assets are carried at cost plus capitalized carrying charges. Carrying charges are primarily interest and real estate taxes which are capitalized as part of properties under development. Capitalized interest is generally based on the weighted average interest rate of our unsecured debt and was approximately $4.8 million and $5.0 million for the three months ended June 30, 2024 and 2023, respectively, and was approximately $ 9.8 million and $10.0 million for the six months ended June 30, 2024 and 2023, respectively. Capitalized real estate taxes were approximately $0.9 million and $0.8 million for the three months ended June 30, 2024 and 2023, respectively, and approximately $2.3 million and $2.1 million for the six months ended June 30, 2024 and 2023, respectively.

Expenditures directly related to the development and improvement of real estate assets are capitalized at cost as land and buildings and improvements. Indirect development costs, including salaries and benefits and other related costs directly attributable to the development of properties, are also capitalized. We begin capitalizing development, construction, and carrying costs when the development of the future real estate asset is probable and certain activities necessary to prepare the underlying real estate for its intended use have been initiated. All construction and carrying costs are capitalized and reported in the balance sheet as properties under development until the apartment homes are substantially completed. As apartment homes within development properties are substantially completed, the total capitalized development cost of each apartment home is transferred from properties under development including land to buildings and improvements.

Depreciation and amortization is computed over the expected useful lives of depreciable property on a straight-line basis with lives generally as follows:

| | **Estimated Useful Life** |
|---|---|
| Buildings and improvements | 5-35 years |
| Furniture, fixtures, equipment, and other | 3-20 years |
| Intangible assets/liabilities (in-place leases and above and below-market leases) | underlying lease term |

*Derivative Financial Instruments.* Derivative financial instruments are recorded in the condensed consolidated balance sheets at fair value and presented on a gross basis for financial reporting purposes even when those instruments are subject to master netting arrangements and may otherwise qualify for net presentation. Accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether we have elected to designate a derivative in a hedging relationship and apply hedge accounting, and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Cash flows from derivatives and the related gains and losses are classified as cash flows from operating activities on the condensed consolidated statements of cash flows.

*Cash Flow Hedges.* For derivative instruments which are designated and qualify as a cash flow hedge, the derivative's gain or loss is reported as a component to other comprehensive income ("OCI") and recorded in accumulated other comprehensive gain/(loss) ("AOCI") in our condensed consolidated balance sheets. The gain or loss is subsequently reclassified into net earnings when the hedged exposure affects net earnings, in the same line item as the underlying hedged item on our condensed consolidated statements of earnings.

Cash flow hedges related to anticipated transactions are designated and documented at the inception of each hedge. Cash flows from hedging transactions are classified in the same categories as the cash flows from the respective hedged items.

*Fair Value Hedges.* For derivative instruments which are designated and qualify as a fair value hedge, the changes in fair value of the derivative instrument and the offsetting changes in fair value of the underlying hedged item due to changes in the hedged risk are recorded to interest expense on our condensed consolidated statements of earnings.

*Counterparty Credit Risk.* Fair values of our derivatives can change significantly from period to period based on, among other factors, market movements and changes in our positions. We manage counterparty credit risk (the risk counterparties will default and not make payments to us according to the terms of our agreements) on an individual counterparty basis.

*Fair Value*. For financial assets and liabilities recorded at fair value on a recurring or non-recurring basis, fair value is the price we would expect to receive to sell an asset, or pay to transfer a liability, in an orderly transaction with a market participant at the measurement date under current market conditions. In the absence of such data, fair value is estimated using internal information consistent with what market participants would use in a hypothetical transaction.

In determining fair value, observable inputs reflect market data obtained from independent sources while unobservable inputs reflect our market assumptions; preference is given to observable inputs. These two types of inputs create the following fair value hierarchy:

- Level 1: Quoted prices for identical instruments in active markets.
- Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

- Level 3: Significant inputs to the valuation model are unobservable.

*Recurring Fair Value Measurements.* The following describes the valuation methodologies we use to measure different financial instruments at fair value on a recurring basis:

*Derivative Financial Instruments.* The estimated fair values of derivative financial instruments are valued using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves and volatility. The fair values of interest rate swaps are estimated using the market-standard methodology of netting the discounted fixed cash payments and the discounted expected variable cash receipts. The variable cash receipts are based on an expectation of interest rates (forward curves) derived from observable market interest rate curves. In addition, credit valuation adjustments, which consider the impact of any credit enhancements to the contracts, are incorporated in the fair values to account for potential nonperformance risk, including our own nonperformance risk and the respective counterparty's nonperformance risk.

Although we have determined the majority of the inputs used to value our derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with our derivatives utilize Level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default. However, we have assessed the significance of the impact of the credit valuation adjustments on the overall valuation of our derivative positions and have determined the credit valuation adjustments are not significant to the overall valuation of our derivatives. As a result, we have determined our derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy.

*Deferred Compensation Plan Investments.* The estimated fair values of investment securities classified as deferred compensation plan investments are based on quoted market prices utilizing public information for the same transactions. Our deferred compensation plan investments, excluding the value of Company shares, are recorded in other assets in our condensed consolidated balance sheets. The inputs associated with the valuation of our recurring deferred compensation plan investments are included in Level 1 of the fair value hierarchy.

*Non-Recurring Fair Value Measurements.* Certain assets are measured at fair value on a non-recurring basis. These assets are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances. These assets primarily include long-lived assets which are recorded at fair value when they are acquired or if the long-lived assets are impaired using the fair value methodologies used to measure long-lived assets described above at *"Asset Impairment."* The inputs associated with the valuation of long-lived assets are generally included in Level 3 of the fair value hierarchy, unless a quoted price for a similar long-lived asset in an active market exists, at which time they are included in Level 2 of the fair value hierarchy.

*Financial Instrument Fair Value Disclosures.* As of June 30, 2024 and December 31, 2023, the carrying values of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, and distributions payable represented fair value because of the short-term nature of these instruments. The carrying value of restricted cash approximates its fair value based on the nature of our assessment of the ability to recover these amounts. In calculating the fair value of our notes payable, interest rate and spread assumptions reflect current credit worthiness and market conditions available for the issuance of notes payable with similar terms and remaining maturities. These financial instruments utilize Level 2 inputs.

*Income Recognition*. The majority of our revenues are derived from real estate lease contracts and presented as property revenues, and include rental revenue as well as revenue under contractual terms for other services provided to our customers. As a lessor, we have also elected practical expedients to: i) not separate the lease and non-lease components by class of underlying assets and account for the combined components as a single component under certain conditions, and ii) exclude from lease revenues certain lessor costs paid directly by the lessee. Our other revenue streams include fee and asset management income in accordance with other revenue guidance, ASC 606, *Revenues from Contracts with Customers*. Details of our material revenue streams are discussed below:

*Property Revenues.* We earn rental revenue from operating lease contracts for the use of dedicated spaces within owned assets, which is our only underlying asset class. We recognize rental revenues from these lease contracts on a straight-line basis over the applicable lease term, net of amounts related to lease contracts identified as uncollectible. We also earn revenues under contractual terms for other services considered non-lease components within a lease contract, primarily consisting of utility rebillings and other transactional fees. These amounts received under contractual terms for other services are charged to our residents and recognized monthly as earned. Any identified uncollectible amounts related to individual lease contracts are presented as an adjustment to property revenue. Any renewal options of real estate lease contracts are considered a new and separate contract which will be recognized at the time the option is exercised on a straight-line basis over the renewal period.

As of June 30, 2024, our average residential lease term was approximately fourteen months with all non-residential commercial leases averaging longer lease terms. We currently anticipate property revenue from existing leases as follows:

| (in millions) Year ended December 31, | | Operating Leases |
|---|---|---|
| Remainder of 2024 | $ | 552.9 |
| 2025 | | 324.3 |
| 2026 | | 3.8 |
| 2027 | | 3.3 |
| 2028 | | 3.0 |
| Thereafter | | 6.3 |
| Total | $ | 893.6 |

*Credit Risk.* We believe there is no significant concentration of credit risk due to the number of residents, the types and diversity of submarkets in which our properties operate, and the collection terms.

*Investments.* We hold equity interests in certain technology funds which are not accounted for using the equity method because we have no influence over these entities and their fair values are not readily determinable. These investments are recorded using the measurement alternative in which our equity interests are recorded at cost, adjusted for impairments and observable price changes in orderly transactions for an identical or similar investment of the same issuer. At each reporting period, we reassess whether these investments continue to qualify for this measurement alternative. We had investments recorded at cost of approximately $15.7 million and $14.3 million as of June 30, 2024 and December 31, 2023, respectively. These investments are included in other assets, net in our condensed consolidated balance sheets and we did not record any impairments during the three and six months ended June 30, 2024 or 2023 relating to these investments.

*Recent Accounting Pronouncements:* In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07 ("ASU 2023-07"), Segment Reporting (Topic 280): *Improvements to Reportable Segment Disclosures*. ASU 2023-07 is intended to enhance disclosures regarding a public entity's reportable segments by requiring public entities, who have a single reportable segment or multiple reportable segments, to disclose significant segment expenses which are regularly provided to the chief operating decision maker ("CODM"), the title or position of the CODM, and how the CODM utilizes segment information to assess performance and allocate resources. ASU 2023-07 is effective for annual periods beginning after December 15, 2023 and interim periods for fiscal years beginning after December 15, 2024, and early adoption is permitted. This standard must be applied using the retrospective transition method upon adoption. We expect to adopt ASU 2023-07 in our 2024 Form 10-K and interim periods thereafter. The adoption of ASU 2023-07 will require additional disclosures and we do not believe the adoption will materially impact our consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09 ("ASU 2023-09"), Income Taxes (Topic 740): *Improvements to Income Tax Disclosures*. ASU 2023-09 requires additional disclosures to enhance the transparency regarding income tax information through the use of a rate reconciliation table and disclosure of net taxes paid, detailed by federal, state, and foreign taxes and, if applicable, further detailed by specific jurisdictions if the amount exceeds a qualitative threshold. ASU 2023-09 is effective for annual periods beginning after December 15, 2024, and early adoption is permitted. This standard may be applied either on a prospective basis or on a retrospective basis. We expect to adopt ASU 2023-09 for the fiscal year ending December 31, 2025, and do not expect the additional disclosure to materially impact our consolidated financial statements.

In March 2024, the SEC issued final rules on the enhancement and standardization of climate-related disclosures. The rules would require disclosure of, among other things: material climate-related risks; activities to mitigate or adapt to such risks; governance and management of such risks; and material greenhouse gas (GHG) emissions from operations owned or controlled (Scope 1) and/or indirect emissions from purchased energy consumed in operations (Scope 2). Additionally, the rules would require disclosure in the notes to the financial statements regarding the effects of severe weather events and other natural conditions, subject to certain materiality thresholds. As published, the rules will be effective on a phased-in-timeline starting with annual periods beginning in 2025. On April 4, 2024, the SEC stayed these climate disclosure rules to "facilitate the orderly judicial resolution" of pending legal challenges and it is therefore unclear at this time when, or if, these rules will become effective.

### 3. Per Share Data

Basic earnings per share is computed using net income attributable to common shareholders and the weighted average number of common shares outstanding. Diluted earnings per share reflects common shares issuable from the assumed conversion of common share options and unvested share awards as well as units convertible into common shares. Only those items having a dilutive impact on our basic earnings per share are included in diluted earnings per share. Our unvested share-based awards are considered participating securities and are reflected in the calculation of basic and diluted earnings per share using the two-class method. Common shares under a forward sale agreement, if any, will be considered in our calculation for diluted earnings-per-share until settlement using the if-converted method.

