

CAMDEN PROPERTY TRUST  
Form 10-K  
February 15, 2019  
Table of Contents

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-K  
(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2018

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)

Texas 76-6088377  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

11 Greenway Plaza, Suite 2400 77046  
Houston, Texas  
(Address of principal executive offices) (Zip Code)  
Registrant's telephone number, including area code: (713) 354-2500

Securities registered pursuant to Section 12(b) of the Act:  
Title of each class Name of each exchange on which registered  
Common Shares of Beneficial Interest, \$.01 par value New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:  
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether 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  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 such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Edgar Filing: CAMDEN PROPERTY TRUST - Form 10-K

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act (check one):

Large accelerated filer  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 of Section 13(a) of the Exchange Act.

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

The aggregate market value of voting and non-voting common equity held by non-affiliates of the registrant was \$8,386,569,325 based on a June 29, 2018 share price of \$91.13.

On February 7, 2019, 93,259,373 common shares of the registrant were outstanding, net of treasury shares and shares held in our deferred compensation arrangements.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the registrant's Proxy Statement in connection with its Annual Meeting of Shareholders to be held May 9, 2019 are incorporated by reference in Part III.

Table of Contents

TABLE OF CONTENTS

	Page
<u>PART I</u>	
Item 1. <u>Business</u>	<u>1</u>
Item 1A. <u>Risk Factors</u>	<u>2</u>
Item 1B. <u>Unresolved Staff Comments</u>	<u>9</u>
Item 2. <u>Properties</u>	<u>9</u>
Item 3. <u>Legal Proceedings</u>	<u>14</u>
Item 4. <u>Mine Safety Disclosures</u>	<u>14</u>
<u>PART II</u>	
Item 5. <u>Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	<u>15</u>
Item 6. <u>Selected Financial Data</u>	<u>17</u>
Item 7. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>19</u>
Item 7A. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>37</u>
Item 8. <u>Financial Statements and Supplementary Data</u>	<u>38</u>
Item 9. <u>Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u>	<u>38</u>
Item 9A. <u>Controls and Procedures</u>	<u>38</u>
Item 9B. <u>Other Information</u>	<u>41</u>
<u>PART III</u>	
Item 10. <u>Directors, Executive Officers, and Corporate Governance</u>	<u>41</u>
Item 11. <u>Executive Compensation</u>	<u>41</u>
Item 12. <u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	<u>41</u>
Item 13. <u>Certain Relationships and Related Transactions, and Director Independence</u>	<u>41</u>
Item 14. <u>Principal Accounting Fees and Services</u>	<u>41</u>
<u>PART IV</u>	

Item 15. <u>Exhibits and Financial Statement Schedules</u>	<u>41</u>
Item 16. <u>Summary</u>	<u>46</u>
<u>SIGNATURES</u>	<u>47</u>

Table of Contents

PART I

Item 1. Business

General

Formed on May 25, 1993, Camden Property Trust, a Texas real estate investment trust (“REIT”), and all its consolidated subsidiaries are primarily engaged in the ownership, management, development, redevelopment, acquisition, and construction of multifamily apartment communities. Unless the context requires otherwise, “we,” “our,” “us,” and the “Company” refer to Camden Property Trust and its consolidated subsidiaries. Our multifamily apartment communities are referred to as “communities,” “multifamily communities,” “properties,” or “multifamily properties” in the following discussion.

Our website is located at [www.camdenliving.com](http://www.camdenliving.com). We make available free of charge through our website, our annual report on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K, and amendments to such reports, filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the U.S. Securities and Exchange Commission (the “SEC”). We also make available, free of charge on our website, our Guidelines on Governance, Code of Business Conduct and Ethics, Code of Ethical Conduct for Senior Financial Officers, and the charters of each of our Audit, Compensation, and Nominating and Corporate Governance Committees. Copies are also available, without charge, from Investor Relations, 11 Greenway Plaza, Suite 2400, Houston, Texas 77046.

References to our website in this report are provided as a convenience and do not constitute, and should not be viewed as, an incorporation by reference of the information contained on, or available through our website, and therefore such information should not be considered part of this report.

Our annual, quarterly, and current reports, proxy statements, and other information are electronically filed with the SEC. The SEC maintains a website (<http://www.sec.gov>) that contains reports, proxy, and information statements and other information regarding issuers that file electronically with the SEC.

Narrative Description of Business

As of December 31, 2018, we owned interests in, operated, or were developing 167 multifamily properties comprised of 56,858 apartment homes across the United States. Of the 167 properties, six properties were under construction and will consist of a total of 1,698 apartment homes when completed. We also own land holdings which we may develop into multifamily communities in the future.

Operating and Business Strategy

We believe producing consistent earnings growth through property operations, development and acquisitions, achieving market balance, and recycling capital are crucial factors to our success. We rely heavily on our sophisticated property management capabilities and innovative operating strategies to help us maximize the earnings potential of our communities.

**Real Estate Investments and Market Balance.** We believe we are well positioned in our current markets and have the expertise to take advantage of new opportunities as they arise. These capabilities, combined with what we believe is a conservative financial structure, should allow us to concentrate our growth efforts toward selective opportunities to enhance our strategy of having a geographically diverse portfolio of assets which meet the requirements of our residents.

We continue to operate in our core markets which we believe provides an advantage due to economies of scale. We believe, where possible, it is best to operate with a strong base of properties in order to benefit from the personnel allocation and the market strength associated with managing multiple properties in the same market. However, consistent with our goal of generating sustained earnings growth, we intend to selectively dispose of properties and redeploy capital for various strategic reasons, including if we determine a property cannot meet our long-term earnings growth expectations.

We try to maximize capital appreciation of our properties by investing in markets characterized by conditions favorable to multifamily property appreciation. These markets generally feature the following:

- Strong economic growth leading to household formation and job growth, which in turn should support higher demand for our apartments; and

An attractive quality of life, which may lead to higher demand and retention for our apartments and allow us to more readily increase rents.

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 operating property and land development portfolio and plan to continue our practice of selective dispositions as market conditions warrant and opportunities arise.

1

---

## Table of Contents

We expect to maintain a strong balance sheet and preserve our financial flexibility by continuing to focus on our core fundamentals which currently 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 credit facility or other short-term borrowing, the use of debt and equity offerings under our automatic shelf registration statement, proceeds from property dispositions, equity issued from our 2017 at-the-market ("ATM") share offering program, other unsecured borrowings, or secured mortgages.

**Sophisticated Property Management.** We believe the depth of our organization enables us to deliver quality services, promote resident satisfaction, and retain residents, thereby increasing our operating revenues and reducing our operating expenses. We manage our properties utilizing a staff of professionals and support personnel, including certified property managers, experienced apartment managers and leasing agents, and trained apartment maintenance technicians. Our on-site personnel are trained to deliver high-quality services to our residents, and we strive to motivate our on-site employees through incentive compensation arrangements based upon property operational results, rental rate increases, occupancy levels, and level of new leases and lease renewals achieved.

**Operations.** We believe an intense focus on operations is necessary to realize consistent, sustained earnings growth. Ensuring resident satisfaction, increasing rents as market conditions allow, maximizing rent collections, maintaining property occupancy at optimal levels, and controlling operating costs comprise our principal strategies to maximize property financial results. We believe our web-based property management and revenue management systems strengthen on-site operations and allow us to quickly adjust rental rates as local market conditions change. Lease terms are generally staggered based on vacancy exposure by apartment type so lease expirations are matched to each property's seasonal rental patterns. We generally offer leases ranging from twelve to fifteen months with individual property marketing plans structured to respond to local market conditions. In addition, we conduct ongoing customer service surveys to help ensure timely response to residents' changing needs and a high level of satisfaction.

**Investments in Joint Ventures.** We have entered into, and may continue in the future to enter into, joint ventures or partnerships, including limited liability companies, through which we own an indirect economic interest in less than 100% of the community or land owned by the joint venture or partnership. We account for three investment funds (collectively, the "Funds") utilizing the equity method of accounting. As of December 31, 2018, we have two discretionary investment funds, which are closed to future investments, and a third fund which we formed in March 2015 for future multifamily investments of up to \$450 million. See Note 9, "Investments in Joint Ventures," and Note 15, "Commitments and Contingencies," in the notes to the Consolidated Financial Statements for further discussion of our investments in joint ventures.

### Competition

There are numerous housing alternatives which compete with our communities in attracting residents. Our properties compete directly with other multifamily properties as well as condominiums, single-family homes, third-party providers of short-term rentals and serviced apartments, which are available for rent or purchase in the markets in which our communities are located. This competitive environment could have a material adverse effect on our ability to lease apartment homes at our present properties or any newly developed or acquired property, as well as on the rents realized.

### Employees

At December 31, 2018, we had approximately 1,600 employees, including executive, administrative, and community personnel.

### Qualification as a Real Estate Investment Trust

As of December 31, 2018, we met the qualification of a REIT under Sections 856-860 of the Internal Revenue Code of 1986, as amended (the "Code"). As a result, we, with the exception of our taxable REIT subsidiaries, will not be subject to federal income tax to the extent we continue to meet certain requirements of the Code.

### Item 1A. Risk Factors

In addition to the other information contained in this Form 10-K, the following risk factors should be considered carefully in evaluating our business. Our business, financial condition, or results of operations could be materially adversely affected by any of these risks.





Table of Contents

Risks Associated with Capital Markets, Credit Markets, and Real Estate

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.

The capital and credit markets are subject to volatility and disruption. We therefore may not be able to obtain new debt financing or refinance our existing debt on favorable terms or at all, which would adversely affect our liquidity, our ability to make distributions to shareholders, acquire assets and continue our development activities. Other weakened economic conditions, including job losses, high unemployment levels, stock market volatility, and uncertainty about the future, could adversely affect rental rates and occupancy levels. Unfavorable changes in economic conditions may have a material adverse impact on our cash flows and operating results.

Additional key economic risks which may adversely affect conditions in the markets in which we operate include the following:

- local conditions, such as an oversupply of apartments or other housing available for rent, or a reduction in demand for apartments in the area;

- declines in the financial condition of our residents, which may make it more difficult for us to collect rents from some residents;

- declines in market rental rates;

- low mortgage interest rates and home pricing, making alternative housing more affordable;

- government or builder incentives which enable home buyers to put little or no money down, making alternative housing options more attractive;

- regional economic downturns, including, but not limited to, business layoffs, downsizing and increased unemployment, which may impact one or more of our geographical markets; and

- increased operating costs, if these costs cannot be passed through to our residents.

Short-term leases expose us to the effects of declining market rents.

Our apartment leases are generally for a term of fifteen months or less. As these leases typically permit the residents to leave at the end of the lease term without penalty, our rental revenues are impacted by declines in market rents more quickly than if our leases were for longer terms.

Competition could limit our ability to lease apartments or increase or maintain rental income.

There are numerous housing alternatives which compete with our properties in attracting residents. Our properties compete directly with other multifamily properties, condominiums, single-family homes, third-party providers of short-term rentals and serviced apartments, which are available for rent or purchase in the markets in which our properties are located. This competitive environment could have a material adverse effect on our ability to lease apartment homes at our present properties or any newly developed or acquired property, as well as on the rents realized.

We face risks associated with land holdings and related activities.

We hold land for future development and may in the future acquire additional land holdings. The risks inherent in purchasing, owning, and developing land increase as demand for apartments, or rental rates, decrease. Real estate markets are highly uncertain and, as a result, the value of undeveloped land may fluctuate significantly. In addition, carrying costs can be significant and can result in losses or reduced profitability. As a result, we hold certain land, and may in the future acquire additional land, in our development pipeline at a cost we may not be able to fully recover or at a cost which may preclude us from developing a profitable multifamily community. If there are subsequent changes in the fair market value of our land holdings which we determine is less than the carrying basis of our land holdings reflected in our financial statements plus estimated costs to sell, we may be required to take future impairment charges which would reduce our net income.

Potential reforms to Fannie Mae and Freddie Mac could adversely affect us.

There is significant uncertainty surrounding the futures of Fannie Mae and Freddie Mac. Through their lender originator networks, Fannie Mae and Freddie Mac are potential significant lenders both to us and to buyers of our properties. Fannie Mae and Freddie Mac have a mandate to support multifamily housing through their financing activities and any changes to their mandates, further reductions in their size or the scale of their activities, or loss of

their key personnel could have a significant adverse impact on us and may, among other things, lead to lower values for our assets and higher interest rates on our borrowings.

3

---

Table of Contents

Fannie Mae's and Freddie Mac's regulator has set overall volume limits on most of Fannie Mae's and Freddie Mac's lending activities. The regulator in the future could require Fannie Mae and Freddie Mac to focus more of their lending activities on small borrowers or properties the regulator deems affordable, which may or may not include our assets, which could also adversely impact us. In addition, the members of the current Presidential administration and House and Senate banking committees have proposed various reform plans for Fannie Mae and Freddie Mac, and there is uncertainty regarding the impact of these actions on us and buyers of our properties.

Risks Associated with Our Operations

Development, redevelopment and construction risks could impact our profitability.

We intend to continue to develop, redevelop and construct multifamily apartment communities for our portfolio. In 2019, we expect to incur costs between approximately \$205 million and \$225 million related to the construction of six consolidated projects. Additionally, during 2019, we expect to incur costs between approximately \$95 million and \$105 million related to the start of new development activities, between approximately \$46 million and \$50 million related to repositions and revenue enhancing expenditures of existing properties and between approximately \$25 million and \$33 million in extensive redevelopment expenditures of existing properties. Our development, redevelopment and construction activities may be exposed to a number of risks which may increase our construction costs and decrease our profitability, including the following:

- inability to obtain, or delays in obtaining, necessary zoning, land-use, building, occupancy, and other required permits and authorizations;
- increased materials and labor costs, problems with contractors or subcontractors, or other costs including those costs due to errors and omissions which occur in the design or construction process;
- inability to obtain financing with favorable terms;
- inability to complete construction and lease-up of a community on schedule;
- forecasted occupancy and rental rates may differ from the actual results; and
- the incurrence of costs related to the abandonment of development opportunities which we have pursued and subsequently deemed unfeasible.

Our inability to successfully implement our development, redevelopment and construction strategy could adversely affect our results of operations and our ability to satisfy our financial obligations and pay distributions to shareholders. One of our wholly-owned subsidiaries is engaged in the business of providing general contracting services under construction contracts entered into between it and third parties (which may include our nonconsolidated affiliates). The terms of those construction contracts generally require this subsidiary to estimate the time and costs to complete a project to calculate the cost plus margin for the project fee, but not to exceed a maximum amount, and to assume the risk when these estimates may be greater than anticipated. As a result, profitability on those contracts is dependent on the ability to accurately predict such factors. The time and costs necessary to complete a project may be affected by a variety of factors, including, but not limited to, those listed above, many of which are beyond this subsidiary's control. In addition, the terms of those contracts generally require this subsidiary to warrant its work for a period of time during which it may be required to repair, replace, or rebuild non-conforming work. Further, trailing liabilities, based on various legal theories such as claims of negligent construction, may result from such projects, and these trailing liabilities may go on for a number of years depending on the length of the statute of repose in the applicable jurisdictions.

Investments through joint ventures and investment funds involve risks not present in investments in which we are the sole investor.

We have invested and may continue to invest as a joint venture partner in joint ventures. These investments involve risks, including, but not limited to, the possibility the other joint venture partner may: have business goals which are inconsistent with ours, possess the ability to take or force action or withhold consent contrary to our requests, or become insolvent and require us to assume and fulfill the joint venture's financial obligations. We and our joint venture partners may each have the right to initiate a buy-sell arrangement, which could cause us to sell our interest, or acquire a joint venture partner's interest, at a time when we otherwise would not have entered into such a transaction. Each joint venture agreement is individually negotiated, and our ability to operate, finance, or dispose of a community in

our sole discretion may be limited to varying degrees depending on the terms of the applicable joint venture agreement. We account for three investment funds (collectively, the "Funds") utilizing the equity method of accounting. As of December 31, 2018, we had two discretionary investment funds and in March 2015, we completed the formation of a third fund with an unaffiliated third party and it did not own any properties in 2018, 2017, or 2016. The risks associated with our Funds, which we manage as the general partner and advisor, include, but are not limited to, the following:

4

---

Table of Contents

one of our wholly-owned subsidiaries is the general partner of the Funds and has unlimited liability for the third-party debts, obligations, and liabilities of the Funds pursuant to partnership law; investors in the Funds (other than us), by majority vote, may remove our subsidiary as the general partner of the Funds with or without cause and the Funds' advisory boards, by a majority vote of their members, may remove our subsidiary as the general partner of the Funds at any time for cause; while we have broad discretion to manage the Funds and make investment decisions on behalf of the Funds, the investors or the Funds' advisory boards must approve certain matters, and as a result we may be unable to make certain investments or implement certain decisions on behalf of the Funds which we consider beneficial; our ability to dispose of all or a portion of our investments in the Funds is subject to significant restrictions; and we may be liable if the Funds fail to comply with various tax or other regulatory matters.

Competition could adversely affect our ability to acquire properties.

We expect other real estate investors will compete with us to acquire additional operating properties. This competition could increase prices for the type of properties we would likely pursue and adversely affect our ability to acquire these properties or achieve the expected profitability of such properties upon acquisition.

Our acquisition strategy may not produce the cash flows expected.

We may acquire additional operating properties on a selective basis. Our acquisition activities are subject to a number of risks, including, but not limited to, the following:

- we may not be able to successfully integrate acquired properties into our existing operations;
- our estimates of the costs, if any, of repositioning or redeveloping the acquired property may prove inaccurate;
- the expected occupancy, rental rates and operating expenses may differ from the actual results;
- we may not be able to obtain adequate financing; and
- we may not be able to identify suitable candidates on terms acceptable to us and may not achieve expected returns or other benefits as a result of integration challenges, such as personnel and technology.

Failure to qualify as a REIT could have adverse consequences.

We may not continue to qualify as a REIT in the future. Also, the Internal Revenue Service may challenge our qualification as a REIT for prior years.

For any taxable year we fail to qualify as a REIT and do not qualify under statutory relief provisions:

- we would be subject to federal income tax on our taxable income at regular corporate rates including, for taxable years ended before January 1, 2019, any applicable alternative minimum tax;
- we would be disqualified from treatment as a REIT for the four taxable years following the year in which we failed to qualify, thereby reducing our net income, including any distributions to shareholders, as we would be required to pay significant income taxes for the year or years involved; and
- our ability to expand our business and raise capital would be impaired, which may adversely affect the value of our common shares.

We may face other tax liabilities in the future which may impact our cash flow. These potential tax liabilities may be calculated on our income or property values at either the corporate or individual property levels. Any additional tax expense incurred would decrease the cash available for cash distributions to our common shareholders and non-controlling interest holders. Additionally, 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.

Tax laws have recently changed and may continue to change at any time, and any such legislative or other actions could have a negative effect on us.

Tax laws remain under constant review by persons involved in the legislative process, at the Internal Revenue Service and the U.S. Department of Treasury, and by various state and local tax authorities, as evidenced by the 2017 Jobs Act signed into law



Table of Contents

in December 2017. Future changes in tax laws, including to the administrative interpretations thereof or to the enacted tax rates, or new pronouncements relating to accounting for income taxes, could adversely affect us in a number of ways, including making it more difficult or more costly for us to qualify as a REIT.

Litigation risks could affect our business.

As an owner, manager and developer of multifamily properties, we may incur liability based on various conditions at our properties and the buildings thereon, and we also have become and in the future may become involved in legal proceedings, including consumer, employment, tort or commercial litigation, which if decided adversely to or settled by us, and not adequately covered by insurance, could result in liability which is material to our financial condition or results of operations.

Damage from catastrophic weather and other natural events could result in losses.

A certain number of our properties are located in areas that have experienced and may in the future experience catastrophic weather and other natural events from time to time, including fires, snow or ice storms, windstorms, tornadoes, hurricanes, earthquakes, flooding or other severe weather. These adverse weather or natural events could cause substantial damages or losses to our properties which could exceed our insurance coverage. In the event of a loss in excess of insured limits, we could lose our capital invested in the affected property, anticipated future revenue from the property, and could also continue to be obligated to repay any mortgage indebtedness or other obligations related to the property. Any such loss could materially and adversely affect our business, financial condition and results of operations.

We are in the process of implementing a new enterprise resource planning system and problems with the design or implementation of this system could interfere with our business and operations.

We are engaged in a multi-year implementation of a cloud-based enterprise resource planning (ERP) system which is planned to be deployed in phases beginning in 2019. The new ERP system will replace multiple current business systems and is being designed to improve processes across the Company. The new ERP system will maintain books and records, record transactions and provide important information of the operations of our business to our management. The implementation of the new ERP system has required, and will continue to require, the investment of significant personnel and financial resources. While we have invested, and will continue to invest, significant resources in planning and project management, implementation issues may arise during the course of implementation, and it is possible we may experience delays, increased costs and other difficulties not presently contemplated. Any disruptions, delays or deficiencies in the design and implementation of the new ERP system could have a materially adverse affect on our financial condition and results of operations.

A cybersecurity incident and other technology disruptions could negatively impact our business.

We use technology in substantially all aspects of our business operations, including internet and cloud-based systems and applications. We also use mobile devices, social networking, outside vendors and other online activities to connect with our employees, suppliers and residents. Such uses and the on-going advancement in technology give rise to potential cybersecurity risks with increasing sophistication, including but not limited to, security breach, espionage, system disruption, theft and inadvertent release of confidential information. Our business involves the storage and transmission of numerous classes of sensitive and confidential information and intellectual property, including residents' and suppliers' personal information, private information about employees, and financial and strategic information about us. Further, as we pursue our strategy to grow through acquisitions and developments and to pursue new initiatives to improve our operations, we are also expanding our information technologies, resulting in a larger technological presence and corresponding exposure to cybersecurity risk. If we fail to assess and identify cybersecurity risks associated with our operations, we may become increasingly vulnerable to such risks and may be liable for the consequential litigation and remediation costs. Additionally, the measures we have implemented to prevent security breaches and cyber incidents may not be effective and there can be no complete assurance of prevention or anticipation of such incidents. The theft, destruction, loss, misappropriation, or release of sensitive data, confidential information or intellectual property, or interference with our information technology systems or the technology systems of third parties on which we rely could result in business disruption, negative publicity, brand damage, violation of privacy laws, loss of residents, potential liability and competitive disadvantage, any of which

could result in a material adverse effect on our financial condition or results of operations.

Our third-party service providers are primarily responsible for the security of their own information technology environments and in certain instances, we rely significantly on third-party service providers to supply and store our sensitive data in a secure manner. All of these third parties face potential risks relating to cybersecurity similar to ours which could disrupt their businesses and therefore adversely impact us. While we provide guidance and specific requirements in some cases, we do not directly control any of these parties' information technology security operations, or the amount of investment they place in guarding against cybersecurity threats. Accordingly, we are subject to any flaws in or breaches to their information technology systems or those which they operate for us, which could have a material adverse effect on our financial condition or results of operations.



Table of Contents

Risks Associated with Our Indebtedness and Financing

We have significant debt, which could have adverse consequences.

As of December 31, 2018, we had outstanding debt of approximately \$2.3 billion. This indebtedness could have adverse consequences, including, but not limited to, the following:

- if a property is mortgaged to secure payment of indebtedness, and if we are unable to meet our mortgage obligations, we could sustain a loss as a result of foreclosure on the mortgaged property;
- our vulnerability to general adverse economic and industry conditions is increased; and
- our flexibility in planning for, or reacting to, changes in business and industry conditions is limited.

The mortgages on our properties subject to secured debt, our unsecured credit facilities, and the indenture under which our unsecured debt was issued, contain customary restrictions, requirements, and other limitations, as well as certain financial and operating covenants including maintenance of certain financial ratios. Maintaining compliance with these provisions could limit our financial flexibility. A default in these provisions, if uncured, could require us to repay the indebtedness before the scheduled maturity date, which could adversely affect our liquidity and increase our financing costs.

Insufficient cash flows could limit our ability to make required payments for debt obligations or pay distributions to shareholders.

Substantially all of our income is derived from rental and other income from our multifamily communities. As a result, our performance depends in large part on our ability to collect rent from residents, which could be negatively affected by a number of factors, including, but not limited to, the following:

- delay in resident lease commencements;
- decline in occupancy;
- failure of residents to make rental payments when due;
- the attractiveness of our properties to residents and potential residents;
- our ability to adequately manage and maintain our communities;
- competition from other available apartments and housing alternatives;
- changes in market rents; and
- increases in operating expenses.

Cash flow could be insufficient to meet required payments of principal and interest with respect to debt financing. 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. This requirement limits the cash available to meet required principal payments on our debt.

Issuances of additional debt may adversely impact our financial condition.

Our capital requirements depend on numerous factors, including the rental and occupancy rates of our multifamily properties, minimum dividend requirements to our equity holders, development, redevelopment and other capital expenditures, costs of operations, and potential acquisitions. If our capital requirements vary materially from our plans, we may require additional financing earlier than anticipated. If we issue more debt, we could become more leveraged, resulting in increased risk of default on our obligations and an increase in our debt service requirements, both of which could adversely affect our financial condition and ability to access debt and equity capital markets in the future.

We may be unable to renew, repay, or refinance our outstanding debt.

We are subject to the risk indebtedness on our properties or our unsecured indebtedness will not be renewed, repaid, or refinanced when due or the terms of any renewal or refinancing will not be as favorable as the existing terms of such indebtedness. If we are unable to refinance our indebtedness on acceptable terms, or at all, we might be forced to dispose of one or more of the properties on disadvantageous terms, which might result in losses to us. Such losses could have a material adverse effect on us and our ability to pay amounts due on our debt and make distributions to our shareholders. Furthermore, if a property is mortgaged to secure payment of indebtedness and we are unable to meet mortgage payments, the mortgagee could foreclose on the property, appoint a receiver and exercise rights under

an assignment of rents and leases, or pursue other remedies, all with a consequent loss of our revenues and asset value. Foreclosures could also create taxable income without accompanying cash proceeds, thereby hindering our ability to meet the REIT distribution requirements of the Code.

7

---

Table of Contents

We may be adversely affected by changes in LIBOR reporting practices or the method in which LIBOR is determined. Our unsecured credit facilities, unsecured term loan, and fair value of derivative instruments are indexed to the London Interbank Offered Rate ("LIBOR"). Central banks around the world, including the Federal Reserve, have commissioned working groups of market participants and official sector representatives with the goal of finding suitable replacements for LIBOR based on observable market transactions. It is expected a transition away from the widespread use of LIBOR to alternative rates will occur over the course of the next few years. The U.K. Financial Conduct Authority (FCA), which regulates LIBOR, has announced it has commitments from panel banks to continue to contribute to LIBOR through the end of 2021, but it will not use its powers to compel contributions beyond such date. Accordingly, there is considerable uncertainty regarding the publication of such rates beyond 2021. The Federal Reserve Bank of New York and various other authorities have commenced the publication of reforms and actions relating to alternatives to U.S. dollar LIBOR. Although the full impact of such reforms and actions, together with any transition away from LIBOR, including the potential or actual discontinuance of LIBOR publication, remains unclear, these changes may have a material adverse impact on the availability of financing, including LIBOR-based loans, and on our financing costs.