The number of common share equivalent securities excluded from the diluted earnings per share calculation was approximately 1.8 million for each of the three and six months ended June 30, 2024, and approximately 1.1 million and 1.8 million for the three and six months ended June 30, 2023, respectively. These securities, which include share awards granted and units convertible into common shares, are anti-dilutive and were therefore excluded from the diluted earnings per share calculations. The following table presents information necessary to calculate basic and diluted earnings per share for the periods indicated:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| *(in thousands, except per share amounts)* | 2024 | 2023 | 2024 | 2023 |
| **Earnings per common share calculation – basic** | | | | |
| Income from continuing operations attributable to common shareholders | $ 42,917 | $ 91,099 | $ 126,806 | $ 133,016 |
| Amount allocated to participating securities | (78) | (151) | (233) | (236) |
| Net income attributable to common shareholders – basic | $ 42,839 | $ 90,948 | $ 126,573 | $ 132,780 |
| Total earnings per common share – basic | $ 0.40 | $ 0.84 | $ 1.17 | $ 1.22 |
| Weighted average number of common shares outstanding – basic | 108,406 | 108,663 | 108,556 | 108,616 |
| **Earnings per common share calculation – diluted** | | | | |
| Income from continuing operations attributable to common shareholders, net of amount allocated to participating securities | $ 42,839 | $ 90,948 | $ 126,573 | $ 132,780 |
| Income allocated to common units from continuing operations | — | 567 | — | — |
| Net income attributable to common shareholders – diluted | $ 42,839 | $ 91,515 | $ 126,573 | $ 132,780 |
| Total earnings per common share – diluted | $ 0.40 | $ 0.84 | $ 1.17 | $ 1.22 |
| Weighted average number of common shares outstanding – basic | 108,406 | 108,663 | 108,556 | 108,616 |
| Incremental shares issuable from assumed conversion of: | | | | |
| Share awards granted | 18 | 4 | 21 | 20 |
| Common units | — | 725 | — | — |
| Weighted average number of common shares outstanding – diluted | 108,424 | 109,392 | 108,577 | 108,636 |

### 4. Common Shares

In May 2023, we created an at-the-market ("ATM") share offering program through which we can, but have no obligation to, sell common shares for an aggregate offering amount of up to $500.0 million (the "2023 ATM program"), in amounts and at times as we determine, into the existing trading market at current market prices as well as through negotiated transactions. Actual sales from time to time may depend on a variety of factors including, among others, market conditions, the trading price of our common shares, and determinations by management of the appropriate sources of funding for us. We intend to use the proceeds from any sale of our common shares under the 2023 ATM program for general corporate purposes, which may include reducing future borrowings under our unsecured revolving credit facility, the repayment of other indebtedness, the redemption or other repurchase of outstanding debt or equity securities, funding for development activities, and financing for acquisitions.

The 2023 ATM program also permits the use of forward sale agreements which allows us to lock in a share price on the sale of common shares at the time the agreement is executed, but defer receiving the proceeds from the sale of the applicable shares until a later date. If we enter into a forward sale agreement, we expect the applicable forward purchasers will borrow from third parties and, through the applicable sales agent acting in its role as forward seller, sell a number of common shares equal to the number of shares underlying the applicable agreement. Under this scenario, we would not initially receive any proceeds from any sale of borrowed shares by the forward seller. We expect to physically settle each forward sale agreement with the relevant forward purchaser on or prior to the maturity date of a particular forward sale agreement by issuing our common shares in return for the receipt of aggregate net cash proceeds at settlement equal to the number of common shares underlying the particular forward sale agreement multiplied by the relevant forward sale price. However, at our sole discretion, we may also elect to cash settle or net share settle a particular forward sale agreement, in which case we may not receive any proceeds from the issuance of common shares, and we will instead receive or pay cash (in the case of cash settlement) or receive or deliver common shares (in the case of net share settlement). As of the date of this filing, we have not sold any shares or entered into any forward sales agreement under the 2023 ATM program and have common shares having an aggregate offering amount of up to $500.0 million remaining available for sale under the 2023 ATM program.

In May 2022, we created an ATM share offering program through which we could, but had no obligation to, sell common shares for an aggregate offering amount of up to $500.0 million (the "2022 ATM program"). In May 2023, in connection with the creation of the 2023 ATM program, we terminated the 2022 ATM program and did not sell any shares under this program

We have a share repurchase plan approved by our Board of Trust Managers which allows for the repurchase of up to $ 500.0 million of our common equity securities through open-market purchases, block purchases, and privately negotiated transactions. During the three months ended June 30, 2024, we repurchased 44,692 common shares at an average price of $96.52 per share, and during the six months ended June 30, 2024, we repurchased 515,974 common shares at an average price of $96.88 per share. The total cost of the shares repurchased for the six months ended June 30, 2024 was approximately $50.0 million. As of the date of this filing, the remaining dollar value of our common equity securities authorized to be repurchased under this plan was approximately $450.0 million.

We currently have an automatic shelf registration statement which allows us to offer common shares, preferred shares, debt securities, or warrants, and our Amended and Restated Declaration of Trust provides we may issue up to 185 million shares of beneficial interest, consisting of 175 million common shares and 10 million preferred shares. At June 30, 2024, we had approximately 106.6 million common shares outstanding, net of treasury shares and shares held in our deferred compensation arrangements, and no preferred shares outstanding.

**5. Dispositions**

*Sale of Operating Property*. During the six months ended June 30, 2024, we sold one operating property comprised of 592 apartment homes located in Atlanta, Georgia for approximately $115.0 million and recognized a gain of approximately $ 43.8 million. We did not sell any operating properties during the three months ended June 30, 2024. In June 2023, we sold one operating property comprised of 138 apartment homes located in Costa Mesa, California for approximately $61.1 million and recognized a gain of approximately $ 48.9 million. We did not sell any other operating properties during the three or six months ended June 30, 2023.

**6. Notes Payable**

The following is a summary of our indebtedness:

| *(in millions)* | June 30, 2024 | December 31, 2023 |
|---|---|---|
| **Commercial banks** | | |
| 6.55% Term Loan, due 2024 | $ 40.0 | $ 39.9 |
| 6.21% Term Loan, due 2024 | — | 300.0 |
| | $ 40.0 | $ 339.9 |
| | | |
| **Senior unsecured notes** | | |
| 4.36% Notes, due 2024 | $ — | $ 250.0 |
| 3.68% Notes, due 2024 | 249.9 | 249.7 |
| 6.69% Notes, due 2026 *(1)* | 499.7 | 508.6 |
| 3.74% Notes, due 2028 | 398.9 | 398.7 |
| 3.67% Notes, due 2029 *(2)* | 596.5 | 596.1 |
| 2.91% Notes, due 2030 | 745.7 | 745.4 |
| 5.06% Notes, due 2034 | 395.0 | — |
| 3.41% Notes, due 2049 | 296.9 | 296.9 |
| | $ 3,182.6 | $ 3,045.4 |
| | | |
| **Total unsecured notes payable** | $ 3,222.6 | $ 3,385.3 |
| | | |
| **Secured notes** | | |
| Master Credit Facilities | | |
| 3.78% - 4.04% Conventional Mortgage Notes, due 2026 - 2028 | $ 291.3 | $ 291.3 |
| 3.87% note, due 2028 | 38.9 | 38.8 |
| **Total secured notes payable** | $ 330.2 | $ 330.1 |
| | | |
| **Total notes payable** *(3)* | $ 3,552.8 | $ 3,715.4 |

*(1) Balances are increased by $2.2 million and $11.6 million for fair value adjustments due to changes in benchmark interest rates related to these notes as of June 30, 2024 and December 31, 2023, respectively. See Note 7, "Derivative Financial Instruments and Hedging Activities," for further discussion.*

*(2) The 2029 Notes have an effective annual interest rate of approximately 3.84% through June 2026, which includes the effect of a settled forward interest rate swap, and approximately 3.28% thereafter, for an all-in average effective rate of approximately 3.67%.*

*(3) Balances are decreased by unamortized debt discounts, debt issuance costs, and fair market value adjustments, net of $18.1 million and $5.5 million as of June 30, 2024 and December 31, 2023, respectively.*

We have a $1.2 billion unsecured revolving credit facility which matures in August 2026, with two options to extend the facility at our election for two consecutive six-month periods and to expand the facility up to three times by up to an additional $500 million upon satisfaction of certain conditions. The interest rates on our unsecured revolving credit facility is based upon, at our option, (a) the daily or the one-, three-, or six-month Secured Overnight Financing Rate ("SOFR") plus, in each case, a spread based on our credit rating, or (b) a base rate equal to the higher of: (i) the Federal Funds Rate plus 0.50%, (ii) Bank of America, N.A.'s prime rate, (iii) Term SOFR plus 1.0%, and (iv) 1.0%. Advances under our unsecured revolving credit facility may be priced at the scheduled rates, or we may enter into bid rate loans with participating banks at rates below the scheduled rates. These bid rate loans have terms of 180 days or less and may not exceed the lesser of $ 600 million or the remaining amount available under our unsecured revolving credit facility. Our unsecured revolving credit facility is subject to customary financial covenants and limitations. We believe we are in compliance with all such financial covenants and limitations as of June 30, 2024 and through the date of this filing.

Our unsecured revolving credit facility provides us with the ability to issue up to $ 50 million in letters of credit. While our issuance of letters of credit does not increase our borrowings outstanding under our unsecured revolving credit facility, it does reduce the amount available. At June 30, 2024, we had outstanding letters of credit totaling approximately $27.7 million and approximately $1.2 billion available under our unsecured revolving credit facility.

In January 2024, we issued $400.0 million aggregate principal amount of 4.90% senior unsecured notes due January 15, 2034 (the "2034 Notes") under our existing shelf registration statement. The 2034 Notes were offered to the public at 99.638% of their face amount with a stated rate of 4.90% and a yield to maturity of 4.946%. After deducting underwriting discounts and other offering expenses, the net proceeds from the sale of the 2034 Notes was approximately $ 394.8 million. Interest on the 2034 Notes is payable semi-annually on January 15 and July 15, beginning July 15, 2024. We may redeem the 2034 Notes, in whole or in part, at any time at a redemption price equal to the principal amount and accrued interest of the notes being redeemed, plus a make-whole provision. If, however, we redeem the 2034 Notes on or after three months prior to their maturity date, the redemption price will equal 100% of the principal amount of the 2034 Notes to be redeemed plus accrued and unpaid interest on the amount being redeemed to the redemption date. The 2034 Notes are direct, senior unsecured obligations and rank equally with all of our other unsecured and unsubordinated indebtedness. In January 2024, we utilized a portion of the net proceeds from the 2034 Notes to repay the $300.0 million, 6.21% unsecured term loan due in August 2024 with a one year extension option to August 2025. As a result of the early repayment, we expensed approximately $0.9 million of unamortized loan costs, which are reflected in the loss on early retirement of debt in our condensed consolidated statements of income and comprehensive income.

In January 2024, we utilized cash on hand to repay the principal amount of our 4.36% senior unsecured notes payable, which had a maturity date of January 15, 2024, for a total of $250.0 million, plus accrued interest.

We had outstanding floating rate debt of approximately $ 539.7 million and $ 848.5 million at June 30, 2024 and December 31, 2023, respectively, which includes senior unsecured notes payable due in 2026 which have been converted to floating rate debt through the issuance of an interest rate swap. The weighted average interest rate on our outstanding floating rate debt was approximately 6.7% and 6.5% as of June 30, 2024 and December 31, 2023, respectively.