Rising interest rates could both increase our borrowing costs, thereby adversely affecting our cash flows and the amounts available for distribution to our shareholders, and decrease our share price, if investors seek higher yields through other investments.

We have mortgage debt with varying interest rates dependent upon various market indexes. In addition, we have unsecured credit facilities and an unsecured term loan bearing interest at variable rates on all amounts drawn. We may incur additional variable rate debt in the future. Increases in interest rates would increase our interest expense, unless we make arrangements which hedge the risk of rising interest rates, and would increase the costs of refinancing existing debt and of issuing new debt. Accordingly, higher interest rates would adversely affect cash flow, net income, and cash available for payment of our debt obligations and distributions to shareholders.

An environment of rising interest rates could also lead holders of our securities to seek higher yields through other investments, which could adversely affect the market price of our shares. One of the factors which may influence the price of our stock in public markets is the annual distribution rate we pay as compared with the yields on alternative investments.

Failure to hedge effectively against interest rates may adversely affect results of operations.

From time-to-time, we may seek to manage our exposure to interest rate volatility by using interest rate hedging arrangements for debt instruments and future debt issuances. These agreements involve risks, such as the risk the counterparties may fail to honor their obligations under these arrangements, and these arrangements may not be effective in reducing our exposure to interest rate changes. Failure to hedge effectively against interest rate changes could have a material adverse effect on us and our ability to make distributions to our shareholders and pay amounts due on our debt.

Failure to maintain our current credit ratings could adversely affect our cost of funds, related margins, liquidity, and access to capital markets.

Moody's, Fitch, and Standard & Poor's, the major debt rating agencies, routinely evaluate our debt and have given us ratings of A3 with stable outlook, A- with stable outlook, and BBB+ with positive outlook, respectively, on our senior unsecured debt as of December 31, 2018. In February 2019, Standard and Poor's upgraded our senior unsecured debt rating to A- with stable outlook. These ratings are based on a number of factors, which include their assessment of our financial strength, liquidity, capital structure, asset quality, and sustainability of cash flow and earnings. Due to changes in market conditions, we may not be able to maintain our current credit ratings, which could adversely affect our cost of funds and related margins, liquidity, and access to capital markets.

**Risks Associated with Our Shares**

Share ownership limits and our ability to issue additional equity securities may prevent takeovers beneficial to shareholders.

For us to maintain our qualification as a REIT, we must have 100 or more shareholders during the year and not more than 50% in value of our outstanding shares may be owned, directly or indirectly, by five or fewer individuals. As defined for federal income tax purposes, the term "individuals" includes a number of specified entities. To minimize the

possibility of us failing to qualify as a REIT under this test, our declaration of trust includes restrictions on transfers of our shares and ownership limits. The ownership limits, as well as our ability to issue other classes of equity securities, may delay, defer, or prevent a change in control. These provisions may also deter tender offers for our common shares which may be attractive to you or limit your opportunity to receive a premium for your shares which might otherwise exist if a third party were attempting to effect a change in control transaction.

8

---

Table of Contents

Our share price will fluctuate.

The market price and trading volume of our common shares are subject to fluctuation due to general market conditions, the risks discussed in this report and other matters, including, but not limited to, the following:

- operating results which vary from the expectations of securities analysts and investors;
- investor interest in our property portfolio;
- the reputation and performance of REITs;
- the attractiveness of REITs as compared to other investment vehicles;
- the results of our financial condition and operations;
- the perception of our growth and earnings potential;
- minimum dividend requirements;
- increases in market interest rates, which may lead purchasers of our common shares to demand a higher yield; and
- changes in financial markets and national and regional economic and general market conditions.

The form, timing and amount of dividend distributions in future periods may vary and be impacted by economic and other considerations.

The form, timing and amount of dividend distributions will be declared at the discretion of our Board of Trust Managers and will depend on actual cash from operations, our financial condition, capital requirements, the annual distribution requirements under the REIT provisions of the Code and other factors as the Board of Trust Managers may consider relevant. The Board of Trust Managers may modify the form, timing and amount of dividends from time to time.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

The Properties

Our properties typically consist of mid-rise buildings or two and three story buildings in a landscaped setting, as well as high-rise buildings, and provide residents with a variety of amenities common to multifamily rental properties.

Operating Properties (including properties held through unconsolidated joint ventures)

The 161 operating properties in which we owned interests and operated at December 31, 2018 averaged 956 square feet of living area per apartment home. For the year ended December 31, 2018, no single operating property accounted for greater than 1.6% of our total revenues. Our stabilized operating properties had a weighted average occupancy rate of approximately 96% and 95% for the years ended December 31, 2018 and 2017, respectively, and an average monthly rental revenue per apartment home of \$1,502 and \$1,447 for the same periods, respectively. Resident lease terms generally range from twelve to fifteen months. At December 31, 2018, 146 of our operating properties had over 200 apartment homes, with the largest having 904 apartment homes. Our operating properties were constructed and placed in service as follows:

Year Placed in Service Number of Operating Properties

2014-2018	25
2009-2013	20
2004-2008	33
1999-2003	47
1994-1998	25
Prior to 1994	11

Table of Contents

## Property Table

The following table sets forth information with respect to our 161 operating properties at December 31, 2018:

OPERATING PROPERTIES					
Property and Location	Year Placed in Service	Average Apartment Size (Sq. Ft.)	Number of Apartments	2018 Average Occupancy (1)	2018 Average Monthly Rental Rate per Apartment (2)
<b>ARIZONA</b>					
Phoenix/Scottsdale					
Camden Chandler	2016	1,146	380	94.9 %	\$ 1,372
Camden Copper Square	2000	786	332	94.9	1,155
Camden Foothills	2014	1,032	220	95.7	1,605
Camden Hayden	2015	1,043	234	94.5	1,476
Camden Legacy	1996	1,067	428	96.3	1,270
Camden Montierra	1999	1,071	249	97.1	1,332
Camden Pecos Ranch	2001	924	272	95.6	1,117
Camden San Marcos	1995	984	320	96.7	1,240
Camden San Paloma	1993/1994	1,042	324	97.0	1,256
Camden Sotelo	2008/2012	1,303	170	95.3	1,513
<b>CALIFORNIA</b>					
Los Angeles/Orange County					
Camden Crown Valley	2001	1,009	380	96.1	2,058
Camden Glendale	2015	882	303	94.4	2,273
Camden Harbor View	2004	981	546	95.6	2,607
Camden Main and Jamboree	2008	1,011	290	95.2	2,110
Camden Martinique	1986	795	714	95.6	1,776
Camden Sea Palms	1990	891	138	94.3	2,110
The Camden	2016	768	287	94.8	3,184
San Diego/Inland Empire					
Camden Landmark	2006	982	469	95.3	1,622
Camden Old Creek	2007	1,037	350	95.1	2,134
Camden Sierra at Otay Ranch	2003	962	422	95.6	1,957
Camden Tuscany	2003	896	160	95.7	2,607
Camden Vineyards	2002	1,053	264	95.4	1,718
<b>COLORADO</b>					
Denver					
Camden Belleview Station	2009	888	270	95.9	1,452
Camden Caley	2000	925	218	95.5	1,463
Camden Denver West	1997	1,015	320	96.1	1,712
Camden Flatirons	2015	960	424	95.8	1,596
Camden Highlands Ridge	1996	1,149	342	93.2	1,731
Camden Interlocken	1999	1,010	340	94.8	1,604
Camden Lakeway	1997	932	451	94.4	1,535
Camden Lincoln Station	2017	844	267	95.0	1,545
<b>WASHINGTON DC METRO</b>					
Camden Ashburn Farm	2000	1,062	162	96.1	1,683
Camden College Park	2008	942	508	95.9	1,565



Table of Contents

## OPERATING PROPERTIES

Property and Location	Year Placed in Service	Average Apartment Size (Sq. Ft.)	Number of Apartments	2018 Average Occupancy (1)	2018 Average Monthly Rental Rate per Apartment (2)
Camden Dulles Station	2009	978	382	96.6	% \$ 1,718
Camden Fair Lakes	1999	1,056	530	96.8	1,807
Camden Fairfax Corner	2006	934	489	96.7	1,872
Camden Falls Grove	2004	996	268	96.0	1,767
Camden Grand Parc	2002	672	105	95.9	2,490
Camden Lansdowne	2002	1,006	690	94.9	1,612
Camden Largo Town Center	2000/2007	1,027	245	94.1	1,668
Camden Monument Place	2007	856	368	96.7	1,597
Camden NoMa	2014	770	321	95.7	2,217
Camden NoMa II (3)	2017	759	405	95.1	2,310
Camden Potomac Yard (4)	2008	835	378	94.5	1,980
Camden Roosevelt	2003	856	198	93.3	2,788
Camden Russett	2000	992	426	95.2	1,475
Camden Shady Grove (5)	2018	877	457	Lease-Up	1,743
Camden Silo Creek	2004	975	284	96.2	1,606
Camden South Capitol (6)	2013	821	281	95.8	2,251
Camden Washingtonian (5)	2018	871	365	Lease-Up	1,764
FLORIDA					
Southeast Florida					
Camden Aventura	1995	1,108	379	96.3	1,951
Camden Boca Raton	2014	843	261	96.9	1,935
Camden Brickell (4)	2003	937	405	94.1	2,102
Camden Doral	1999	1,120	260	97.1	1,909
Camden Doral Villas	2000	1,253	232	97.4	2,036
Camden Las Olas (4)	2004	1,043	420	94.4	2,086
Camden Plantation	1997	1,201	502	96.6	1,674
Camden Portofino	1995	1,112	322	96.3	1,733
Orlando					
Camden Hunter's Creek	2000	1,075	270	96.7	1,396
Camden Lago Vista	2005	955	366	96.6	1,289
Camden LaVina	2012	970	420	96.7	1,300
Camden Lee Vista	2000	937	492	96.8	1,230
Camden North Quarter (7)	2016	806	333	94.9	1,541
Camden Orange Court	2008	817	268	95.7	1,362
Camden Thornton Park (7)	2016	920	299	92.2	1,925
Camden Town Square	2012	983	438	97.1	1,345
Camden Waterford Lakes (6)	2014	971	300	96.5	1,411
Camden World Gateway	2000	979	408	96.7	1,289
Tampa/St. Petersburg					
Camden Bay	1997/2001	943	760	95.9	1,175
Camden Montague	2012	975	192	96.7	1,335
Camden Pier District (7)	2016	989	358	93.2	2,403
Camden Preserve	1996	942	276	94.7	1,402





Table of Contents

## OPERATING PROPERTIES

Property and Location	Year Placed in Service	Average Apartment Size (Sq. Ft.)	Number of Apartments	2018 Average Occupancy (1)	2018 Average Monthly Rental Rate per Apartment (2)
Camden Royal Palms	2006	1,017	352	96.5 %	\$ 1,197
Camden Visconti (6)	2007	1,125	450	95.8	1,345
Camden Westchase Park	2012	992	348	96.2	1,427
GEORGIA					
Atlanta					
Camden Brookwood	2002	912	359	96.8	1,358
Camden Buckhead Square	2015	827	250	95.0	1,555
Camden Creekstone	2002	990	223	95.5	1,326
Camden Deerfield	2000	1,187	292	96.1	1,395
Camden Dunwoody	1997	1,007	324	96.3	1,329
Camden Fourth Ward	2014	847	276	96.8	1,666
Camden Midtown Atlanta	2001	935	296	96.2	1,474
Camden Paces	2015	1,407	379	95.6	2,652
Camden Peachtree City	2001	1,027	399	95.2	1,277
Camden Phipps (6)	1996	1,018	234	95.9	1,528
Camden Shiloh	1999/2002	1,143	232	96.4	1,264
Camden St. Clair	1997	999	336	95.9	1,321
Camden Stockbridge	2003	1,009	304	95.4	1,066
Camden Vantage	2010	901	592	96.5	1,404
NORTH CAROLINA					
Charlotte					
Camden Ballantyne	1998	1,048	400	95.1	1,283
Camden Cotton Mills	2002	905	180	95.1	1,462
Camden Dilworth	2006	857	145	96.1	1,432
Camden Fairview	1983	1,036	135	96.6	1,173
Camden Foxcroft	1979	940	156	96.0	1,053
Camden Foxcroft II	1985	874	100	95.7	1,159
Camden Gallery	2017	743	323	95.7	1,507
Camden Grandview	2000	1,059	266	95.3	1,655
Camden Sedgebrook	1999	972	368	95.7	1,102
Camden South End	2003	882	299	95.3	1,398
Camden Southline (6)	2015	831	266	95.8	1,516
Camden Stonecrest	2001	1,098	306	95.1	1,294
Camden Touchstone	1986	899	132	96.5	1,059
Raleigh					
Camden Asbury Village (6)	2009	1,009	350	95.6	1,187
Camden Crest	2001	1,013	438	95.9	1,034
Camden Governor's Village	1999	1,046	242	95.5	1,085
Camden Lake Pine	1999	1,066	446	95.7	1,143
Camden Manor Park	2006	966	484	94.1	1,098
Camden Overlook	2001	1,060	320	95.6	1,236
Camden Reunion Park	2000/2004	972	420	94.9	1,027



Table of Contents

OPERATING PROPERTIES					
Property and Location	Year Placed in Service	Average Apartment Size (Sq. Ft.)	Number of Apartments	2018 Average Occupancy (1)	2018 Average Monthly Rental Rate per Apartment (2)
Camden Westwood TEXAS	1999	1,027	354	94.7	% \$ 1,072
Austin					
Camden Amber Oaks (6)	2009	862	348	95.5	1,081
Camden Amber Oaks II (6)	2012	910	244	95.5	1,146
Camden Brushy Creek (6)	2008	882	272	96.3	1,151
Camden Cedar Hills	2008	911	208	96.2	1,260
Camden Gaines Ranch	1997	955	390	96.8	1,398
Camden Huntingdon	1995	903	398	96.2	1,144
Camden La Frontera	2015	901	300	95.5	1,218
Camden Lamar Heights	2015	838	314	95.8	1,477
Camden Shadow Brook (6)	2009	909	496	95.8	1,142
Camden Stoneleigh	2001	908	390	96.5	1,253
Corpus Christi					
Camden Breakers	1996	868	288	93.1	1,109
Camden Copper Ridge	1986	775	344	92.1	860
Camden South Bay (6)	2007	1,055	270	93.6	1,232
Dallas/Fort Worth					
Camden Addison	1996	942	456	95.3	1,235
Camden Belmont	2010/2012	945	477	95.4	1,441
Camden Buckingham	1997	919	464	95.1	1,209
Camden Centreport	1997	911	268	95.2	1,177
Camden Cimarron	1992	772	286	96.5	1,206
Camden Design District (6)	2009	939	355	94.9	1,382
Camden Farmers Market	2001/2005	932	904	95.1	1,352
Camden Henderson	2012	967	106	96.4	1,531
Camden Legacy Creek	1995	831	240	96.6	1,273
Camden Legacy Park	1996	871	276	96.1	1,270
Camden Panther Creek (6)	2009	946	295	95.2	1,229
Camden Riverwalk (6)	2008	982	600	95.5	1,453
Camden Valley Park	1986	743	516	95.4	1,082
Camden Victory Park (3)	2016	861	423	95.5	1,605
Houston					
Camden City Centre	2007	932	379	94.9	1,456
Camden City Centre II	2013	868	268	95.1	1,505
Camden Cypress Creek (6)	2009	993	310	95.9	1,268
Camden Downs at Cinco Ranch (6)	2004	1,075	318	95.0	1,242
Camden Grand Harbor (6)	2008	959	300	94.9	1,175
Camden Greenway	1999	861	756	96.4	1,371
Camden Heights (6)	2004	927	352	95.6	1,461
Camden Holly Springs	1999	934	548	95.0	1,206
Camden McGowen Station (5)	2018	1,007	315	Lease-Up	2,310



Table of Contents

## OPERATING PROPERTIES

Property and Location	Year Placed in Service	Average Apartment Size (Sq. Ft.)	Number of Apartments	2018 Average Occupancy (1)	2018 Average Monthly Rental Rate per Apartment (2)
Camden Midtown	1999	844	337	94.8 %	\$ 1,522
Camden Northpointe (6)	2008	940	384	95.8	1,099
Camden Oak Crest	2003	870	364	96.1	1,117
Camden Park	1995	866	288	96.2	1,083
Camden Plaza	2007	915	271	96.1	1,550
Camden Post Oak	2003	1,200	356	94.2	2,448
Camden Royal Oaks	2006	923	236	93.9	1,334
Camden Royal Oaks II	2012	1,054	104	93.7	1,541
Camden Spring Creek (6)	2004	1,080	304	92.5	1,271
Camden Stonebridge	1993	845	204	96.0	1,089
Camden Sugar Grove	1997	921	380	95.7	1,179
Camden Travis Street	2010	819	253	95.4	1,474
Camden Vanderbilt	1996/1997	863	894	96.4	1,415
Camden Whispering Oaks	2008	934	274	95.6	1,223
Camden Woodson Park (6)	2008	916	248	95.0	1,195
Camden Yorktown (6)	2008	995	306	95.9	1,166

(1) Represents average physical occupancy for the year except as noted.

(2) The average monthly rental rate per apartment incorporates vacant units and resident concessions calculated on a straight-line basis over the life of the lease.

(3) Development property stabilized during 2018—average occupancy calculated from date at which occupancy exceeded 90% through December 31, 2018.

(4) Property under redevelopment at December 31, 2018.

(5) Property under lease-up at December 31, 2018.

(6) Property owned through an unconsolidated joint venture in which we currently own a 31.3% interest. The remaining interest is owned by an unaffiliated third party.

(7) Property acquired in 2018 - average occupancy calculated from date property was acquired.

## Item 3. Legal Proceedings

None.

## Item 4. Mine Safety Disclosures

None.

Table of Contents

## PART II

## Item 5. Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities

Our common shares are traded on the New York Stock Exchange under the symbol "CPT." As of February 7, 2019, there were approximately 365 shareholders of record and approximately 42,402 beneficial owners of our common shares.

In the first quarter of 2019, the Company's Board of Trust Managers declared a first quarter dividend of \$0.80 per common share to our common shareholders of record as of March 29, 2019. Future dividend payments are paid at the discretion of the Board of Trust Managers and depend on cash flows generated from operations, the Company's financial condition and capital requirements, distribution requirements under the REIT provisions of the Code and other factors which may be deemed relevant by our Board of Trust Managers. Assuming similar dividend distributions for the remainder of 2019, our annualized dividend rate for 2019 would be \$3.20 as compared to a dividend rate of \$3.08 in 2018.

The following graph assumes the investment of \$100 on December 31, 2013 and quarterly reinvestment of dividends, including the special dividend of \$4.25 paid in September 2016.

(Source: S&P Global Market Intelligence)

Index	2014	2015	2016	2017	2018
Camden Property Trust	\$134.84	\$145.52	\$173.51	\$196.61	\$194.61
FTSE NAREIT Equity	130.14	134.30	145.74	153.36	146.27
S&P 500	113.69	115.26	129.05	157.22	150.33
Russell 2000	104.89	100.26	121.63	139.44	124.09

Table of Contents

In May 2017, we created an at-the market ("ATM") share offering program through which we can, but have no obligation to, sell common shares having an aggregate offering price of up to \$315.3 million (the "2017 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. During the year ended December 31, 2018, we did not sell any shares under the 2017 ATM Program. During the year ended December 31, 2017, we issued approximately 28.1 thousand common shares under the 2017 ATM program at our average price of \$90.44 per share for a total net consideration of approximately \$2.5 million. The proceeds from the sale of our common shares under the 2017 ATM program are intended to be used for general corporate purposes, which may include reducing future borrowings under our unsecured line of credit or short-term borrowing facilities, 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 had common shares having an aggregate offering price of up to \$312.8 million remaining available for sale under the 2017 ATM program. No additional shares were sold under the 2017 ATM program subsequent to December 31, 2018 through the date of this filing.

See Part III, Item 12, for a description of securities authorized for issuance under equity compensation plans.

We have a repurchase plan approved by our Board of Trust Managers which allows for the repurchase of up to \$500 million of our common equity securities through open market purchases, block purchases, and privately negotiated transactions. In March 2018, we repurchased 3,222 common shares for approximately \$0.3 million. As of the date of this filing, the remaining dollar value of our common equity securities authorized to be repurchased under this program was approximately \$269.5 million. There were no repurchases under this program for the years ended December 31, 2017 or 2016, or subsequent to December 31, 2018 through the date of this filing.



Table of Contents

## Item 6. Selected Financial Data

The following table provides selected financial data relating to our historical financial condition and results of operations as of and for each of the years ended December 31, 2014 through 2018. This data should be read in conjunction with Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements and related notes. Prior year amounts have been reclassified for discontinued operations.

## COMPARATIVE SUMMARY OF SELECTED FINANCIAL AND PROPERTY DATA

(in thousands, except per share amounts and property data)	Year Ended December 31,				
	2018	2017	2016	2015	2014
<b>Operating Data (a)</b>					
Total property revenues	\$954,505	\$900,896	\$876,447	\$835,618	\$790,263
Total property expenses	343,579	328,742	311,355	301,000	285,700
Total non-property income	2,797	27,795	14,577	7,332	14,611
Total other expenses	459,441	447,595	425,190	412,022	399,314
Income from continuing operations attributable to common shareholders	156,128	196,422	436,981	229,565	273,892
Net income attributable to common shareholders	156,128	196,422	819,823	249,315	292,089
<b>Earnings per common share from continuing operations:</b>					
Basic	\$1.63	\$2.14	\$4.81	\$2.55	\$3.08
Diluted	1.63	2.13	4.79	2.54	3.06
<b>Total earnings per common share:</b>					
Basic	\$1.63	\$2.14	\$9.08	\$2.77	\$3.29
Diluted	1.63	2.13	9.05	2.76	3.27
Distributions declared per common share	\$3.08	\$3.00	\$3.00	\$2.80	\$2.64
Special dividend per common share (b)	\$—	\$—	\$4.25	\$—	\$—
<b>Balance Sheet Data (at end of year)</b>					
Total real estate assets, at cost (c)	\$8,328,475	\$7,667,743	\$7,376,690	\$7,387,597	\$7,025,376
Total assets	6,219,586	6,173,748	6,028,152	6,037,612	6,043,981
Notes payable	2,321,603	2,204,598	2,480,588	2,724,687	2,730,613
Non-qualified deferred compensation share awards	52,674	77,230	77,037	79,364	68,134
Equity	3,385,104	3,484,714	3,095,553	2,892,896	2,888,409
<b>Other Data</b>					
<b>Cash flows provided by (used in):</b>					
Operating activities	\$503,747	\$434,656	\$443,063	\$423,238	\$418,528
Investing activities	(640,921)	(189,754)	690,412	(293,235)	(326,587)
Financing activities	(197,028)	(112,923)	(904,237)	(273,231)	43,482
Funds from operations – diluted (d)	463,982	424,072	425,464	414,497	378,043
Adjusted funds from operations – diluted (d)	391,686	359,314	366,380	350,328	318,189
<b>Property Data</b>					
Number of operating properties (at the end of year) (e)	161	155	152	172	168
Number of operating apartment homes (at end of year) (e)	55,160	53,033	52,793	59,792	58,948
Number of operating apartment homes (weighted average) (e) (f)	46,925	46,210	46,934	47,088	47,915
	\$1,695	\$1,625	\$1,556	\$1,479	\$1,374

Weighted average monthly total property revenue  
per apartment home (a) (f)

Properties under development (at end of period)    6                    7                    7                    8                    13

Excludes discontinued operations. See Note 2, "Summary of Significant Accounting Policies and Recent (a) Accounting Pronouncements," and Note 8, "Acquisitions, Dispositions, and Discontinued Operations," in the Notes to Consolidated Financial Statements for further discussion of discontinued operations.

(b) A special dividend was paid on September 30, 2016. Refer to Note 5 "Common Shares" in the Notes to the Consolidated Financial Statements for further discussion of the special dividend.

Table of Contents

- (c) Includes operating properties held for sale at net book value and excludes discontinued operating properties and joint ventures for all periods presented.
- Management considers Funds from Operations (“FFO”) and adjusted FFO (“AFFO”) to be appropriate 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 accounting principles generally accepted in the United States of America (“GAAP”)), excluding gains (or losses) associated with previously depreciated operating properties, real estate depreciation and amortization, impairments of depreciable assets, and adjustments for unconsolidated joint ventures. 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 operating properties, 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. AFFO is calculated utilizing FFO less recurring capitalized expenditures which are necessary to help
- (d) preserve the value of and maintain the functionality at our communities. We also consider 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 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 and AFFO should be examined in conjunction with net income attributable to common shareholders as presented in the consolidated statements of income and comprehensive income and data included elsewhere in this report. FFO and 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 and AFFO as disclosed by other REITs may not be comparable to our calculation. See “Funds from Operations and Adjusted FFO” in Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for reconciliations of net income attributable to common shareholders to FFO and AFFO.
- (e) Includes operating properties held for sale and discontinued operating properties held for sale for all periods presented.
- (f) Excludes apartment homes owned in joint ventures.

Table of Contents

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the consolidated financial statements and notes appearing elsewhere in this report. Historical results and trends which might appear in the 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 expose us to the effects of declining market rents;
- Competition could limit our ability to lease apartments or increase or maintain rental income;
- We face risks associated with land holdings and related activities;
- Potential reforms to Fannie Mae and Freddie Mac could adversely affect us;
- Development, redevelopment and construction risks could impact our profitability;
- Investments through joint ventures and investment funds involve risks not present in investments in which we are the sole investor;
- Competition could adversely affect our ability to acquire properties;
- Our acquisition strategy may not produce the cash flows expected;
- Failure to qualify as a REIT could have adverse consequences;
- Tax laws have recently changed and may continue to change at any time, and any such legislative or other actions could have a negative effect on us;
- Litigation risks could affect our business;
- Damage from catastrophic weather and other natural events could result in losses;
- We are in the process of implementing a new enterprise resource planning system and problems with the design or implementation of this system could interfere with our business and operations;
- 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 may be unable to renew, repay, or refinance our outstanding debt;
- We may be adversely affected by changes in LIBOR reporting practices or the method in which LIBOR is determined;
- Rising interest rates could both increase our borrowing costs, thereby adversely affecting our cash flows and the amounts available for distribution to our shareholders, and decrease our share price, if investors seek higher yields through other investments;
- Failure to hedge effectively against interest rates may adversely affect results of operations;



Table of Contents

• 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;

• Our share price will fluctuate; and

• The form, timing and amount of dividend distributions in future periods may vary and be impacted by economic and other considerations.