Our indebtedness had a weighted average maturity of approximately 6.4 years at June 30, 2024. The table below is a summary of the maturity dates of our outstanding debt and principal amortizations, and the weighted average interest rates on such debt, at June 30, 2024:

| *(in millions) (1)* | **Amount *(2)*** | **Weighted Average Interest Rate *(3)*** |
|---|---|---|
| Remainder of 2024 | $ 288.2 | 4.1 % |
| 2025 | (3.5) | — |
| 2026 | 522.8 | 6.6 |
| 2027 | 172.5 | 3.9 |
| 2028 | 529.9 | 3.8 |
| Thereafter | 2,042.9 | 3.7 |
| Total | $ 3,552.8 | 4.2 % |

*(1) Includes all available extension options.*

*(2) Includes amortization of debt discounts, debt issuance costs, and fair market value adjustments.*

*(3) Includes the effects of the applicable settled derivatives.*

**7. Derivative Financial Instruments and Hedging Activities**

*Risk Management Objective of Using Derivatives.* We are exposed to certain risks arising from both our business operations and economic conditions. We manage economic risks, including interest rate, liquidity, and credit risk, primarily by managing the amount, sources, and duration of our debt funding and the use of derivative financial instruments. Specifically, we may enter into derivative financial instruments to manage exposures arising from business activities resulting in differences in the amount, timing, and duration of our known or expected cash payments related to our borrowings. We do not utilize derivative financial instruments for trading or speculative purposes. See Note 2, "Summary of Significant Accounting Policies and Recent Accounting Pronouncements" for a further discussion of derivative financial instruments.

*Cash Flow Hedges.* From time to time, we enter into designated cash flow hedges to manage the variability in cash flows due to changes in benchmark interest rates. We enter into interest rate swap agreements, including forward interest rate swaps and treasury locks, settled in cash based upon the difference between an agreed-upon benchmark rate and the prevailing benchmark rate at settlement. The agreements are generally settled around the time of the pricing of the related debt. Each cash flow derivative gain or loss is recorded to OCI and is subsequently reclassified to interest expense over the life of the related debt. We did not have any cash flow hedges at June 30, 2024 or material cash flow hedges at December 31, 2023.

During each of the three months ended June 30, 2024 and 2023, approximately $ 0.3 million was reclassified from AOCI as an increase to interest expense for derivative financial instruments settled in prior periods and approximately $0.7 million was reclassified from AOCI as an increase to interest expense during each of the six months ended June 30, 2024 and 2023.

*Fair Value Hedges.* From time to time, we utilize interest rate swaps to achieve an additional level of floating rate debt relative to fixed rate debt as we deem appropriate. We designate fixed to floating interest rate swaps as fair value hedges. The changes in fair values of these derivative instruments and the offsetting changes in fair values of the underlying hedged debt due to changes in the relevant benchmark interest rates are recorded in interest expense. At June 30, 2024 and December 31, 2023, we had one interest rate swap with a notional amount of $500.0 million designated as a fair value hedge, which converts our $ 500.0 million principal amount of 5.85% fixed rate senior unsecured notes due November 2026 into a floating rate instrument with an interest rate based on a SOFR index.

Refer to Note 12, "Fair Value Measurements" for the outstanding derivative instruments and the corresponding fair value classifications.

**8. Share-Based Compensation and Non-Qualified Deferred Compensation Plan**

*Incentive Compensation.* We currently maintain the 2018 Share Incentive Plan (the "2018 Share Plan"), which was approved by our shareholders. The shares available for awards under the 2018 Share Plan are, subject to certain other limits under the plan, generally available for any type of award authorized under the 2018 Share Plan including share options, share appreciation rights, restricted share awards, share bonuses, and other share-based awards. Persons eligible to receive awards under the 2018 Share Plan include our and our subsidiaries' officers and employees, Trust Managers, and certain of our and our subsidiaries' consultants and advisors. A total of 9.7 million shares ("Share Limit") was authorized for grant under the 2018 Share Plan. Shares issued or to be issued are counted against the Share Limit as (1) 3.45 to 1.0 for every share award, excluding share options and share appreciation rights, granted, and (2) 1.0 to 1.0 for every share option or share appreciation right granted. As of June 30, 2024, there were approximately 4.3 million common shares available for grant under the 2018 Share Plan, which would result in approximately 1.2 million shares which could be granted pursuant to full value awards conversion ratios as defined under the 2018 Share Plan.

Total compensation cost for share awards charged against income was approximately $ 4.0 million or each of the three months ended June 30, 2024 and 2023, and approximately $7.5 million and $7.9 million for the six months ended June 30, 2024 and 2023, respectively. Total capitalized compensation costs for share awards were approximately $1.5 million for each of the three months ended June 30, 2024 and 2023, and approximately $ 2.7 million and $3.2 million for the six months ended June 30, 2024 and 2023, respectively.

A summary of activity under our share incentive plans for the six months ended June 30, 2024 is shown below:

| | Nonvested Share Awards Outstanding | Weighted Average Exercise / Grant Price |
|---|---|---|
| Nonvested share awards outstanding at December 31, 2023 | 174,164 | $ 126.46 |
| Granted | 270,703 | 96.12 |
| Vested | (220,885) | 107.44 |
| Forfeited | (6,421) | 119.99 |
| Total nonvested share awards outstanding at June 30, 2024 | 217,561 | $ 108.21 |

*Share Awards and Vesting*. Share awards for employees generally vest over three years and are valued at the market value of the shares on the grant date. In the event the holder of the share awards attains at least age 65, and with respect to an employee, also attains at least ten or more years of service ("Retirement Eligibility") before the term in which the awards are scheduled to vest, the value of the share awards to such individual is amortized from the date of grant to the individual's Retirement Eligibility date. All new share awards granted to individuals after they reach Retirement Eligibility vest on the date of grant.

The weighted average fair value of share awards granted during the six months ended June 30, 2024 and 2023 was $ 96.12 per share and $117.02 per share, respectively. The total fair value of shares vested was approximately $23.7 million and $22.2 million during the six months ended June 30, 2024 and 2023, respectively. At June 30, 2024, the unamortized value of previously issued unvested share awards was approximately $19.4 million which is expected to be amortized over the next three years.

**9. Net Change in Operating Accounts**

The effect of changes in the operating and other accounts on cash flows from operating activities is as follows:

| | Six Months Ended June 30, | |
|---|---|---|
| *(in thousands)* | 2024 | 2023 |
| Change in assets: | | |
| Other assets, net | $ (22,344) | $ (7,249) |
| Change in liabilities: | | |
| Accounts payable and accrued expenses | (5,505) | (14,893) |
| Accrued real estate taxes | (5,603) | (1,907) |
| Other liabilities | 6,982 | 6,189 |
| Other | 2,040 | 1,753 |
| Change in operating accounts and other | $ (24,430) | $ (16,107) |

**10. Commitments and Contingencies**

*Construction Contracts*. As of June 30, 2024, we estimated the total additional cost to complete the five properties currently under construction to be approximately $297.9 million. We expect to fund this amount through a combination of one or more of the following: cash flows generated from operations, draws on our unsecured revolving credit facility, the use of debt and equity offerings under our automatic shelf registration statement, proceeds from property dispositions, equity issued from our ATM program, and other unsecured borrowings or secured mortgages.

*Litigation.* We are subject to various legal proceedings and claims which arise in the ordinary course of business. Matters which arise out of allegation of bodily injury, property damage, and employment practices are generally covered by insurance. While the resolution of these legal proceedings and claims cannot be predicted with certainty, management currently believes the final outcome of such matters will not have a material adverse effect on our consolidated financial statements.

We have been named as a defendant in several cases alleging antitrust violations by a seller of revenue management software and owners and/or operators of multi-family housing, including us, which utilize this software. The complaints allege collusion among the defendants to fix rents in violation of Section 1 of the Sherman Act. The U.S. Judicial Panel on Multidistrict Litigation has consolidated some cases, including those filed against us, into a single action in the United States District Court for the Middle District of Tennessee. We and our co-defendants formed a joint defense group which allows free communication and strategizing among us and our attorneys as well as allows us to combine efforts in drafting motions. In addition to those lawsuits, we and several other owners and/or operators of multi-family housing have been sued in separate actions by the Attorney General of the District of Columbia and the Attorney General of Arizona. Those lawsuits also allege collusion among the defendants to fix rents in violation of DC and Arizona law, respectively. Additionally, we have been served with Civil Investigative Demands ("CIDs"), separately, by the U.S. Department of Justice ("DOJ") and the Attorney General of Texas. The CIDs are not lawsuits alleging wrongdoing but mechanisms by which the government can obtain information from companies regarding their use of the revenue management software. Furthermore, a federal grand jury subpoena was issued to us by the Antitrust Division of the DOJ requesting the production of information, documents, and records pertaining to our information technology infrastructure and systems, hardware, software, services, databases, and preservation of electronically stored information. We believe all of the lawsuits are without merit. We intend to vigorously defend these actions and are cooperating and responding to the CIDs and subpoena. At this stage of the proceedings, it is not possible to predict or determine the outcome nor is it possible to estimate the amount of loss, if any, which may be associated with an adverse decision on any of these matters.

*Other Commitments and Contingencies*. In the ordinary course of our business, we issue letters of intent indicating a willingness to negotiate for acquisitions, dispositions, or joint ventures and also enter into arrangements contemplating various transactions. Such letters of intent and other arrangements are non-binding as to either party unless and until a definitive contract is entered into by the parties. Even if definitive contracts relating to the purchase or sale of real property are entered into, these contracts generally provide the purchaser with time to evaluate the property and conduct due diligence, during which periods the purchaser will have the ability to terminate the contracts without penalty or forfeiture of any deposit or earnest money. There can be no assurance definitive contracts will be entered into with respect to any matter covered by letters of intent or we will consummate any transaction contemplated by any definitive contract. Furthermore, due diligence periods for real property are frequently extended as needed. An acquisition or sale of real property becomes probable at the time the due diligence period expires and the definitive contract has not been terminated. We are then at risk under a real property acquisition contract, but generally only to the extent of any earnest money deposits associated with the contract, and are obligated to sell under a real property sales contract. At June 30, 2024, we had approximately $ 0.6 million of earnest money deposits for potential acquisitions of land which are included in other assets in our condensed consolidated balance sheet, of which approximately $0.5 million was non-refundable.

*Lease Commitments*. Substantially all of our lessee operating leases, which are recorded within other liabilities in our condensed consolidated balance sheets, are related to office facility leases. We had no significant changes to our lessee lease commitments for the six months ended June 30, 2024. The lease and non-lease components, excluding short-term lease contracts with a duration of 12 months or less, are accounted for as a combined single component based upon the standalone price at the time the applicable lease is commenced and is recognized as a lease expense on a straight-line basis over the lease term. Most of our office facility leases include options to renew and generally are not included in the operating lease liabilities or right-of-use assets as they are not reasonably certain of being exercised. If an option to renew is exercised, it would be considered a separate contract and recognized based upon the standalone price at the time the option to renew is exercised. Variable lease payments which values are not known at lease commencement, such as executory costs of real estate taxes, property insurance, and common area maintenance, are expensed as incurred. Rental expense totaled approximately $0.9 million for each of the three months ended June 30, 2024 and 2023 and approximately $ 1.9 million for each of the six months ended June 30, 2024 and 2023.

The following is a summary of our maturities of our lease liabilities as of June 30, 2024:

*(in millions)*

| **Year ended December 31,** | **Operating Leases** |
|---|---|
| Remainder of 2024 | $ 1.7 |
| 2025 | 2.4 |
| 2026 | 0.5 |
| 2027 | 0.2 |
| 2028 | — |
| Thereafter | — |
| Less: discount for time value | (0.2) |
| Lease liability as of June 30, 2024 | $ 4.6 |

**11. Income Taxes**

We have maintained and intend to maintain our election as a REIT under the Internal Revenue Code of 1986, as amended. In order for us to continue to qualify as a REIT we must meet a number of organizational and operational requirements, including a requirement to distribute annual dividends to our shareholders equal to a minimum of 90% of our adjusted taxable income. As a REIT, we generally will not be subject to federal income tax on our taxable income at the corporate level to the extent such income is distributed to our shareholders annually. If our taxable income exceeds our dividends in a tax year, REIT tax rules allow us to designate dividends from the subsequent tax year in order to avoid current taxation on undistributed income. If we fail to qualify as a REIT in any taxable year, we may be subject to federal and state income taxes for such year. In addition, we may not be able to requalify as a REIT for the four subsequent taxable years and may be subject to federal and state income taxes in those years as well. Historically, we have incurred only state and local income, franchise, and excise taxes. Taxable income from non-REIT activities managed through taxable REIT subsidiaries is subject to applicable federal, state, and local income taxes. Our consolidated operating partnerships are flow-through entities and are not subject to federal income taxes at the entity level.

We have recorded income, franchise, sales, and excise taxes in the condensed consolidated statements of income and comprehensive income for the three and six months ended June 30, 2024 and 2023 as income tax expense. Income taxes for the three and six months ended June 30, 2024 primarily related to state income tax. We have no significant temporary or permanent differences or tax credits associated with our taxable REIT subsidiaries.

We believe we have no uncertain tax positions or unrecognized tax benefits requiring disclosure as of and for the six months ended June 30, 2024.

**12. Fair Value Measurements**

*Recurring Fair Value Measurements.* The following table presents information about our financial instruments measured at fair value on a recurring basis as of June 30, 2024 and December 31, 2023 using the inputs and fair value hierarchy discussed in Note 2, "Summary of Significant Accounting Policies and Recent Accounting Pronouncements."

**Financial Instruments Measured at Fair Value on a Recurring Basis**

| (in millions) | June 30, 2024 Quoted Prices in Active Markets for Identical Assets (Level 1) | June 30, 2024 Significant Other Observable Inputs (Level 2) | June 30, 2024 Significant Unobservable Inputs (Level 3) | June 30, 2024 Total | December 31, 2023 Quoted Prices in Active Markets for Identical Assets (Level 1) | December 31, 2023 Significant Other Observable Inputs (Level 2) | December 31, 2023 Significant Unobservable Inputs (Level 3) | December 31, 2023 Total |
|---|---|---|---|---|---|---|---|---|
| **Other Assets** | | | | | | | | |
| Deferred compensation plan investments *(1)* | $ 127.8 | $ — | $ — | $ 127.8 | $ 132.0 | $ — | $ — | $ 132.0 |
| Derivative financial instruments (fair value hedges) | $ — | $ 2.2 | $ — | $ 2.2 | $ — | $ 11.6 | $ — | $ 11.6 |
| **Other Liabilities** | | | | | | | | |
| Derivative financial instruments (cash flow hedges) | $ — | $ — | $ — | $ — | $ — | $ 0.7 | $ — | $ 0.7 |

*(1) Approximately $16.0 million and $10.9 million of participant cash was withdrawn from our deferred compensation plan investments during the six months ended June 30, 2024 and the year ended December 31, 2023, respectively.*

*Non-Recurring Fair Value Disclosures.* The nonrecurring fair value disclosure inputs under the fair value hierarchy are discussed in Note 2, "Summary of Significant Accounting Policies and Recent Accounting Pronouncements." We did not have any non-recurring fair value measurements during the three or six months ended June 30, 2024 or 2023.

*Financial Instrument Fair Value Disclosures.* The following table presents the carrying and estimated fair values of our notes payable at June 30, 2024 and December 31, 2023, in accordance with the policies discussed in Note 2, "Summary of Significant Accounting Policies and Recent Accounting Pronouncements."

| (in millions) | June 30, 2024 Carrying Value | June 30, 2024 Estimated Fair Value | December 31, 2023 Carrying Value | December 31, 2023 Estimated Fair Value |
|---|---|---|---|---|
| Fixed rate notes payable | $ 3,013.1 | $ 2,745.2 | $ 2,866.9 | $ 2,651.6 |
| Floating rate notes payable *(1)* | 539.7 | 549.7 | 848.5 | 864.9 |

*(1) Includes the senior unsecured notes payable due in 2026 at June 30, 2024 and December 31, 2023*

**13. Subsequent Events**

On July 8, 2024, Hurricane Beryl impacted several of our multifamily communities in the Houston, Texas area. We are currently in the preliminary stage of assessing the effect of this event on the Company's consolidated financial results for the third quarter of 2024. Based upon the information available to date, we currently expect the storm-related expenses for this incident to be in the range of approximately $2.0 million to $3.0 million, net of available insurance proceeds. These estimates are preliminary and may change as we receive additional information.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following discussion should be read in conjunction with the condensed consolidated financial statements and notes appearing elsewhere in this report, as well as Part I, Item 1A, "Risk Factors" within our Annual Report on Form 10-K for the year ended December 31, 2023. Historical results and trends which might appear in the condensed consolidated financial statements should not be interpreted as being indicative of future operations.

We consider portions of this report to be "forward-looking" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, both as amended, with respect to our expectations for future periods. Forward-looking statements do not discuss historical fact, but instead include statements related to expectations, projections, intentions, or other items relating to the future; forward-looking statements are not guarantees of future performance, results, or events. Although we believe the expectations reflected in our forward-looking statements are based upon reasonable assumptions, we can give no assurance our expectations will be achieved. Any statements contained herein which are not statements of historical fact should be deemed forward-looking statements. Reliance should not be placed on these forward-looking statements as these statements are subject to known and unknown risks, uncertainties, and other factors beyond our control and could differ materially from our actual results and performance.

Factors which may cause our actual results or performance to differ materially from those contemplated by forward-looking statements include, but are not limited to, the following:

- Volatility in capital and credit markets, or other unfavorable changes in economic conditions, either nationally or regionally in one or more of the markets in which we operate, could adversely impact us;
- Short-term leases could expose us to the effects of declining market rents;
- Competition could limit our ability to lease apartments or increase or maintain rental income;
- We could be negatively impacted by the risks associated with land holdings and related activities;
- Development, repositions, redevelopment, and construction risks could impact our profitability;
- Our acquisition strategy may not produce the cash flows expected;
- Changes in rent control or rent stabilization laws and regulations could adversely affect our operations and property values;
- Failure to qualify as a REIT could have adverse consequences;
- Tax laws could continue to change at any time and any such legislative or other actions could have a negative effect on us;
- A cybersecurity incident and other technology disruptions could negatively impact our business;
- We have significant debt which could have adverse consequences;
- Insufficient cash flows could limit our ability to make required payments for debt obligations or pay distributions to shareholders;
- Issuances of additional debt may adversely impact our financial condition;
- We could be unable to renew, repay, or refinance our outstanding debt;
- Rising interest rates could increase our borrowing costs, lower the value of our real estate, and decrease our share price, leading investors to seek higher yields through other investments;
- Failure to maintain our current credit ratings could adversely affect our cost of funds, related margins, liquidity, and access to capital markets;
- Share ownership limits and our ability to issue additional equity securities may prevent takeovers beneficial to shareholders;
- The form, timing, and amount of dividend distributions in future periods may vary and be impacted by economic and other considerations;
- Environmental, social, and governance factors may impose additional costs and/or expose us to new risks;
- Litigation risks could affect our business;
- Damage from catastrophic weather and other natural events could result in losses;
- Competition could adversely affect our ability to acquire properties; and
- We could be adversely impacted due to our share price fluctuations.

These forward-looking statements represent our estimates and assumptions as of the date of this report, and we assume no obligation to update or supplement forward-looking statements because of subsequent events.

**Executive Summary**

Camden Property Trust and all consolidated subsidiaries are primarily engaged in the ownership, management, development, reposition, redevelopment, acquisition, and construction of multifamily apartment communities. We focus on investing in markets characterized by high-growth economic conditions, strong employment, and attractive quality of life which we believe leads to higher demand for our apartments and retention of our residents. As of June 30, 2024, we owned interests in, operated, or were developing 177 multifamily properties comprised of 59,996 apartment homes across the United States. In addition, we own other land holdings which we may develop into multifamily apartment communities in the future.

*Business Environment and Current Outlook*

During the three and six months ended June 30, 2024, our results reflect an increase in same store revenues of approximately 1.4% and 2.0%, respectively, as compared to the same periods in 2023. The increases were in part due to higher average rental rates, which we believe were primarily attributable to job growth, favorable demographics with a higher propensity to rent versus buy, and continued demand for multifamily housing in our markets.

We believe the levels of new multifamily supply in the submarkets and asset classes in which we operate are elevated in 2024, but should be met with continued demand to absorb these new deliveries. However, if this were to change or other economic conditions were to worsen, our operating results could be adversely affected.

*Consolidated Results*

Net income attributable to common shareholders was $42.9 million and $91.1 million for the three months ended June 30, 2024 and 2023, respectively, and was $126.8 million and $133.0 million for the six months ended June 30, 2024 and 2023, respectively. The $48.2 million decrease during the three months ended June 30, 2024, as compared to the same period in 2023, was primarily due to a $48.9 million gain on sale of one operating property recognized in 2023. The $6.2 million decrease during the six months ended June 30, 2024, as compared to the same period in 2023, was primarily due to recognizing a higher gain on sale of one operating property in 2023 of $48.9 million as compared to recognizing the gain on sale of one operating property in 2024 of $43.8 million. See further discussion of our 2024 operations as compared to 2023 in "Results of Operations," below.

*Construction Activity*

At June 30, 2024, we had a total of five properties under construction comprising 1,746 apartment homes. As of June 30, 2024, we estimated the total additional cost to complete the construction of these five properties is approximately $297.9 million.

*Dispositions*

*Operating property:* In February 2024, we sold one operating property comprised of 592 apartment homes located in Atlanta, Georgia for approximately $115.0 million and recognized a gain of approximately $43.8 million.

*Other*

In January 2024, we issued $400.0 million of 4.90% senior unsecured notes due January 15, 2034. We utilized a portion of the net proceeds from these notes to repay the outstanding balance on our $300.0 million, 6.21% unsecured term loan due in August 2024. As a result of the early repayment, we expensed approximately $0.9 million of unamortized loan costs, which are reflected in the loss on early retirement of debt in our condensed consolidated statements of income and comprehensive income.

In January 2024, we utilized cash on hand to repay the principal amount of our 4.36% senior unsecured notes payable, which had a maturity date of January 15, 2024, for a total of $250.0 million, plus accrued interest.

During the three months ended June 30, 2024, we repurchased 44,692 common shares at an average price of $96.52 per share, and during the six months ended June 30, 2024, we repurchased 515,974 common shares at an average price of $96.88 per share. The total cost of the shares repurchased for the six months ended June 30, 2024 was approximately $50.0 million. As of the date of this filing, the remaining dollar value of our common equity securities authorized to be repurchased under this plan was approximately $450.0 million.