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

We are primarily engaged in the ownership, management, development, redevelopment, acquisition, and construction of multifamily apartment communities. Overall, 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 and retention of our apartments. As of December 31, 2018, we owned interests in, operated, or were developing 167 multifamily properties comprised of 56,858 apartment homes across the United States as detailed in the following Property Portfolio table. In addition, we own other land holdings which we may develop into multifamily apartment communities in the future.

Property Operations

Our results for the year ended December 31, 2018 reflect an increase in same store revenues of 3.2% as compared to 2017. These increases were due to higher average rental rates, which we believe was primarily attributable to improving job growth, favorable demographics, a manageable supply of new multifamily housing, and in part to more individuals choosing to rent versus buy as evidenced by the continued low level of homeownership rates. We believe the continued low levels of homeownership rates are mainly attributable to difficulties in obtaining mortgage loans as well as changing demographic trends which demonstrate certain generations having a higher propensity to rent, both of which promote apartment rentals. We also believe U.S. economic and employment growth are likely to continue during 2019 and the supply of new multifamily homes will likely remain at manageable levels. If economic conditions were to worsen, our operating results could be adversely affected.

Construction Activity

At December 31, 2018, we had six projects under construction comprised of 1,698 apartment homes, with stabilization expected to be completed within the next 42 months. As of December 31, 2018, we estimate the additional cost to complete the construction of the six projects to be approximately \$335.2 million.

Acquisitions

Operating properties: During the year ended December 31, 2018 we acquired the following operating properties:

• In September 2018, we acquired one operating property comprised of 299 apartment homes located in Orlando, Florida, for approximately \$89.8 million.

• In February 2018, we acquired one operating property comprised of 333 apartment homes located in Orlando, Florida, for approximately \$81.4 million.

• In January 2018, we acquired one operating property comprised of 358 apartment homes located in St. Petersburg, Florida, for approximately \$126.9 million.

Land: In April 2018, we acquired approximately 1.8 acres of land in Orlando, Florida for approximately \$11.4 million for the future development of a community with 360 wholly-owned apartment homes which started construction during the quarter ended June 30, 2018.

Dispositions

Land: In September 2018, we sold approximately 14.1 acres of land adjacent to two development properties in Phoenix, Arizona for approximately \$11.5 million.

Table of Contents

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 operating property and land development 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 currently 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 credit facility or other short-term borrowing, the use of debt and equity offerings under our automatic shelf registration statement, proceeds from property dispositions, equity issued from our 2017 ATM program, other unsecured borrowings, or secured mortgages.

As of December 31, 2018, we had approximately \$34.4 million in cash and cash equivalents, and \$634.9 million available under our \$645.0 million unsecured credit facilities. As of the date of this filing, we had common shares having an aggregate offering price of up to \$312.8 million remaining available for sale under our 2017 ATM program. We believe scheduled payments of debt in 2019 are manageable at \$437.3 million, which represents approximately 18.8% of our total outstanding debt, and includes the amortization of debt discounts and debt issuance costs, net of scheduled principal payments of approximately \$1.8 million. We believe we are well-positioned with a strong balance sheet and sufficient liquidity to cover near-term debt maturities and new development, redevelopment, and other capital funding requirements. We will, however, continue to assess and take further actions we believe are prudent to meet our objectives and capital requirements.

Table of Contents

## Property Portfolio

Our multifamily property portfolio is summarized as follows:

	December 31, 2018		December 31, 2017	
	Apartment Homes		Apartment Homes	
	Properties	Properties	Properties	Properties
Operating Properties				
Houston, Texas	8,749	25	8,434	24
Washington, D.C. Metro	6,862	19	6,040	17
Dallas, Texas	5,666	14	5,666	14
Atlanta, Georgia	4,496	14	4,496	14
Orlando, Florida	3,594	10	2,962	8
Austin, Texas	3,360	10	3,360	10
Charlotte, North Carolina	3,076	13	3,076	13
Raleigh, North Carolina	3,054	8	3,054	8
Phoenix, Arizona	2,929	10	2,929	10
Southeast Florida	2,781	8	2,781	8
Tampa, Florida	2,736	7	2,378	6
Los Angeles/Orange County, California	2,658	7	2,658	7
Denver, Colorado	2,632	8	2,632	8
San Diego/Inland Empire, California	1,665	5	1,665	5
Corpus Christi, Texas	902	3	902	3
Total Operating Properties	55,160	161	53,033	155
Properties Under Construction				
Phoenix, Arizona	441	1	441	1
Atlanta, Georgia	365	1	—	—
Orlando, Florida	360	1	—	—
Houston, Texas	271	1	586	2
Denver, Colorado	233	1	233	1
Charlotte, North Carolina	28	1	28	1
Washington, D.C. Metro	—	—	822	2
Total Properties Under Construction	1,698	6	2,110	7
Total Properties	56,858	167	55,143	162



Table of Contents

	December 31, 2018		December 31, 2017	
	Apartment Homes	Properties	Apartment Homes	Properties
Less: Unconsolidated Joint Venture Properties (1)				
Houston, Texas	2,522	8	2,522	8
Austin, Texas	1,360	4	1,360	4
Dallas, Texas	1,250	3	1,250	3
Tampa, Florida	450	1	450	1
Raleigh, North Carolina	350	1	350	1
Orlando, Florida	300	1	300	1
Washington, D.C. Metro	281	1	281	1
Corpus Christi, Texas	270	1	270	1
Charlotte, North Carolina	266	1	266	1
Atlanta, Georgia	234	1	234	1
Total Unconsolidated Joint Venture Properties	7,283	22	7,283	22
Total Properties Fully Consolidated	49,575	145	47,860	140

(1) Refer to Note 9, "Investments in Joint Ventures," in the notes to Consolidated Financial Statements for further discussion of our joint venture investments.

**Stabilized Communities**

We generally consider a property stabilized once it reaches 90% occupancy. During the year ended December 31, 2018, stabilization was achieved at one consolidated operating property as follows:

Stabilized Property and Location	Number of Apartment Homes	Date of Construction Completion	Date of Stabilization
Consolidated Operating Property Camden NoMa II Washington, D.C.	405	2Q17	4Q18

**Completed Construction in Lease-Up**

At December 31, 2018, we had three consolidated completed operating properties in lease-up as follows:

(\$ in millions) Property and Location	Number of Apartment Homes	Cost Incurred (1)	% Leased at 1/30/2019	Date of Construction Completion	Estimated Date of Stabilization
Consolidated Operating Properties Camden Shady Grove Rockville, MD	457	\$ 114.0	90 %	1Q18	2Q19
Camden Washingtonian Gaithersburg, MD	365	86.8	72 %	4Q18	4Q19
Camden McGowen Station Houston, TX	315	90.8	64 %	4Q18	4Q19
Consolidated total	1,137	\$ 291.6			

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

**Properties Under Development and Land**

Our consolidated balance sheet at December 31, 2018 included approximately \$294.0 million related to properties under development and land. Of this amount, approximately \$186.3 million related to our projects currently under construction. In

23

---

Table of Contents

addition, we had approximately \$107.7 million primarily invested in land held for future development related to projects we currently expect to begin constructing during the next two years. Communities Under Construction. At December 31, 2018, we had six consolidated properties in various stages of construction as follows:

(\$ in millions) Property and Location	Number of Apartment Homes	Estimated Cost	Cost Incurred	Included in Properties Under Development	Estimated Date of Construction Completion	Estimated Date of Stabilization
Camden North End I Phoenix, AZ (1)	441	\$ 105.0	\$ 95.9	\$ 14.6	1Q19	2Q20
Camden Grandview II Charlotte, NC (2)	28	21.0	21.3	11.1	1Q19	2Q19
Camden RiNo Denver, CO	233	75.0	41.6	41.6	2Q20	4Q20
Camden Downtown I Houston, TX	271	132.0	58.9	58.9	3Q20	1Q21
Camden Lake Eola Orlando, FL	360	120.0	34.0	34.0	3Q20	3Q21
Camden Buckhead Atlanta, GA	365	160.0	26.1	26.1	3Q21	2Q22
Consolidated total	1,698	\$ 613.0	\$ 277.8	\$ 186.3		

(1) Property in lease-up and was 54% leased at January 30, 2019.

(2) Property in lease-up and was 11% leased at January 30, 2019.

Development Pipeline Communities. At December 31, 2018, we had the following consolidated communities undergoing development activities:

(\$ in millions) Property and Location	Projected Homes	Total Estimated Cost (1)	Cost to Date
Camden North End II Phoenix, AZ	340	\$ 85.0	\$ 15.3
Camden Hillcrest San Diego, CA	132	90.0	28.9
Camden Atlantic Plantation, FL	269	90.0	16.7
Camden Arts District Los Angeles, CA	354	150.0	21.5
Camden Paces III Atlanta, GA	350	100.0	14.6
Camden Downtown II Houston, TX	271	145.0	10.7
Total	1,716	\$ 660.0	\$ 107.7

Represents our estimate of total costs we expect to incur on these projects. However, forward-looking statements 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 forecasted, and estimates routinely require adjustment.

Table of Contents

## Geographic Diversification

At December 31, 2018 and 2017, our real estate assets by various markets, excluding depreciation and investments in joint ventures, were as follows:

(\$ in thousands)	2018		2017	
Washington, D.C. Metro	\$1,551,925	18.6 %	\$1,500,568	19.6 %
Houston, Texas	899,458	10.8	811,507	10.6
Los Angeles/Orange County, California	738,856	8.9	724,745	9.5
Atlanta, Georgia	713,931	8.6	697,325	9.1
Southeast Florida	599,907	7.2	575,134	7.5
Phoenix, Arizona	563,797	6.8	524,126	6.8
Orlando, Florida	549,039	6.6	345,525	4.5
Dallas, Texas	508,134	6.1	500,492	6.5
Denver, Colorado	502,761	6.0	465,363	6.1
Charlotte, North Carolina	401,879	4.8	383,439	5.0
San Diego/Inland Empire, California	371,186	4.5	359,549	4.7
Tampa, Florida	350,517	4.2	223,841	2.9
Raleigh, North Carolina	293,961	3.5	280,540	3.7
Austin, Texas	234,743	2.8	232,405	3.0
Corpus Christi, Texas	48,381	0.6	43,184	0.5
Total	\$8,328,475	100.0%	\$7,667,743	100.0%

## 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, acquisitions, and dispositions. Where appropriate, comparisons of income and expense for communities included in continuing operations are made on a dollars-per-weighted average apartment home basis in order to adjust for such changes in the number of apartment homes owned during each period. Selected weighted averages for the years ended December 31 are as follows:

	2018	2017	2016
Average monthly property revenue per apartment home	\$1,695	\$1,625	\$1,556
Annualized total property expenses per apartment home	\$7,322	\$7,114	\$6,634
Weighted average number of operating apartment homes owned 100%	46,925	46,210	46,934
Weighted average occupancy of operating apartment homes owned 100% (1)	95.6 %	95.4 %	95.3 %

(1) Our one student housing community, which was sold in December 2017, is excluded from this calculation.

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 total property income 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, should not be considered an alternative to net cash from operating activities as a measure of liquidity, and should not be considered an indication of cash available to fund cash needs. Additionally, NOI as disclosed by other REITs may not be comparable to our calculation.

Table of Contents

Reconciliations of net income to NOI for the year ended December 31, 2018, 2017, and 2016 are as follows:

(in thousands)	2018	2017	2016
Net income	\$160,694	\$200,860	\$838,226
Less: Fee and asset management income	(7,231 )	(8,176 )	(6,864 )
Less: Interest and other income	(2,101 )	(3,011 )	(2,202 )
Less: (Income)/loss on deferred compensation plans	6,535	(16,608 )	(5,511 )
Plus: Property management expense	25,581	25,773	25,125
Plus: Fee and asset management expense	4,451	3,903	3,848
Plus: General and administrative expense	50,735	50,587	47,415
Plus: Interest expense	84,263	86,750	93,145
Plus: Depreciation and amortization expense	300,946	263,974	250,146
Plus: Expense/(benefit) on deferred compensation plans	(6,535 )	16,608	5,511
Plus: Loss on early retirement of debt	—	323	—
Less: Gain on sale of operating properties, including land	—	(43,231 )	(295,397 )
Less: Equity in income of joint ventures	(7,836 )	(6,822 )	(7,125 )
Plus: Income tax expense	1,424	1,224	1,617
Less: Income from discontinued operations	—	—	(7,605 )
Less: Gain on sale of discontinued operations, net of tax	—	—	(375,237 )
Net operating income	\$610,926	\$572,154	\$565,092

## Property-Level NOI (1)(2)

Property NOI, as reconciled above, is detailed further into the following categories for the year ended December 31, 2018 as compared to 2017 and for the year ended December 31, 2017 as compared to 2016:

(\$ in thousands)	Apartment Homes at 12/31/2018	Year Ended December 31,		Change	
		2018	2017	\$	%
Property revenues:					
Same store communities	41,968	\$820,732	\$795,642	\$25,090	3.2 %
Non-same store communities	4,772	112,685	82,722	29,963	36.2
Development and lease-up communities	2,835	12,667	2,157	10,510	*
Dispositions/other	—	8,421	20,375	(11,954 )	(58.7)
Total property revenues	49,575	\$954,505	\$900,896	\$53,609	6.0 %
Property expenses:					
Same store communities	41,968	\$294,503	\$286,571	\$7,932	2.8 %
Non-same store communities	4,772	41,116	30,563	10,553	34.5
Development and lease-up communities	2,835	5,115	676	4,439	*
Hurricane expenses	—	—	3,944	(3,944 )	*
Dispositions/other	—	2,845	6,988	(4,143 )	(59.3)
Total property expenses	49,575	\$343,579	\$328,742	\$14,837	4.5 %
Property NOI:					
Same store communities	41,968	\$526,229	\$509,071	\$17,158	3.4 %
Non-same store communities	4,772	71,569	52,159	19,410	37.2
Development and lease-up communities	2,835	7,552	1,481	6,071	*
Hurricane expenses	—	—	(3,944 )	3,944	*
Dispositions/other	—	5,576	13,387	(7,811 )	(58.3)
Total property NOI	49,575	\$610,926	\$572,154	\$38,772	6.8 %

\* Not a meaningful percentage.