*Subsequent Events*

On July 8, 2024, Hurricane Beryl impacted several of our multifamily communities in the Houston, Texas area. We are currently in the preliminary stage of assessing the effect of this event on the Company's consolidated financial results for the third quarter of 2024. Based upon the information available to date, we currently expect the storm-related expenses for this incident to be in the range of approximately $2.0 million to $3.0 million, net of available insurance proceeds. These estimates are preliminary and may change as we receive additional information.

*Future Outlook*

Subject to market conditions, we intend to continue to seek opportunities to develop new communities and to redevelop, reposition, and acquire existing communities. We also intend to evaluate our portfolio and plan to continue our practice of selective dispositions as market conditions warrant and opportunities arise. We expect to maintain a strong balance sheet and preserve our financial flexibility by continuing to focus on our core fundamentals which we believe are generating positive cash flows from operations, maintaining appropriate debt levels and leverage ratios, and controlling overhead costs. We intend to meet our near-term liquidity requirements through a combination of one or more of the following: cash flows generated from operations, draws on our unsecured revolving credit facility, the use of debt and equity offerings under our automatic shelf registration statement, proceeds from property dispositions, equity issued from our 2023 ATM program, and other unsecured borrowings or secured mortgages.

As of June 30, 2024, we had no amounts outstanding and had approximately $1.2 billion available under our unsecured revolving credit facility. As of June 30, 2024, and through the date of this filing, we also had common shares having an aggregate offering amount of up to $500.0 million remaining available for sale under our 2023 ATM program and the ability to issue debt and equity under our automatic shelf registration statement. We believe scheduled repayments of debt due during the next 12 months are manageable at approximately $290.0 million which represents approximately 8.2% of our total outstanding debt, and excludes amortization of debt discounts and debt issuance costs. We believe we are well-positioned with a strong balance sheet and sufficient liquidity to fund new development, repositions, redevelopment, and other capital requirements including scheduled debt maturities. We will, however, continue to assess and take further actions we believe are prudent to meet our objectives and capital requirements.

Property Portfolio

Our multifamily property portfolio is summarized as follows:

| | June 30, 2024 | | December 31, 2023 | |
|---|---|---|---|---|
| | Number of Homes | Properties | Number of Homes | Properties |
| **Operating Properties** | | | | |
| Houston, Texas | 9,343 | 27 | 9,154 | 26 |
| Dallas/Fort Worth, Texas | 6,224 | 15 | 6,224 | 15 |
| Washington, D.C. Metro | 6,192 | 17 | 6,192 | 17 |
| Phoenix, Arizona | 4,426 | 14 | 4,426 | 14 |
| Atlanta, Georgia | 4,270 | 14 | 4,862 | 15 |
| Orlando, Florida | 3,954 | 11 | 3,954 | 11 |
| Austin, Texas | 3,686 | 11 | 3,686 | 11 |
| Charlotte, North Carolina | 3,510 | 15 | 3,491 | 15 |
| Raleigh, North Carolina | 3,252 | 9 | 3,252 | 9 |
| Tampa/St. Petersburg, Florida | 3,104 | 8 | 3,104 | 8 |
| Southeast Florida | 3,050 | 9 | 3,050 | 9 |
| Denver, Colorado | 2,873 | 9 | 2,873 | 9 |
| Los Angeles/Orange County, California | 1,811 | 5 | 1,811 | 5 |
| San Diego/Inland Empire, California | 1,797 | 6 | 1,797 | 6 |
| Nashville, Tennessee | 758 | 2 | 758 | 2 |
| **Total Operating Properties** | 58,250 | 172 | 58,634 | 172 |
| **Properties Under Construction** | | | | |
| Raleigh, North Carolina | 789 | 2 | 789 | 2 |
| Charlotte, North Carolina | 769 | 2 | — | — |
| Houston, Texas | 188 | 1 | 377 | 2 |
| **Total Properties Under Construction** | 1,746 | 5 | 1,166 | 4 |
| **Total Properties** | 59,996 | 177 | 59,800 | 176 |

Completed Construction in Lease-Up

At June 30, 2024, there was one completed operating property in lease-up as follows:

| ($ in millions) Property and Location | Number of Homes | | Cost Incurred *(1)* | % Leased at 7/31/2024 | | Date of Construction Completion | Estimated Date of Stabilization |
|---|---|---|---|---|---|---|---|
| **Operating Property** | | | | | | | |
| Camden Woodmill Creek | | | | | | | |
| *The Woodlands, TX* | 189 | $ | 70.9 | 65 | % | 2Q24 | 2Q25 |

*(1) Excludes leasing costs, which are expensed as incurred.*

Properties Under Development

Our condensed consolidated balance sheet at June 30, 2024 includes approximately $439.8 million related to properties under development and land. Of this amount, approximately $216.6 million related to our properties currently under construction. In addition, we had approximately $223.2 million primarily invested in land held for future development.

*Properties Under Construction.* At June 30, 2024, we had five properties in various stages of construction as follows:

| ($ in millions) Properties and Locations | Number of Homes | | Estimated Cost | | Cost Incurred | | Included in Properties Under Development | Estimated Date of Construction Completion | Estimated Date of Stabilization |
|---|---|---|---|---|---|---|---|---|---|
| **Properties Under Construction** | | | | | | | | | |
| Camden Durham *(1)* | | | | | | | | | |
| *Durham, NC* | 420 | $ | 145.0 | $ | 139.7 | $ | 19.3 | 3Q24 | 4Q25 |
| Camden Long Meadow Farms *(2)* | | | | | | | | | |
| *Richmond, TX* | 188 | | 75.0 | | 67.8 | | 27.7 | 3Q24 | 2Q25 |
| Camden Village District | | | | | | | | | |
| *Raleigh, NC* | 369 | | 138.0 | | 97.2 | | 97.2 | 2Q25 | 4Q26 |
| Camden South Charlotte | | | | | | | | | |
| *Charlotte, NC* | 420 | | 163.0 | | 43.2 | | 43.2 | 2Q27 | 4Q28 |
| Camden Blakeney | | | | | | | | | |
| *Charlotte, NC* | 349 | | 154.0 | | 29.2 | | 29.2 | 3Q27 | 3Q28 |
| **Total** | **1,746** | **$** | **675.0** | **$** | **377.1** | **$** | **216.6** | | |

*(1) Property in lease-up and was 69% leased at July 31, 2024.*
*(2) Property in lease-up and was 32% leased at July 31, 2024.*

*Development Pipeline Communities.* At June 30, 2024, we had the following multifamily communities undergoing development activities:

| ($ in millions) Properties and Locations | Projected Homes | | Total Estimated Cost *(1)* | | Cost to Date |
|---|---|---|---|---|---|
| Camden Baker | | | | | |
| *Denver, CO* | 435 | $ | 165.0 | $ | 34.7 |
| Camden Nations | | | | | |
| *Nashville, TN* | 393 | | 175.0 | | 40.5 |
| Camden Gulch | | | | | |
| *Nashville, TN* | 480 | | 260.0 | | 51.0 |
| Camden Paces III | | | | | |
| *Atlanta, GA* | 350 | | 100.0 | | 23.5 |
| Camden Highland Village II | | | | | |
| *Houston, TX* | 300 | | 100.0 | | 10.8 |
| Camden Arts District | | | | | |
| *Los Angeles, CA* | 354 | | 150.0 | | 47.8 |
| Camden Downtown II | | | | | |
| *Houston, TX* | 271 | | 145.0 | | 14.9 |
| Total | 2,583 | $ | 1,095.0 | $ | 223.2 |

(1) *Represents our estimate of total costs we expect to incur on these projects. However, forward-looking estimates are not guarantees of future performance, results, or events. Although we believe these expectations are based upon reasonable assumptions, future events rarely develop exactly as forecast, and estimates routinely require adjustment.*

**Results of Operations**

Changes in revenues and expenses related to our operating properties from period-to-period are due primarily to the performance of stabilized properties in the portfolio, the lease-up of newly-constructed properties, and the impact of acquisitions and dispositions.

Management considers property net operating income ("NOI") to be an appropriate supplemental measure of operating performance to net income because it reflects the operating performance of our communities without an allocation of corporate level property management overhead or general and administrative costs. We define NOI as property revenue less property operating and maintenance expenses less real estate taxes. NOI is further detailed in the Property-Level NOI table as seen below. NOI is not defined by accounting principles generally accepted in the United States of America ("GAAP") and should not be considered an alternative to net income as an indication of our operating performance. Additionally, NOI as disclosed by other REITs may not be comparable to our calculation.

Reconciliations of net income to NOI for the three and six months ended June 30, 2024 and 2023 are as follows:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| *thousands)* | **2024** | **2023** | **2024** | **2023** |
| **t income** | $ 44,810 | $ 92,940 | $ 130,569 | $ 136,559 |
| Less: Fee and asset management income | (2,606) | (718) | (3,890) | (1,296) |
| Less: Interest and other income | (1,598) | (431) | (3,366) | (493) |
| Less: Income on deferred compensation plans | (1,073) | (2,844) | (6,892) | (8,756) |
| Plus: Property management expense | 9,846 | 8,751 | 19,240 | 17,048 |
| Plus: Fee and asset management expense | 475 | 420 | 918 | 833 |
| Plus: General and administrative expense | 18,154 | 15,863 | 34,847 | 31,219 |
| Plus: Interest expense | 32,227 | 33,578 | 64,764 | 66,421 |
| Plus: Depreciation and amortization expense | 145,894 | 143,054 | 290,696 | 285,498 |
| Plus: Expense on deferred compensation plans | 1,073 | 2,844 | 6,892 | 8,756 |
| Plus: Loss on early retirement of debt | — | 2,513 | 921 | 2,513 |
| Less: Gain on sale of operating property | — | (48,919) | (43,806) | (48,919) |
| Plus: Income tax expense | 1,059 | 851 | 1,964 | 2,001 |
| **operty net operating income** | $ 248,261 | $ 247,902 | $ 492,857 | $ 491,384 |

Property NOI *(1)*

Property NOI, as reconciled above, is detailed further into the following categories for the three and six months ended June 30, 2024 as compared to the same periods in 2023:

| | Homes at | Three Months Ended June 30, | | Change | | Six Months Ended June 30, | | Change | |
|---|---|---|---|---|---|---|---|---|---|
| *($ in thousands)* | 6/30/2024 | 2024 | 2023 | $ | % | 2024 | 2023 | $ | % |
| **Property revenues:** | | | | | | | | | |
| Same store communities | 55,866 | $ 366,424 | $ 361,226 | $ 5,198 | 1.4 % | $ 730,902 | $ 716,844 | $ 14,058 | 2.0 % |
| Non-same store communities | 2,195 | 14,215 | 11,923 | 2,292 | 19.2 | 28,182 | 22,458 | 5,724 | 25.5 |
| Development and lease-up communities | 1,935 | 1,358 | — | 1,358 | * | 1,960 | — | 1,960 | * |
| Dispositions/Other | — | 5,153 | 12,350 | (7,197) | (58.3) | 9,247 | 24,360 | (15,113) | (62.0) |
| **Total property revenues** | 59,996 | $ 387,150 | $ 385,499 | $ 1,651 | 0.4 % | $ 770,291 | $ 763,662 | $ 6,629 | 0.9 % |
| **Property expenses:** | | | | | | | | | |
| Same store communities | 55,866 | $ 130,943 | $ 127,776 | $ 3,167 | 2.5 % | $ 260,787 | $ 254,016 | $ 6,771 | 2.7 % |
| Non-same store communities | 2,195 | 5,280 | 4,799 | 481 | 10.0 | 10,104 | 9,164 | 940 | 10.3 |
| Development and lease-up communities | 1,935 | 909 | 4 | 905 | * | 1,509 | 7 | 1,502 | * |
| Dispositions/Other | — | 1,757 | 5,018 | (3,261) | (65.0) | 5,034 | 9,091 | (4,057) | (44.6) |
| **Total property expenses** | 59,996 | $ 138,889 | $ 137,597 | $ 1,292 | 0.9 % | $ 277,434 | $ 272,278 | $ 5,156 | 1.9 % |
| **Property NOI:** | | | | | | | | | |
| Same store communities | 55,866 | $ 235,481 | $ 233,450 | $ 2,031 | 0.9 % | $ 470,115 | $ 462,828 | $ 7,287 | 1.6 % |
| Non-same store communities | 2,195 | 8,935 | 7,124 | 1,811 | 25.4 | 18,078 | 13,294 | 4,784 | 36.0 |
| Development and lease-up communities | 1,935 | 449 | (4) | 453 | * | 451 | (7) | 458 | * |
| Dispositions/Other | — | 3,396 | 7,332 | (3,936) | (53.7) | 4,213 | 15,269 | (11,056) | (72.4) |
| **Total property NOI** | 59,996 | $ 248,261 | $ 247,902 | $ 359 | 0.1 % | $ 492,857 | $ 491,384 | $ 1,473 | 0.3 % |

** Not a meaningful percentage.*

*(1) For 2024, same store communities are communities we wholly-owned and were stabilized since January 1, 2023, excluding communities under redevelopment and properties held for sale. Non-same store communities are stabilized communities not owned or stabilized since January 1, 2023, including communities under redevelopment and excluding properties held for sale. We define communities under redevelopment as communities with capital expenditures which improve a community's cash flow and competitive position through extensive unit, exterior building, common area, and amenity upgrades. Management believes same store information is useful as it allows both management and investors to determine financial results over a particular period for the same set of communities. Development and lease-up communities are non-stabilized communities we have developed since January 1, 2023, excluding properties held for sale. Dispositions/Other includes those communities disposed of or held for sale which are not classified as discontinued operations, non-multifamily rental properties, expenses related to land holdings not under active development, and other miscellaneous revenues and expenses, including net below market leases, casualty-related expenses net of recoveries, and severance related costs.*

*Same Store Analysis*

Same store property NOI increased approximately $2.0 million and $7.3 million for the three and six months ended June 30, 2024, respectively, as compared to the same periods in 2023.

The $2.0 million approximate increase in same store property NOI for the three months ended June 30, 2024 was primarily due to an increase of approximately $5.2 million in same store property revenues which was partially offset by an increase in same store property expenses of approximately $3.2 million as compared to the same period in 2023.

The $5.2 million increase in same store property revenues during the three months ended June 30, 2024, as compared to the same period in 2023, was primarily due to an increase of approximately $2.7 million, primarily attributable to lower uncollectible revenue and higher fee income, and an approximate $2.0 million increase in rental revenues, primarily due to an increase in average rental rates. The increase was also due to approximately $0.5 million of higher income from our utility rebilling and ancillary income programs.

The $3.2 million increase in same store property expenses during the three months ended June 30, 2024, as compared to the same period in 2023, was primarily due to higher salaries and benefits of approximately $1.6 million, higher utilities expense of approximately $1.2 million, higher marketing and leasing expenses of approximately $0.8 million, higher repairs and maintenance expense of approximately $0.8 million, and higher property general and administrative expenses of approximately $0.3 million. These increases were partially offset by decreased insurance expenses of approximately $1.0 million and lower real estate taxes of approximately $0.5 million.

The $7.3 million increase in same store property NOI for the six months ended June 30, 2024 as compared to the same period in 2023 was primarily due to an increase of approximately $14.1 million in same store property revenues which was partially offset by an increase in same store property expenses of approximately $6.8 million as compared to the same period in 2023.

The $14.1 million increases in same store property revenues during the six months ended June 30, 2024 as compared to the same period in 2023, was primarily due to an approximate $6.7 million increase in rental revenues due in part to an increase in average rental rates, and an increase of approximately $6.3 million due in part to lower uncollectible revenue and higher fee income. The increase was also due to approximately $1.0 million of higher income from our utility rebilling and ancillary income programs.

The $6.8 million increase in same store property expenses during the six months ended June 30, 2024 as compared to the same period in 2023, was primarily due to higher salaries and benefits of approximately $3.1 million, higher utilities expense of approximately $2.0 million, higher marketing and leasing expenses of approximately $1.3 million, higher repairs and maintenance expense of approximately $1.1 million, and higher property general and administrative expenses of approximately $0.6 million. These increases were partially offset by decreased insurance expenses of approximately $1.5 million.

*Non-same Store and Development and Lease-up Analysis*

Property NOI from non-same store (which includes non-same store stabilized properties and other) and development and lease-up communities increased approximately $2.3 million and $5.3 million for the three and six months ended June 30, 2024, respectively, as compared to the same periods in 2023. The increases were due to increases from non-same store communities of approximately $1.8 million and $4.8 million for the three and six months ended June 30, 2024, respectively, as compared to the same periods in 2023, and increases from development and lease-up communities of $0.5 million for each of the three and six months ended June 30, 2024 as compared to the same periods in 2023. The increases in property NOI from our non-same store communities were primarily due to the stabilization of two operating properties in 2023 and one operating property in 2024. The increases in property NOI from our development and lease-up communities were primarily due to one development community under lease-up which completed construction during the three months ended June 30, 2024.

The following table details the changes, described above, relating to non-same store and development and lease up NOI:

| *(in millions)* | For the three months ended June 30, 2024 as compared to 2023 | For the six months ended June 30, 2024 as compared to 2023 |
|---|---|---|
| **Property Revenues:** | | |
| Revenues from non-same store stabilized properties | $ 2.2 | $ 5.7 |
| Revenues from development and lease-up properties | 1.4 | 2.0 |
| Other non same-store | 0.1 | — |
| | $ 3.7 | $ 7.7 |
| **Property Expenses:** | | |
| Expenses from non-same store stabilized properties | $ 0.7 | $ 1.0 |
| Expenses from development and lease-up properties | 0.9 | 1.5 |
| Other non same-store | (0.2) | (0.1) |
| | $ 1.4 | $ 2.4 |
| **Property NOI:** | | |
| NOI from non-same store stabilized properties | $ 1.5 | $ 4.7 |
| NOI from development and lease-up properties | 0.5 | 0.5 |
| Other non same-store | 0.3 | 0.1 |
| | $ 2.3 | $ 5.3 |

*Dispositions/Other Property Analysis*

Dispositions/Other property NOI decreased approximately $3.9 million and $11.1 million for the three and six months ended June 30, 2024, respectively, as compared to the same periods in 2023. The decreases were comprised of lower NOI related to dispositions of approximately $6.6 million and $12.4 million for the three and six months ended June 30, 2024, respectively, as compared to the same periods in 2023. The decreases in NOI related to dispositions were due to the dispositions of one operating property in each of June 2023, December 2023, and February 2024. The decreases were partially offset by higher other property NOI of approximately $2.6 million and $1.3 million for the three and six months ended June 30, 2024, respectively, as compared to the same periods in 2023. The $2.6 million higher other property NOI was primarily due to higher revenues related to business interruption insurance proceeds recognized in 2024 of approximately $2.2 million and lower storm-related expenses of approximately $0.4 million during the three months ended June 30, 2024 as compared to the same period in 2023. The $1.3 million higher other property NOI for the six months ended June 30, 2024 was primarily due to higher revenues related to business interruption insurance proceeds of approximately $2.1 million, partially offset by higher storm-related expenses of approximately $1.1 million, for the six months ended June 30, 2024, as compared to the same period in 2023.

Non-Property Income

| | Three Months Ended June 30, | | Change | | Six Months Ended June 30, | | Change | |
|---|---|---|---|---|---|---|---|---|
| *($ in thousands)* | 2024 | 2023 | $ | % | 2024 | 2023 | $ | % |
| Fee and asset management | $ 2,606 | $ 718 | $ 1,888 | * | $ 3,890 | $ 1,296 | $ 2,594 | * |
| Interest and other income | 1,598 | 431 | 1,167 | * | 3,366 | 493 | 2,873 | * |
| Income on deferred compensation plans | 1,073 | 2,844 | (1,771) | (62.3)% | 6,892 | 8,756 | (1,864) | (21.3)% |
| **Total non-property income** | $ 5,277 | $ 3,993 | $ 1,284 | 32.2 % | $ 14,148 | $ 10,545 | $ 3,603 | 34.2 % |

* *Not a meaningful percentage.*

Fee and asset management income from construction and development activities at our third-party construction projects, increased approximately $1.9 million and $2.6 million for the three and six months ended June 30, 2024, respectively, as compared to the same periods in 2023. The increases were related to higher fees earned on third-party construction projects due to higher activity during the three and six months ended June 30, 2024 as compared to the same periods in 2023.

Interest and other income increased approximately $1.2 million and $2.9 million for the three and six months ended June 30, 2024, respectively, as compared to the same periods in 2023. The increases were primarily due to higher investment interest income earned due to having higher average cash balances during the three and six months ended June 30, 2024 as compared to the same periods in 2023.

Our deferred compensation plans recognized income of approximately $1.1 million and $6.9 million during the three and six months ended June 30, 2024, respectively, as compared to income of approximately $2.8 million and $8.8 million during the three and six months ended June 30, 2023, respectively. The changes were related to the performance of the investments held in deferred compensation plans for participants and were directly offset by the expense related to these plans, as discussed below.

Other Expenses

| | Three Months Ended June 30, | | Change | | Six Months Ended June 30, | | Change | |
|---|---|---|---|---|---|---|---|---|
| *($ in thousands)* | 2024 | 2023 | $ | % | 2024 | 2023 | $ | % |
| Property management | $ 9,846 | $ 8,751 | $ 1,095 | 12.5 % | $ 19,240 | $ 17,048 | $ 2,192 | 12.9 % |
| Fee and asset management | 475 | 420 | 55 | 13.1 | 918 | 833 | 85 | 10.2 |
| General and administrative | 18,154 | 15,863 | 2,291 | 14.4 | 34,847 | 31,219 | 3,628 | 11.6 |
| Interest | 32,227 | 33,578 | (1,351) | (4.0) | 64,764 | 66,421 | (1,657) | (2.5) |
| Depreciation and amortization | 145,894 | 143,054 | 2,840 | 2.0 | 290,696 | 285,498 | 5,198 | 1.8 |
| Expense on deferred compensation plans | 1,073 | 2,844 | (1,771) | (62.3) | 6,892 | 8,756 | (1,864) | (21.3) |
| **Total other expenses** | $ 207,669 | $ 204,510 | $ 3,159 | 1.5 % | $ 417,357 | $ 409,775 | $ 7,582 | 1.9 % |

Property management expense, which represents regional supervision and accounting costs related to property operations, increased approximately $1.1 million and $2.2 million for the three and six months ended June 30, 2024, respectively, as compared to the same periods in 2023. The increases were primarily related to higher salaries, benefits, and incentive compensation costs. Property management expenses were approximately 2.5% and 2.3% of total property revenues for the three months ended June 30, 2024 and 2023, respectively, and were 2.5% and 2.2% for the six months ended June 30, 2024 and 2023, respectively.