Table of Contents

For 2018, same store communities are communities we owned and were stabilized since January 1, 2017, excluding communities under redevelopment and properties held for sale. Non-same store communities are stabilized communities not owned or stabilized since January 1, 2017, including communities under redevelopment and excluding properties held for sale. We define communities under redevelopment as communities with capital expenditures that 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 (1) 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, 2017, excluding properties held for sale. Hurricane expenses include storm-related damages related to Hurricanes Harvey and Irma in the third quarter of 2017. Dispositions/other includes those communities disposed of or held for sale which are not classified as discontinued operations and non-multifamily rental properties and expenses related to land holdings not under active development.

(\$ in thousands)	Apartment Homes at 12/31/2017	Year Ended		Change	
		December 31, 2017	2016	\$	%
Property revenues:					
Same store communities	41,988	\$799,951	\$777,498	\$22,453	2.9 %
Non-same store communities	3,357	77,360	49,849	27,511	55.2
Development and lease-up communities	2,515	6,034	—	6,034	*
Dispositions/other	—	17,551	49,100	(31,549 )	(64.3)
Total property revenues	47,860	\$900,896	\$876,447	\$24,449	2.8 %
Property expenses:					
Same store communities	41,988	\$287,828	\$276,444	\$11,384	4.1 %
Non-same store communities	3,357	28,561	18,473	10,088	54.6
Development and lease-up communities	2,515	2,399	—	2,399	*
Hurricane expenses	—	3,944	—	3,944	*
Dispositions/other	—	6,010	16,438	(10,428 )	(63.4)
Total property expenses	47,860	\$328,742	\$311,355	\$17,387	5.6 %
Property NOI:					
Same store communities	41,988	\$512,123	\$501,054	\$11,069	2.2 %
Non-same store communities	3,357	48,799	31,376	17,423	55.5
Development and lease-up communities	2,515	3,635	—	3,635	*
Hurricane expenses	—	(3,944 )	—	(3,944 )	*
Dispositions/other	—	11,541	32,662	(21,121 )	(64.7)
Total property NOI	47,860	\$572,154	\$565,092	\$7,062	1.2 %

\* Not a meaningful percentage.

For 2017, same store communities are communities we owned and were stabilized since January 1, 2016, excluding communities under redevelopment and properties held for sale. Non-same store communities are stabilized communities not owned or stabilized since January 1, 2016, including communities under redevelopment and excluding properties held for sale. We define communities under redevelopment as communities with capital expenditures that 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 (2) 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, 2016, excluding properties held for sale. Dispositions/other includes those communities disposed of or held for sale which are not classified as discontinued operations and non-multifamily rental properties and expenses related to land holdings not under active development.

Same Store Analysis

Year ended December 2018 compared to year ended December 2017

Same store property NOI increased approximately \$17.2 million for the year ended December 31, 2018 as compared to the same period in 2017. This increase was due to an increase of approximately \$25.1 million in same store property revenues for the year ended December 31, 2018, partially offset by an increase of approximately \$7.9 million in same store property expenses for the year ended December 31, 2018, as compared to the same period in 2017.

The \$25.1 million increase in same store property revenues for the year ended December 31, 2018, as compared to the same period in 2017, was primarily due to an increase in same store rental revenues of approximately \$22.2 million from our same store portfolio for the year ended December 31, 2018, which was primarily due to a 2.8% increase in average rental rates for our same



Table of Contents

store portfolio for the year ended December 31, 2018, as compared to the same period in 2017. The increase in same store property revenue was also due to a \$2.9 million increase in other property revenues primarily due to increases in income from our bulk internet rebilling program for the year ended December 31, 2018 as compared to the same period in 2017.

The \$7.9 million increase in same store property expense for the year ended December 31, 2018, as compared to the same period in 2017, was primarily due to an increase of approximately \$5.9 million in real estate taxes as a result of higher property valuations and tax rates at a number of our communities, approximately \$2.0 million of higher salary expenses, and \$1.0 million of higher utility and bulk internet program expenses. These increases were partially offset by an approximate \$1.6 million decrease related to lower repair and maintenance costs as compared to the same period in 2017.

Year ended December 2017 compared to year ended December 2016

Same store property NOI increased approximately \$11.1 million for the year ended December 31, 2017 as compared to the same period in 2016. This increase was due to an increase of approximately \$22.5 million in same store property revenues for the year ended December 31, 2017, partially offset by an increase of approximately \$11.4 million in same store property expenses for the year ended December 31, 2017, as compared to the same period in 2016.

The \$22.5 million increase in same store property revenues for the year ended December 31, 2017 as compared to the same period in 2016, was due in part to an increase in same store rental revenues of approximately \$16.4 million for the year ended December 31, 2017, which was primarily due to a 2.9% increase in average rental rates for our same store portfolio for the year ended December 31, 2017, as compared to the same period in 2016. The increase in same store property revenue was also due to an increase of approximately \$6.1 million in other property revenue for the year ended December 31, 2017, as compared to the same period in 2016, primarily due to increases in income from our bulk internet rebilling program and miscellaneous fee income.

The \$11.4 million increase in same store property expense for the year ended December 31, 2017, as compared to the same period in 2016, was primarily due to increased costs of approximately \$4.4 million associated with our bulk internet and other utility rebilling programs and a \$3.9 million increase in real estate taxes as a result of higher property valuations at a number of our communities. These increases were partially offset by decreased property insurance expenses of approximately \$1.8 million during the year ended December 31, 2017 as compared to the same period in 2016.

Non-same Store and Development and Lease-up Analysis

Property NOI from non-same store and development and lease-up communities increased approximately \$25.5 million for the year ended December 31, 2018 as compared to the same period in 2017. The increase was due to an increase of approximately \$40.5 million in revenues for the year ended December 31, 2018, partially offset by an increase of approximately \$15.0 million in expenses for the year ended December 31, 2018, as compared to the same period in 2017. The increases in property revenues and expenses from our non-same store communities were primarily due to the stabilization of four operating properties in 2017 and one operating property in 2018 and the acquisition of one operating property in 2017 and three operating properties in 2018. The increases in property revenues and expenses from our development and lease-up communities were primarily due to the timing of completion and partial lease up of a total of three properties during 2017 and 2018, and the partial lease-up of two properties which were under construction at December 31, 2018.

Property NOI from non-same store and development and lease-up communities increased approximately \$21.0 million for the year ended December 31, 2017 as compared to the same period in 2016. The increase was due to an increase of approximately \$33.5 million in revenues for the year ended December 31, 2017, partially offset by an increase of approximately \$12.5 million in expenses for the year ended December 31, 2017, as compared to the same period in 2016. The increases in property revenues and expenses from our non-same store communities were primarily due to the stabilization of four operating properties in each of 2016 and 2017 and the acquisition of one operating property in

2017. The increases in property revenues and expenses from our development and lease-up communities were primarily due to the completion and partial lease up of a total of one property during 2016 and 2017, and the partial lease-up of one property which was under construction at December 31, 2017.

Table of Contents

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

(in millions)	For the year ended December 31,	
	2018 compared to 2017	2017 compared to 2016
<b>Property Revenues</b>		
Revenues from non-same store stabilized properties	\$ 10.7	\$ 24.7
Revenues from acquisitions	19.3	2.8
Revenues from development and lease-up properties	10.5	6.0
	\$40.5	\$ 33.5
<b>Property Expenses</b>		
Expenses from non-same store stabilized properties	\$2.8	\$ 8.8
Expenses from acquisitions	7.9	1.3
Expenses from development and lease-up properties	4.4	2.4
Other	(0.1 )	—
	\$15.0	\$ 12.5
<b>Property NOI</b>		
NOI from non-same store stabilized properties	\$7.9	\$ 15.9
NOI from acquisitions	11.4	1.5
NOI from development and lease-up properties	6.1	3.6
Other	0.1	—
	\$25.5	\$ 21.0

**Hurricane Expenses**

In 2017, certain of our wholly-owned multifamily communities were impacted by Hurricanes Harvey and Irma and we incurred approximately \$3.9 million of expenses.

**Dispositions/Other Property Analysis**

Dispositions/other property NOI decreased approximately \$7.8 million for the year ended December 31, 2018 as compared to the same period in 2017. The decrease was primarily due to the disposition of one operating property in 2017. We had no operating property dispositions in 2018.

Dispositions/other property NOI decreased approximately \$21.1 million for the year ended December 31, 2017 as compared to the same period in 2016. The decrease was primarily due to the disposition of one dual-phased operating property and six other operating properties in 2016 and the disposition of one operating property in 2017.

**Non-Property Income**

(\$ in thousands)	Year Ended December 31,		Change		Year Ended December 31,		Change	
	2018	2017	\$	%	2017	2016	\$	%
Fee and asset management	\$7,231	\$8,176	\$(945)	(11.6)%	\$8,176	\$6,864	\$1,312	19.1%
Interest and other income	2,101	3,011	(910)	(30.2)	3,011	2,202	809	36.7%
Income (loss) on deferred compensation plans	(6,535)	16,608	(23,143)	*	16,608	5,511	11,097	*
Total non-property income	\$2,797	\$27,795	\$(24,998)	(89.9)%	\$27,795	\$14,577	\$13,218	90.7%

\* Not a meaningful percentage

Fee and asset management income, which represents income related to property management of our joint ventures and fees from third-party construction projects, decreased approximately \$0.9 million for the year ended December 31, 2018 as compared to 2017 and increased approximately \$1.3 million for the year ended December 31, 2017 as compared to 2016. The decrease for 2018 as compared to 2017 was primarily due to a decrease in third-party construction activity of approximately \$1.2 million, partially offset by an increase in property revenues by the operating properties of the Funds, which resulted in higher property management fees. The increase for 2017 as compared to 2016 was primarily due to an increase in third-party construction activity and higher fees earned on capital projects at Fund communities.

Table of Contents

Interest and other income decreased approximately \$0.9 million for the year ended December 31, 2018, as compared to 2017, and increased approximately \$0.8 million for the year ended December 31, 2017 as compared to 2016. The decrease for the year ended December 31, 2018 was primarily due to lower interest income earned on investments in cash and cash equivalents due to maintaining lower average cash balances in 2018, as compared to 2017 due to the \$442.5 million net proceeds from the completion of a public equity offering in September 2017. The increase for 2017 was due to higher interest income earned on investments in cash and cash equivalents due to maintaining higher average cash balances throughout the year ended December 31, 2017, as compared to the same period in 2016. Our deferred compensation plans recognized a loss of approximately \$6.5 million in 2018, and income of approximately \$16.6 million and \$5.5 million in 2017 and in 2016, respectively. These changes were related to the performance of the investments held in deferred compensation plans for participants and were directly offset by the expense (benefit) related to these plans, as discussed below.

## Other Expenses

(\$ in thousands)	Year Ended December 31,		Change		Year Ended December 31,		Change	
	2018	2017	\$	%	2017	2016	\$	%
Property management	\$25,581	\$25,773	\$(192)	(0.7)%	\$25,773	\$25,125	\$648	2.6%
Fee and asset management	4,451	3,903	548	14.0	3,903	3,848	55	1.4
General and administrative	50,735	50,587	148	0.3	50,587	47,415	3,172	6.7
Interest	84,263	86,750	(2,487)	(2.9)	86,750	93,145	(6,395)	(6.9)
Depreciation and amortization	300,946	263,974	36,972	14.0	263,974	250,146	13,828	5.5
Expense (benefit) on deferred compensation plans	(6,535)	16,608	(23,143)	*	16,608	5,511	11,097	*
Total other expenses	\$459,441	\$447,595	\$11,846	2.6%	\$447,595	\$425,190	\$22,405	5.3%

\* Not a meaningful percentage

Property management expenses, which primarily represent regional supervision and accounting costs related to property operations, decreased approximately \$0.2 million for the year ended December 31, 2018 as compared to 2017 and increased approximately \$0.6 million for the year ended December 31, 2017 as compared to 2016. The slight decrease for 2018 as compared to 2017 was primarily related to lower professional expenses in 2018 as compared to 2017. The increase for 2017 as compared to 2016 was primarily related to higher salary and benefit costs, higher professional expenses and higher education programs provided to our regional employees. Property management expenses were 2.7% of total property revenues for the year ended December 31, 2018 and were 2.9% of total property revenues for each of the years ended December 31, 2017 and 2016.

Fee and asset management expense, which represents expenses related to property management of our joint ventures and fees from third-party construction projects, increased approximately \$0.5 million for the year ended December 31, 2018 as compared to 2017 and increased approximately \$0.1 million for the year ended December 31, 2017 as compared to 2016. The increase for 2018 as compared to 2017 was primarily due to higher expenses incurred as a result of pre-development activity relating to one land holding held by one of the Funds, and higher salaries incurred in managing our joint ventures. The slight increase for 2017 as compared to 2016 was primarily due to higher expenses relating to an increase in third-party construction activity in 2017 as compared to 2016.