General and administrative expense increased approximately $2.3 million and $3.6 million during the three and six months ended June 30, 2024, respectively, as compared to the same periods in 2023. The increases were primarily related to higher salaries, benefits, and incentive compensation costs and higher legal expenses. Excluding income on deferred compensation plans, general and administrative expenses were approximately 4.6% and 4.1% of total revenues for the three months ended June 30, 2024 and 2023, respectively, and were 4.5% and 4.1% of total revenues for the six months ended June 30, 2024 and 2023, respectively.

Interest expense decreased approximately $1.4 million and $1.7 million for the three and six months ended June 30, 2024, respectively, as compared to the same periods in 2023. The decreases were primarily due to the early retirement of $185.3 million of secured variable rate notes in May 2023, the repayment of a $250 million, 5.07% senior unsecured notes payable in June 2023, and the repayments of a $300 million, 6.21% unsecured term loan and a $250.0 million, 4.36% senior unsecured notes payable in January 2024. The decreases were also due to lower interest expense recognized on our unsecured revolving credit facility resulting from lower average balances outstanding during the three and six months ended June 30, 2024 as compared to the same periods in 2023. The decreases were partially offset by increases in interest expense due to the issuances of $500 million senior unsecured notes in November 2023 and $400 million senior unsecured notes in January 2024. The decreases were also partially offset by slight decreases in capitalized interest primarily due to having lower average balances in assets under construction during the three and six months ended June 30, 2024 as compared to the same periods in 2023.

Depreciation and amortization expense increased approximately $2.8 million and $5.2 million for the three and six months ended June 30, 2024, respectively, as compared to the same periods in 2023. The increases were primarily due to higher depreciation related to the completion of apartment homes in our development pipeline and the completion of capitalized improvements during 2023 and 2024. The increases were partially offset by the disposition of one operating property in each of June 2023, December 2023, and February 2024.

Our deferred compensation plans incurred an expense of approximately $1.1 million and $6.9 million for the three and six months ended June 30, 2024, respectively, as compared to recognizing an expense of approximately $2.8 million and $8.8 million during the three and six months ended June 30, 2023, respectively. The changes were related to the performance of the investments held in deferred compensation plans for participants and were directly offset by the income related to these plans, as discussed in the non-property income section above.

Other

| | Three Months Ended June 30, | | Change | | Six Months Ended June 30, | | Change | |
|---|---|---|---|---|---|---|---|---|
| *($ in thousands)* | **2024** | **2023** | **$** | **%** | **2024** | **2023** | **$** | **%** |
| Loss on early retirement of debt | $ — | $ (2,513) | $ 2,513 | (100.0)% | $ (921) | $ (2,513) | $ 1,592 | (63.4)% |
| Gain on sale of operating property | $ — | $ 48,919 | $ (48,919) | (100.0)% | $ 43,806 | $ 48,919 | $ (5,113) | (10.5)% |
| Income tax expense | $ (1,059) | $ (851) | $ (208) | 24.4 % | $ (1,964) | $ (2,001) | $ 37 | (1.8)% |

The loss on early retirement of debt for the six months ended June 30, 2024 was due to the write-off of unamortized loan costs related to the early retirement of our $300 million unsecured term loan which was scheduled to mature in August 2024. The loss on early retirement of debt for the three and six months ended June 30, 2023 was due to the early repayments of our $185.2 million secured variable rate notes due in 2024 and 2026, and consisted of $1.7 million of prepayment penalties and fees and approximately $0.8 million of unamortized fair value adjustments.

The $43.8 million gain on sale during the six months ended June 30, 2024 was due to the disposition of one operating property located in Atlanta, Georgia in February 2024. The $48.9 million gain on the sale during the three and six months ended June 30, 2023, was due to the disposition of one operating property located in Costa Mesa, California in June 2023.

Income tax expense increased approximately $0.2 million for the three months ended June 30, 2024, and was relatively flat during the six months ended June 30, 2024, as compared to the same periods in 2023. The increase during the three months ended June 30, 2024 was primarily due to an increase in taxable income due to higher third-party construction activities in a taxable REIT subsidiary. The slight decrease for the six months ended June 30, 2024 was primarily due to lower state and franchise income taxes, offset by an increase in taxable income due to higher third-party construction activities within a taxable REIT subsidiary.

**Funds from Operations ("FFO"), Core FFO, and Core Adjusted FFO ("Core AFFO")**

Management considers FFO, Core FFO, and Core AFFO to be appropriate supplementary measures of the financial performance of an equity REIT. The National Association of Real Estate Investment Trusts ("NAREIT") currently defines FFO as net income (computed in accordance with GAAP), excluding depreciation and amortization related to real estate, gains (or losses) from the sale of certain real estate assets (depreciable real estate), impairments of certain real estate assets (depreciable real estate), gains (or losses) from change in control, and adjustments for unconsolidated joint ventures to reflect FFO on the same basis. Our calculation of diluted FFO also assumes conversion of all potentially dilutive securities, including certain non-controlling interests, which are convertible into common shares. We consider FFO to be an appropriate supplemental measure of operating performance because, by excluding gains or losses on dispositions of depreciable real estate and depreciation, FFO can assist in the comparison of the operating performance of a company's real estate investments between periods or to different companies.

Core FFO represents FFO as further adjusted for items not considered part of our core business operations. We consider Core FFO to be a helpful supplemental measure of operating performance as it excludes not only depreciation expense of real estate assets, but it also excludes certain items which, by nature, are not comparable period over period and therefore tends to obscure actual operating performance. Our definition of Core FFO may differ from other REITs, and there can be no assurance our basis for computing this measure is comparable to other REITs.

Core AFFO is calculated utilizing Core FFO less recurring capitalized expenditures which are necessary to help preserve the value of and maintain the functionality at our communities. We also consider Core AFFO to be a useful supplemental measure because it is frequently used by analysts and investors to evaluate a REIT's operating performance between periods or to different companies. Our definition of recurring capital expenditures may differ from other REITs, and there can be no assurance our basis for computing this measure is comparable to other REITs.

To facilitate a clear understanding of our consolidated historical operating results, we believe FFO, Core FFO, and Core AFFO should be examined in conjunction with net income attributable to common shareholders as presented in the condensed consolidated statements of income and comprehensive income and data included elsewhere in this report. FFO, Core FFO, and Core AFFO are not defined by GAAP and should not be considered alternatives to net income attributable to common shareholders as an indication of our operating performance. Additionally, FFO, Core FFO, and Core AFFO as disclosed by other REITs may not be comparable to our calculation.

Reconciliations of net income attributable to common shareholders to FFO, Core FFO, and Core AFFO for the three and six months ended June 30, 2024 and 2023 are as follows:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| *($ in thousands)* | **2024** | **2023** | **2024** | **2023** |
| **Funds from operations** | | | | |
| Net income attributable to common shareholders | $ 42,917 | $ 91,099 | $ 126,806 | $ 133,016 |
| Real estate depreciation and amortization | 142,895 | 140,013 | 284,742 | 279,400 |
| Gain on sale of operating property | — | (48,919) | (43,806) | (48,919) |
| Income allocated to non-controlling interests | 1,893 | 1,841 | 3,763 | 3,543 |
| **Funds from operations** | $ 187,705 | $ 184,034 | $ 371,505 | $ 367,040 |
| Casualty-related expenses, net of (recoveries) | (1,587) | 981 | (64) | 939 |
| Severance | — | — | 506 | — |
| Legal costs and settlements, net of recoveries | 1,114 | — | 1,966 | 84 |
| Loss on early retirement of debt | — | 2,513 | 921 | 2,513 |
| Expensed development and other pursuit costs | 660 | 471 | 660 | 471 |
| Miscellaneous (income)/expense *(1)* | — | (364) | — | (364) |
| **Core funds from operations** | $ 187,892 | $ 187,635 | $ 375,494 | $ 370,683 |
| | | | | |
| Less: recurring capitalized expenditures | (29,595) | (21,034) | (51,620) | (38,613) |
| **Core adjusted funds from operations** | $ 158,297 | $ 166,601 | $ 323,874 | $ 332,070 |
| | | | | |
| **Weighted average shares – basic** | 108,406 | 108,663 | 108,556 | 108,616 |
| Incremental shares issuable from assumed conversion of: | | | | |
| Share awards granted | 18 | 4 | 21 | 20 |
| Common units | 1,594 | 1,595 | 1,594 | 1,596 |
| **Weighted average shares – diluted** | 110,018 | 110,262 | 110,171 | 110,232 |

*(1) Activity during the three and six months ended June 30, 2023 relates to proceeds from an earn-out from a previously sold technology investment.*

**Liquidity and Capital Resources**

Financial Condition and Sources of Liquidity

We intend to maintain a strong balance sheet and preserve our financial flexibility, which we believe should enhance our ability to identify and capitalize on investment opportunities as they become available. We intend to maintain what management believes is a conservative capital structure by:

- extending and sequencing the maturity dates of our debt where practicable;
- managing interest rate exposure using what management believes to be prudent levels of fixed and floating rate debt;
- maintaining what management believes to be conservative coverage ratios; and
- using what management believes to be a prudent combination of debt and equity.

Our interest expense coverage ratio, net of capitalized interest, was approximately 7.0 and 6.7 for the three months ended June 30, 2024 and 2023, respectively, and 6.9 and 6.7 for the six months ended June 30, 2024 and 2023, respectively. This ratio is a method for calculating the amount of operating cash flows available to cover interest expense and is calculated by dividing interest expense for the period into the sum of property revenues and expenses, non-property income, and other expenses, after adding back depreciation, amortization, and interest expense. Approximately 89.9% and 89.8% of our properties were unencumbered as of June 30, 2024 and 2023, respectively. Our weighted average maturity of debt was approximately 6.4 years at June 30, 2024.

Our primary sources of liquidity is cash flows generated from operations. Other sources may include one or more of the following: availability under our unsecured revolving credit facility, the use of debt and equity offerings under our automatic shelf registration statement, proceeds from property dispositions, equity issued from our 2023 ATM program, and other unsecured borrowings or secured mortgages. We believe our liquidity and financial condition are sufficient to meet all of our reasonably anticipated cash needs during the next twelve months from our filing date including:

- normal recurring operating expenses;
- current debt service requirements including scheduled debt maturities;
- recurring and non-recurring capital expenditures;
- funding of property developments, repositions, redevelopments, and acquisitions;
- the minimum dividend payments required to maintain our REIT qualification under the Code; and
- funding share repurchases.

Factors which could increase or decrease our future liquidity include but are not limited to volatility in capital and credit markets, changes in rent control or rent stabilization laws, sources of financing, the minimum REIT dividend requirements, our ability to complete asset purchases, sales, or developments, the effect our debt level and changes in credit ratings could have on our cost of funds, and our ability to access capital markets.

Cash Flows

The following is a discussion of our cash flows for the six months ended June 30, 2024 as compared to the same period in 2023.

Net cash from operating activities was approximately $361.0 million during the six months ended June 30, 2024 as compared to approximately $366.6 million for the same period in 2023. The decrease was primarily due to a decrease in cash from property operations due to the sale of two operating properties in 2023 and one operating property in 2024, as well as lower cash inflows from operating accounts primarily due to lower prepayment of rental income received from our residents. These decreases were partially offset by the growth attributable to our same store and non-same store communities. See further discussion of our 2024 operations as compared to 2023 in "Results of Operations."