General and administrative expenses increased approximately \$0.1 million during the year ended December 31, 2018 as compared to 2017 and increased approximately \$3.2 million during the year ended December 31, 2017 as compared to 2016. General and administrative expenses were 5.3%, 5.5% and 5.4% of total revenues, excluding income (loss) on deferred compensation plans, for the years ended December 31, 2018, 2017 and 2016, respectively. The slight increase for the year ended December 31, 2018 as compared to 2017 was primarily due to higher development pursuit costs, higher acquisition expenses, and other discretionary costs, partially offset by higher expenses incurred in 2017 relating to storm-related expenses of approximately \$0.7 million due to Hurricanes Harvey and Irma in the third quarter 2017. The increase for the year ended December 31, 2017 as compared to 2016 was primarily due to higher salary and benefit costs, \$0.7 million of storm-related expenses related to Hurricanes Harvey and Irma, and higher professional expenses.

Interest expense decreased approximately \$2.5 million for the year ended December 31, 2018 as compared to 2017 and decreased approximately \$6.4 million for the year ended December 31, 2017 as compared to 2016. The decrease in interest expense

Table of Contents

in 2018 as compared to 2017 was primarily due to the repayment in May 2017 of a \$246.8 million, 5.83% senior unsecured note payable and the repayment in October 2018 of \$380 million of secured conventional mortgage notes. The decrease was partially offset by the issuance in October 2018 of \$400 million, 3.74% senior unsecured notes and the incurrence in September 2018 of a \$100 million unsecured floating rate term loan. The decrease was also partially offset by lower capitalized interest during the year ended December 31, 2018, resulting from lower average balances in our development pipeline.

The decrease in interest expense in 2017 as compared to 2016 was primarily due to the repayment in May 2017 of a \$246.8 million, 5.83% senior unsecured note payable. The decrease was partially offset by lower capitalized interest during the year ended December 31, 2017, resulting from lower average balances in our development pipeline.

Depreciation and amortization expense increased approximately \$37.0 million for the year ended December 31, 2018 as compared to 2017 and increased approximately \$13.8 million for the year ended December 31, 2017 as compared to 2016. The increase in 2018 as compared to 2017 was primarily due to the acquisition of one operating property in 2017 and three operating properties in 2018, the completion of units in our development pipeline, and the completion of repositions during 2018 and 2017 and partial completion of redevelopments during 2018. The increase was partially offset by a decrease in depreciation expense related to the disposition of one operating property during the fourth quarter of 2017.

The increase in depreciation and amortization expense in 2017 as compared to 2016 was primarily due to the completion of units in our development pipeline, the acquisition of one operating property in 2017, the completion of repositions, and increases in capital improvements placed in service during 2017 and 2016. The increase was partially offset by a decrease in depreciation expense related to the disposition of one dual-phased operating property and six other operating properties in 2016, and one operating property in 2017.

Our deferred compensation plans incurred a benefit of approximately \$6.5 million in 2018, and an expense of approximately \$16.6 million and \$5.5 million in 2017 and in 2016, respectively. These changes were related to the performance of the investments held in deferred compensation plans for participants and were directly offset by the income (loss) related to these plans, as discussed in the non-property income section above.

## Other

	Year Ended December 31, 2018	Change	Year Ended December 31, 2017	Year Ended December 31, 2016	Change
(in thousands)					
Loss on early retirement of debt	\$—	\$(323)	\$(323)	\$—	\$(323)
Gain on sale of operating properties, including land	\$43,231	\$(43,231)	\$43,231	\$295,397	\$(252,166)
Equity in income of joint ventures	7,836	822	6,822	7,125	(303)
Income tax expense	(1,404)	(224)	(1,224)	(1,617)	393

The \$0.3 million loss on early retirement of debt during the year ended December 31, 2017 related to the early retirement of our \$30.7 million tax-exempt secured note payable which was scheduled to mature in 2028. The loss is primarily related to the applicable unamortized loan costs.

For the year ended 2018, we sold approximately 14.1 acres of land adjacent to two development properties in Phoenix, Arizona for \$11.5 million which approximated its book value. In 2017, we recognized a gain of approximately \$43.2 million related to the sale of one operating property, which compares to an approximate \$294.9 million gain recognized in 2016 related to the sale of one dual-phased property and six other operating properties. For the year ended 2016, we also sold 6.3 acres of land adjacent to an operating property in Tampa, Florida for a gain of approximately \$0.4 million.

Equity in income of joint ventures increased approximately \$1.0 million for the year ended December 31, 2018 as compared to 2017, and decreased approximately \$0.3 million for the year ended December 31, 2017 as compared to 2016. The increase in 2018 was primarily due to an increase in earnings in 2018 as compared to 2017 resulting from the operating properties owned by the Funds and our share of hurricane-related expenses in 2017 which did not reoccur in 2018. The decrease in 2017 as compared to 2016 was primarily due to the recognition of approximately \$0.4 million of expenses, representing our share of hurricane-related expenses in 2017. The decrease in 2017 was also due to higher interest expense recognized by three operating properties owned by the Funds which

refinanced existing variable construction loans into permanent financing arrangements at higher rates. These decreases were partially offset by an increase in earnings resulting from higher rental and other property revenues from the operating properties owned by the Funds.

Income tax expense increased approximately \$0.2 million for the year ended December 31, 2018, as compared to 2017, and decreased approximately \$0.4 million for the year ended December 31, 2017, as compared to 2016. The increase in 2018 was primarily due to an approximate \$0.5 million state income tax refund received in 2017.

Excluding the income tax refund in 2017,



Table of Contents

income tax decreased approximately \$0.3 million in 2018 as compared to 2017. The decrease was primarily due to a decrease in our third-party construction activities conducted in a taxable REIT subsidiary and a reduction in the effective tax rate following the enactment of the 2017 Tax Act. The decrease in 2017 as compared to 2016 was primarily due to an approximate \$0.5 million state income tax refund received in 2017, partially offset by an increase in taxable income related to our third party construction activities conducted in a taxable REIT subsidiary.

## Funds from Operations (“FFO”) and Adjusted FFO (“AFFO”)

Management considers FFO and AFFO to be appropriate 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 gains (or losses) associated with the sale of previously depreciated operating properties, real estate depreciation and amortization, impairments of depreciable assets, 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 operating properties 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.

AFFO is calculated utilizing FFO less recurring capitalized expenditures which are necessary to help preserve the value of and maintain the functionality at our communities. We also consider 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 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 and AFFO should be examined in conjunction with net income attributable to common shareholders as presented in the consolidated statements of income and comprehensive income and data included elsewhere in this report. FFO and 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 and AFFO as disclosed by other REITs may not be comparable to our calculation.

Reconciliations of net income attributable to common shareholders to FFO and AFFO for the years ended December 31 are as follows:

(\$ in thousands)	2018	2017	2016
Funds from operations			
Net income attributable to common shareholders (1)	\$ 156,128	\$ 196,422	\$ 819,823
Real estate depreciation and amortization, including discontinued operations	294,283	257,540	248,235
Adjustments for unconsolidated joint ventures	8,976	8,903	9,194
Gain on sale of operating properties, net of tax	—	(43,231 )	(294,954 )
Gain on sale of discontinued operations, net of tax	—	—	(375,237 )
Income allocated to non-controlling interests	4,595	4,438	18,403
Funds from operations	\$ 463,982	\$ 424,072	\$ 425,464
Less: recurring capitalized expenditures	(72,296 )	(64,758 )	(59,084 )
Adjusted funds from operations	\$ 391,686	\$ 359,314	\$ 366,380
Weighted average shares – basic	95,208	91,499	89,580
Incremental shares issuable from assumed conversion of:			
Common share options and awards granted	158	211	323
Common units	1,835	1,884	1,891
Weighted average shares – diluted	97,201	93,594	91,794

(1)

Net income attributable to common shareholders for the year ended December 31, 2017 included approximately \$5.0 million of storm-related expenses related to Hurricanes Harvey and Irma.

## Table of Contents

### 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 6.4, 5.8, and 5.5 times for the years ended December 31, 2018, 2017, and 2016, 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, other expenses and income from discontinued operations after adding back depreciation, amortization, and interest expense from both continuing and discontinued operations. Approximately 89.6%, 80.0%, and 78.3% of our properties were unencumbered at December 31, 2018, 2017, and 2016, respectively. Our weighted average maturity of debt was approximately 4.9 years at December 31, 2018.

We also intend to strengthen our capital and liquidity positions by continuing to focus on our core fundamentals, which currently are generating positive cash flows from operations, maintaining appropriate debt levels and leverage ratios, and controlling overhead costs.

Our primary sources of liquidity are cash and cash equivalents on hand and cash flow generated from operations. Other sources may include one or more of the following: availability under our unsecured credit facility and other short-term borrowing, the use of debt and equity offerings under our automatic shelf registration statement, proceeds from property dispositions, equity issued from our 2017 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 2019 including:

- normal recurring operating expenses;
- current debt service requirements, including debt maturities;
- recurring capital expenditures;
- reposition expenditures;
- funding of property developments, redevelopments, acquisitions, and joint venture investments; and
- the minimum dividend payments required to maintain our REIT qualification under the Code.

Factors which could increase or decrease our future liquidity include but are not limited to volatility in capital and credit markets, 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 years ended December 31, 2018 and 2017.

Net cash from operating activities was approximately \$503.7 million during the year ended December 31, 2018 as compared to approximately \$434.7 million during the year ended December 31, 2017. The increase was primarily due to growth attributable to our same store, non-same store communities, including four acquisitions during 2017 and 2018, and development and lease-up communities, as well as \$15.9 million received for the settlement of an aggregate notional amount of \$400.0 million forward interest rate swap designated hedges in 2018. These increases were partially offset by a decrease relating to the disposition of one operating property during the fourth quarter of 2017. See further discussions of our 2018 operations as compared to 2017 in "Results of Operations."

Net cash used in investing activities during the year ended December 31, 2018 totaled approximately \$640.9 million as compared to \$189.8 million during the year ended December 31, 2017. During 2018, we had cash outflows for

property development and capital improvements of approximately \$359.2 million. During 2018, we also acquired three operating properties

Table of Contents

located in St. Petersburg and Orlando, Florida for approximately \$290.0 million, and had increases in non-real estate assets of \$14.5 million. These outflows were partially offset by net proceeds from the sale of land of approximately \$11.3 million and a net decrease in notes receivable of \$9.5 million. During 2017, we had cash outflows for property development and capital improvements of approximately \$299.1 million. During 2017, we also acquired one operating property located in Atlanta, Georgia for approximately \$58.3 million, had increases in non-real estate assets of \$5.1 million, and had increases of \$2.0 million in a note receivable balance outstanding on a real estate secured loan to an unaffiliated third party. These outflows were partially offset by cash receipts of \$100.0 million from the maturity of a short-term investment, and proceeds from the disposition of one operating property of \$76.9 million. The increase in property development and capital improvements for 2018, as compared to the same period in 2017, was primarily due to the timing and completion of a total of six consolidated operating properties in 2017 and 2018, and the completion of repositions and partial completion of redevelopments at several of our operating properties. The property development and capital improvements during 2018 and 2017, included the following:

(in millions)	December 31,	
	2018	2017
Expenditures for new development, including land	\$177.9	\$163.1
Capital expenditures	83.6	70.3
Reposition expenditures	49.8	38.1
Capitalized interest, real estate taxes, and other capitalized indirect costs	24.3	25.3
Redevelopment expenditures	23.6	2.3
Total	\$359.2	\$299.1

Net cash used in financing activities totaled approximately \$197.0 million during the year ended December 31, 2018 as compared to approximately \$112.9 million during the year ended December 31, 2017. During 2018, we repaid our \$175.0 million variable rate secured conventional mortgage notes and \$205.0 million fixed rate secured conventional mortgage notes. We also used approximately \$298.0 million to pay distributions to common shareholders and non-controlling interest holders, and \$14.7 million for the repurchase of our common shares and redemption of units. These cash outflows were partially offset by net proceeds of approximately \$495.5 million from the issuance of \$400.0 million senior unsecured notes and the incurrence of a \$100.0 million unsecured floating-rate term loan. During 2017, we used approximately \$280.8 million to pay distributions to common shareholders and non-controlling interest holders. We also repaid our 5.83% senior unsecured note payable of approximately \$246.8 million, as well as our tax-exempt secured notes payable of approximately \$30.7 million. These cash outflows during 2017 were partially offset by net proceeds of approximately \$445.0 million from the issuances of approximately 4.8 million common shares through an equity offering completed in September 2017 and issuances under our 2017 ATM program.

The following is a discussion of our cash flows for the years ended December 31, 2017 and 2016.

Net cash from operating activities was approximately \$434.7 million during the year ended December 31, 2017 as compared to approximately \$443.1 million during the year ended December 31, 2016. The decrease was primarily due to the disposition of 15 operating properties, a retail center, and approximately 19.6 acres of land classified as discontinued operations, and the disposition of one dual-phased operating property and six other operating properties during 2016 and one operating property during 2017. The decrease was also due to higher cash bonuses paid to employees in 2017 as compared to 2016. The decrease was partially offset by a growth attributable to our same store, non-same store, including one acquisition during 2017, and development and lease-up communities. See further discussions of our 2017 operations as compared to 2016 in "Results of Operations."