Net cash used in investing activities during the six months ended June 30, 2024 totaled approximately $100.5 million as compared to $139.7 million during the same period in 2023. Cash outflows during the six months ended June 30, 2024 primarily related to amounts paid for property development and capital improvements of approximately $210.5 million. These outflows were partially offset by net proceeds from the sale of one operating property of approximately $114.5 million. Cash outflows during the six months ended June 30, 2023 primarily related to amounts paid for property development and capital improvements of approximately $196.3 million. These outflows were partially offset by net proceeds from the sale of one operating property of approximately $60.4 million. The increase in property development and capital improvements for the six months ended June 30, 2024, as compared to the same period in 2023, was primarily due to higher repositions and capital improvements expenditures in 2024 as compared to 2023. The property development and capital improvements during the six months ended June 30, 2024 and 2023, included the following:

| | Six Months Ended June 30, | | | |
|---|---|---|---|---|
| *(in millions)* | | 2024 | | 2023 |
| Expenditures for new development, including land | $ | 92.2 | $ | 9 |
| Capital expenditures | | 54.4 | | 4 |
| Reposition expenditures | | 47.0 | | 4 |
| Direct real estate taxes and capitalized interest and other indirect costs | | 16.9 | | 1 |
| Total | $ | 210.5 | $ | 19 |

Net cash used in financing activities totaled approximately $426.6 million for the six months ended June 30, 2024 as compared to approximately $215.5 million during the same period in 2023. Cash outflows during the six months ended June 30, 2024 primarily related to the repayment of our $300 million unsecured term loan, and $250 million senior unsecured notes in January 2024. Cash outflows also related to $223.9 million used for distributions to common shareholders and non-controlling interest holders, and $50.0 million used for common share repurchases. These outflows were partially offset by net proceeds of approximately $396.0 million from the issuance of $400.0 million senior unsecured notes in January 2024. Cash outflows during the six months ended June 30, 2023 primarily related to $214.0 million used for distributions to common shareholders and non-controlling interest holders, and the repayment of $250 million senior unsecured notes and $187.7 million secured variable rate notes, which includes prepayment penalties and fees. These outflows were partially offset by net proceeds of $435.0 million of borrowings from our unsecured revolving credit facility.

Financial Flexibility

We have a $1.2 billion unsecured revolving credit facility which matures in August 2026, with two options to extend the facility at our election for two consecutive six-month periods and to expand the facility up to three times by up to an additional $500 million upon satisfaction of certain conditions. The interest rates on our unsecured revolving credit facility is based upon, at our option, (a) the daily or the one-, three-, or six-month Secured Overnight Financing Rate ("SOFR") plus, in each case, a spread based on our credit rating, or (b) a base rate equal to the higher of: (i) the Federal Funds Rate plus 0.50%, (ii) Bank of America, N.A.'s prime rate, (iii) Term SOFR plus 1.0%, and (iv) 1.0%. Advances under our unsecured revolving credit facility may be priced at the scheduled rates, or we may enter into bid rate loans with participating banks at rates below the scheduled rates. These bid rate loans have terms of 180 days or less and may not exceed the lesser of $600 million or the remaining amount available under our unsecured revolving credit facility. Our unsecured revolving credit facility is subject to customary financial covenants and limitations. We believe we are in compliance with all such financial covenants and limitations as of June 30, 2024 and through the date of this filing.

Our unsecured revolving credit facility provides us with the ability to issue up to $50 million in letters of credit. While our issuance of letters of credit does not increase our borrowings outstanding under our unsecured revolving credit facility, it does reduce the amount available. At June 30, 2024, we had outstanding letters of credit totaling approximately $27.7 million, and approximately $1.2 billion available under our unsecured revolving credit facility.

In May 2023, we created the 2023 ATM share offering program through which we can, but have no obligation to, sell common shares and we may also enter into separate forward sale agreements with forward purchasers for an aggregate offering amount of up to $500.0 million, in amounts and at times as we determine, into the existing trading market at current market prices as well as through negotiated transactions. Actual sales from time to time may depend on a variety of factors including, among others, market conditions, the trading price of our common shares, and determinations by management of the appropriate sources of funding for us. We intend to use proceeds from the sale of our common shares under the 2023 ATM program for general corporate purposes, which may include reducing future borrowings under our unsecured revolving credit facility, the repayment of other indebtedness, the redemption or other repurchase of outstanding debt or equity securities, funding for development activities, and financing for acquisitions. As of the date of this filing, we have not sold any shares or entered into any forward sales agreement and have common shares having an aggregate offering amount of up to $500.0 million remaining available for sale under the 2023 ATM program.

We believe our ability to access capital markets is enhanced by our senior unsecured debt ratings by Moody's, Fitch, and Standard and Poor's, which are currently A3 with stable outlook, A- with stable outlook, and A- with stable outlook, respectively. We believe our ability to access capital markets is also enhanced by our ability to borrow on a secured basis from various institutions including banks, Fannie Mae, Freddie Mac, or life insurance companies. However, we may not be able to maintain our current credit ratings and or borrow on a secured basis from various institutions in the future.

Future Cash Requirements and Contractual Obligations

One of our principal long-term liquidity requirements includes the repayment of maturing debt, including any future borrowings under our unsecured revolving credit facility. We believe scheduled repayments of debt due during the next 12 months are manageable at approximately $290.0 million which represents approximately 8.2% of our total outstanding debt, and excludes amortization of debt discounts and debt issuance costs. See Note 6, "*Notes Payable*," in the notes to Condensed Consolidated Financial Statements for a further discussion of our scheduled maturities.

As of June 30, 2024, we estimated the additional cost to complete the construction of five properties to be approximately $297.9 million. Of this amount, we expect to incur costs between approximately $49 million and $59 million during the remainder of 2024 and to incur the remaining costs during 2025 through 2027. Additionally, we expect to incur costs between approximately $48 million and $52 million of reposition, redevelopment, repurpose, and revenue enhancing expenditures and between approximately $53 million and $57 million of additional recurring capital expenditures.

We anticipate meeting our near-term liquidity requirements through a combination of one or more of the following: cash flows generated from operations, draws on our unsecured revolving credit facility, the use of debt and equity offerings under our automatic shelf registration statement, proceeds from property dispositions, equity issued from our ATM program, and other unsecured borrowings or secured mortgages. We continue to evaluate our portfolio and plan to continue our practice of selective dispositions as market conditions warrant and opportunities arise.

As a REIT, we are subject to a number of organizational and operational requirements, including a requirement to distribute current dividends to our shareholders equal to a minimum of 90% of our annual taxable income. In order to minimize paying income taxes, our general policy is to distribute at least 100% of our taxable income. In June 2024, our Board of Trust Managers declared a quarterly dividend of $1.03 per common share to our common shareholders of record as of June 28, 2024. The quarterly dividend was subsequently paid on July 17, 2024, and we paid equivalent amounts per unit to holders of the common operating partnership units. Assuming similar quarterly dividend distributions for the remainder of 2024, our annualized dividend rate would be $4.12 per share or unit.

**Critical Accounting Policies**

Our critical accounting policies have not changed from the information reported in our Annual Report on Form 10-K for the year ended December 31, 2023.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

No material changes to our exposures to market risk have occurred since our Annual Report on Form 10-K for the year ended December 31, 2023.

**Item 4. Controls and Procedures**

*Evaluation of Disclosure Controls and Procedures.* We carried out an evaluation, under the supervision and with the participation of our management, including the Chief Executive Officer and President and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report pursuant to Securities Exchange Act ("Exchange Act") Rules 13a-15(e) and 15d-15(e). Based on the evaluation, the Chief Executive Officer and President and Chief Financial Officer concluded the disclosure controls and procedures as of the end of the period covered by this report are effective to ensure information required to be disclosed by us in our Exchange Act filings is accurately recorded, processed, summarized, and reported within the periods specified in the Securities and Exchange Commission's rules and forms and is accumulated and communicated to our management, including our Chief Executive Officer and President and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

*Changes in Internal Controls*. There were no changes in our internal control over financial reporting (identified in connection with the evaluation required by paragraph (d) in Rules 13a-15 and 15d-15 under the Exchange Act) during our most recent fiscal quarter which have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**PART II. OTHER INFORMATION**

**Item 1. Legal Proceedings**

None

**Item 1A. Risk Factors**

For a discussion of our potential risks and uncertainties, see the risk factor below and those presented in our Annual Report on Form 10-K, Part 1, Item 1A, for the year ended December 31, 2023.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

We made the following share repurchases during the three months ended June 30, 2024:

**ISSUER PURCHASES OF EQUITY SECURITIES**

| Period | Total Number of Shares Repurchased | Average Price Paid per Share (1) | Total Number of Shares Purchased as Part of Publicly Announced Plan or Program | Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plan or Program (2) |
|---|---|---|---|---|
| April 1, 2024 - April 30, 2024 | 44,692 | $ 96.52 | 44,692 | $ 450,013,695 |
| May 1, 2024 - May 31, 2024 | — | — | — | 450,013,695 |
| June 1, 2024 - June 30, 2024 | — | — | — | 450,013,695 |
| Total | 44,692 | $ 96.52 | 44,692 | |

*(1) Average Price Paid Per Share excludes cash paid for commissions.*

*(2) We have a share repurchase plan approved by our Board of Trust Managers in October 2022, which allows for the repurchase of up to $500.0 million of our common equity securities through open-market purchases, block purchases, and privately negotiated transactions. The repurchase plan does not specify an expiration date.*

**Item 3. Defaults Upon Senior Securities**

None

**Item 4. Mine Safety Disclosures**

None

**Item 5. Other Information**

None

**Item 6. Exhibits**

(a) Exhibits

| | |
|---|---|
| *31.1 | Certification pursuant to Rule 13a-14(a) of Chief Executive Officer dated August 2, 2024 |
| *31.2 | Certification pursuant to Rule 13a-14(a) of Chief Financial Officer dated August 2, 2024 |
| *32.1 | Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes – Oxley Act of 2002 |
| *101.INS | XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document. |
| *101.SCH | XBRL Taxonomy Extension Schema Document |
| *101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document |
| *101.DEF | XBRL Taxonomy Extension Definition Linkbase Document |
| *101.LAB | XBRL Taxonomy Extension Label Linkbase Document |
| *101.PRE | XBRL Taxonomy Extension Presentation Linkbase Document |
| *104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) |

* Filed herewith.

## SIGNATURES

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

**CAMDEN PROPERTY TRUST**

| | |
|---|---|
| /s/ Michael P. Gallagher | August 2, 2024 |
| Michael P. Gallagher | Date |
| Senior Vice President – Chief Accounting Officer | |

EXHIBIT 31.1

**CERTIFICATION**

I, Richard J. Campo, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Camden Property Trust;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2024

/s/ Richard J. Campo

Richard J. Campo
Chairman of the Board of Trust Managers and
Chief Executive Officer

EXHIBIT 31.2

**CERTIFICATION**

I, Alexander J. Jessett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Camden Property Trust;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2024

/s/ Alexander J. Jessett

Alexander J. Jessett
President and Chief Financial Officer and
Assistant Secretary

EXHIBIT 32.1

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350,**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned, Richard J. Campo, Chairman of the Board and Chief Executive Officer of Camden Property Trust (the “Company”), and Alexander J. Jessett, the President and Chief Financial Officer and Assistant Secretary of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

1. The Quarterly Report on Form 10-Q of the Company for the period ended June 30, 2024 (“the Report”) fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Richard J. Campo
Richard J. Campo
Chairman of the Board of Trust Managers and
Chief Executive Officer

/s/ Alexander J. Jessett
Alexander J. Jessett
President and Chief Financial Officer and
Assistant Secretary

August 2, 2024