Net cash used in investing activities during the year ended December 31, 2017 totaled approximately \$189.8 million as compared to net cash from investing activities of approximately \$690.4 million during the year ended December 31, 2016. During 2017, we had cash outflows for property development and capital improvements of approximately \$299.1 million. During 2017, we also acquired one operating property located in Atlanta, Georgia for approximately \$58.3 million, had increases in non-real estate assets of \$5.1 million, and had increases of \$2.0 million in a note receivable balance outstanding on a real estate secured loan to an unaffiliated third party. These outflows were partially offset by cash receipts of \$100.0 million from the maturity of a short-term investment, and proceeds

from the disposition of one operating property of \$76.9 million. During 2016, we received approximately \$623.0 million from the sale of 15 operating properties, a retail center, and approximately 19.6 acres of land classified as discontinued operations, as well as \$515.8 million from the sale of one dual-phase operating property and six other operating properties and one land holding. These cash inflows in 2016 were partially offset by cash outflows for property development and capital improvements of approximately \$343.0 million, the purchase of a short-term investment for \$100.0 million, net increases of \$4.1 million in note receivable balances outstanding on real estate secured loans to unaffiliated third parties, and increases in non-real estate assets of \$2.6 million. The decrease in property development and capital improvements for 2017, as compared to the same period in 2016, was primarily due to the timing and completion of six consolidated operating properties in 2016 and 2017, partially offset by an increase in redevelopment expenditures relating to our reposition program at

Table of Contents

several of our operating properties. The expenditures related to property development and capital improvements during the years ended December 31, 2017 and 2016 included the following:

(in millions)	December 31,	
	2017	2016
Expenditures for new development, including land	\$163.1	\$220.4
Capital expenditures	70.3	69.7
Reposition expenditures	38.1	23.1
Capitalized interest, real estate taxes, and other capitalized indirect costs	25.3	29.8
Redevelopment expenditures	2.3	—
Total	\$299.1	\$343.0

Net cash used in financing activities totaled approximately \$112.9 million during the year ended December 31, 2017 as compared to approximately \$904.2 million during the year ended December 31, 2016. During 2017, we used approximately \$280.8 million to pay distributions to common shareholders and non-controlling interest holders. We also repaid our 5.83% senior unsecured note payable of approximately \$246.8 million, as well as our tax-exempt secured notes payable of approximately \$30.7 million. These cash outflows during 2017 were partially offset by net proceeds of approximately \$445.0 million from the issuances of approximately 4.8 million common shares through an equity offering completed in September 2017 and issuances under our 2017 ATM program. During 2016, we had payments, net of proceeds, of \$244.0 million on our unsecured credit facility and other short-term borrowings. We also used approximately \$663.4 million to pay distributions to common shareholders and non-controlling interest holders which included the payment of a \$4.25 per common share special dividend on September 30, 2016.

Financial Flexibility

We have a \$600.0 million unsecured credit facility which matures in August 2019, with two six-month options to extend the maturity date at our election to August 2020. Additionally, we have the option to further increase our credit facility to \$900.0 million by either adding additional banks to the facility or obtaining the agreement of the existing banks to increase their commitments. The interest rate on this credit facility is based upon LIBOR plus a margin which is subject to change as our credit ratings change. Advances under this 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 \$300.0 million or the remaining amount available under the credit facility. Our credit facility is subject to customary financial covenants and limitations. We believe we are in compliance with all such financial covenants and limitations on the date of this filing.

Our credit facility provides us with the ability to issue up to \$50.0 million in letters of credit. While our issuance of letters of credit does not increase our borrowings outstanding under our credit facility, it does reduce the amount available. At December 31, 2018, we had no balances outstanding on our \$600.0 million credit facility and we had outstanding letters of credit totaling approximately \$10.1 million, leaving approximately \$589.9 million available under our credit facility.

We also have a \$45.0 million unsecured short-term borrowing facility which matures in May 2019. The interest rate is based on LIBOR plus 0.95%. At December 31, 2018, we had no balances outstanding on this unsecured short-term borrowing facility, leaving \$45.0 million available under this facility.

We currently have an automatic shelf registration statement which allows us to offer, from time to time, common shares, preferred shares, debt securities, or warrants. 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 December 31, 2018 we had approximately 93.2 million common shares outstanding, net of treasury shares and shares held in our deferred compensation arrangements, and no preferred shares outstanding. In May 2017, we created an at-the market ("ATM") share offering program through which we can, but have no obligation to, sell common shares having an aggregate offering price of up to \$315.3 million (the "2017 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. The proceeds from the sale of our common shares under the 2017 ATM

program are intended to be used for general corporate purposes, which may include reducing future borrowings under our unsecured line of credit or short-term borrowing facilities, 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 had common shares having an aggregate offering price of up to \$312.8 million remaining available for sale under the 2017 ATM program. No additional shares under the 2017 ATM program were sold subsequent to December 31, 2018 through the date of this filing.



Table of Contents

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 were A3 with stable outlook, A- with stable outlook, and BBB+ with positive outlook, respectively, as of December 31, 2018. In February 2019, Standard and Poor's upgraded our senior unsecured debt rating to A- with stable outlook. 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 may not be able to borrow on a secured or unsecured basis 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 credit facility. We believe scheduled payments of debt in 2019 are manageable at \$437.3 million, which represents approximately 18.8% of our total outstanding debt, and includes amortization of debt discounts and debt issuance costs, net of scheduled principle payments of approximately \$1.8 million. See Note 10, "Notes Payable," in the notes to Consolidated Financial Statements for further discussion of scheduled maturities. We estimate the additional cost to complete the construction of the six consolidated projects to be approximately \$335.2 million. Of this amount, we expect to incur costs between approximately \$205 million and \$225 million during 2019 and to incur the remaining costs during 2020 and 2021. Additionally, we expect to incur costs between approximately \$95 million and \$105 million related to the start of new development activities, between approximately \$46 million and \$50 million of repositions and revenue enhancing expenditures, between approximately \$25 million and \$33 million in redevelopment expenditures and between approximately \$68 million and \$72 million of additional recurring capital expenditures during 2019.

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 credit facility or other short-term borrowings, the use of debt and equity offerings under our automatic shelf registration statement, proceeds from property dispositions, equity issued from our 2017 ATM program, other unsecured borrowings, or secured mortgages. We continue to evaluate our operating properties and land development 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 December 2018, we announced our Board of Trust Managers had declared a quarterly dividend of \$0.77 per common share to our common shareholders of record as of December 17, 2018. This dividend was subsequently paid on January 17, 2019 and we paid equivalent amounts per unit to holders of common operating partnership units. When aggregated with previous 2018 dividends, this distribution to common shareholders and holders of the common operating partnership units equates to an annual dividend rate of \$3.08 per share or unit for the year ended December 31, 2018. In the first quarter of 2019, the Company's Board of Trust Managers declared a first quarter dividend of \$0.80 per common share to our common shareholders of record as of March 29, 2019. Future dividend payments are paid at the discretion of the Board of Trust Managers and depend on cash flows generated from operations, the Company's financial condition and capital requirements, distribution requirements under the REIT provisions of the Code and other factors which may be deemed relevant by our Board of Trust Managers. Assuming similar dividend distributions for the remainder of 2019, our annualized dividend rate for 2019 would be \$3.20 as compared to a dividend rate of \$3.08 in 2018.

The following table summarizes our known contractual cash obligations as of December 31, 2018:

(in millions)	Total	2019	2020	2021	2022	2023	Thereafter
Debt maturities (1)	\$2,321.6	\$437.3	\$(1.9)	\$248.5	\$448.8	\$249.8	\$939.1
Interest payments (2)	435.7	84.6	75.0	68.7	59.5	43.0	104.9
Non-cancelable lease payments	18.8	2.9	3.0	3.1	2.7	2.6	4.5
	\$2,776.1	\$524.8	\$76.1	\$320.3	\$511.0	\$295.4	\$1,048.5

(1) Includes amortization of debt discounts and debt issuance costs, net of scheduled principal payments.

Includes contractual interest payments for our senior unsecured notes and secured notes. The interest payments on (2) our unsecured term loan with floating interest rates were calculated based on the interest rates in effect as of December 31, 2018.

## Table of Contents

### Off-Balance Sheet Arrangements

The joint ventures in which we have an interest have been funded in part with secured, third-party debt. At December 31, 2018, our unconsolidated joint ventures had outstanding debt of approximately \$510.7 million, of which our proportionate share was approximately \$159.8 million. As of December 31, 2018, we had no outstanding guarantees related to the loans of our unconsolidated joint ventures.

### Inflation

Substantially all of our apartment leases are for a term generally ranging from twelve to fifteen months. In an inflationary environment, we may realize increased rents at the commencement of new leases or upon the renewal of existing leases. We believe the short-term nature of our leases generally minimizes our risk from the adverse effects of inflation.

### Critical Accounting Policies

The preparation of our financial statements in conformity with GAAP requires management to make certain estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the balance sheet date, and the amounts of revenues and expenses recognized during the reporting period. These estimates are based on historical experience and other assumptions believed to be reasonable under the circumstances. The following is a discussion of our critical accounting policies. For a discussion of all of our significant accounting policies, see Note 2, "Summary of Significant Accounting Policies and Recent Accounting Pronouncements," to the accompanying consolidated financial statements.

**Valuation of Assets.** 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. In addition, we evaluate our equity investments in joint ventures and if we believe there is an other than temporary decline in market value of our investment below our carrying value, we will record an impairment charge.

The value of our properties under development depends on market conditions, including estimates of the project start date as well as estimates of demand for multifamily communities. We have reviewed market trends and other marketplace information and have 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 on our consolidated financial position and results of operations.

### Recent Accounting Pronouncements

See Note 2, "Summary of Significant Accounting Policies and Recent Accounting Pronouncements" in the notes to Consolidated Financial Statements for further discussion of recent accounting pronouncements issued during the year ended December 31, 2018.

### Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We believe the primary market risk we face is interest rate risk. We seek to mitigate this risk by following established risk management policies, which includes (i) maintaining prudent levels of fixed and floating rate debt; and (ii) extending and sequencing the maturity dates of our debt where practicable. We also periodically use derivative financial instruments, primarily interest rate swaps with major financial institutions, to manage a portion of this risk. We do not utilize derivative financial instruments for trading or speculative purposes. The table below summarizes our

debt as of December 31, 2018 and 2017:

37

---

Table of Contents

	December 31, 2018				December 31, 2017			
	Amount (in millions)	Weighted Average Maturity (in years)	Weighted Average Interest Rate	% Of Total	Amount (in millions)	Weighted Average Maturity (in years)	Weighted Average Interest Rate	% Of Total
Fixed rate debt	\$2,222.0	5.0	4.3 %	95.7 %	\$2,029.6	4.6	4.5 %	92.1 %
Variable rate debt	99.6	3.0	3.3 %	4.3 %	175.0	0.8	1.9 %	7.9 %

In order to manage interest rate exposure, we have utilized interest rate swap agreements to protect against unfavorable interest rate changes relating to forecasted debt transactions. These swaps, which are settled upon issuance of the related debt, are designated as cash flow hedges and the gains and/or losses are deferred in other comprehensive income and recognized as an adjustment to interest expense over the same period the hedged interest payments affect earnings. In 2018, we settled five forward interest rate swaps with an aggregate notional amount of \$400 million, in connection with the issuance of \$400 million senior unsecured debt in October 2018, which resulted in a cash receipt of approximately \$15.9 million. As of December 31, 2018, we have \$300 million of forward interest rate swaps outstanding to reduce the impact of variability in interest rates on a portion of expected debt issuances in 2019.

At December 31, 2018 and 2017, we did not have any amounts outstanding under our unsecured credit facility or other short-term borrowings. If interest rates on the variable rate debt listed in the table above would have been 100 basis points higher throughout 2018 and 2017, our annual interest costs would have increased by approximately \$1.0 million and \$1.8 million, respectively.

For fixed rate debt, interest rate changes affect the fair market value but do not impact net income attributable to common shareholders or cash flows. Holding other variables constant, if interest rates would have been 100 basis points higher as of December 31, 2018, the fair value of our fixed rate debt would have decreased by approximately \$90.4 million.

#### Item 8. Financial Statements and Supplementary Data

Our response to this item is included in a separate section at the end of this report beginning on page F-1.

#### Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

#### Item 9A. 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 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 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 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.

Table of Contents

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) and 15d-15(f) promulgated under the Securities Exchange Act of 1934 as follows:

A process designed by, or under the supervision of, the Company's principal executive and principal financial officers, or persons performing similar functions, and effected by the Company's board of trust managers, management, and other personnel, 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 and includes those policies and procedures that:

• Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

• Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and receipts and expenditures of the Company are being made only in accordance with authorizations of management and Board of Trust Managers of the Company; and

• Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2018. In making this assessment, management used the criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on our assessment, management concluded our internal control over financial reporting is effective as of December 31, 2018.

Deloitte & Touche LLP, an independent registered public accounting firm, has issued an attestation report regarding the effectiveness of our internal control over financial reporting, which is included herein.

February 15, 2019

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Trust Managers of Camden Property Trust

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Camden Property Trust and subsidiaries (the "Company") as of December 31, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2018, of the Company and our report dated February 15, 2019, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may

deteriorate.

/s/ DELOITTE & TOUCHE LLP

Houston, Texas

February 15, 2019

40

---



Table of Contents

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers, and Corporate Governance

Information with respect to this Item 10 is incorporated by reference from our Proxy Statement, which we expect to file on or about March 22, 2019 in connection with the Annual Meeting of Shareholders to be held on or about May 9, 2019.

Item 11. Executive Compensation

Information with respect to this Item 11 is incorporated by reference from our Proxy Statement, which we expect to file on or about March 22, 2019 in connection with the Annual Meeting of Shareholders to be held on or about May 9, 2019.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters

Information with respect to this Item 11 is incorporated by reference from our Proxy Statement, which we expect to file on or about March 22, 2019 in connection with the Annual Meeting of Shareholders to be held on or about May 9, 2019.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information with respect to this Item 13 is incorporated herein by reference from our Proxy Statement, which we expect to file on or about March 22, 2019 in connection with the Annual Meeting of Shareholders to be held on or about May 9, 2019.

Item 14. Principal Accounting Fees and Services

Information with respect to this Item 14 is incorporated herein by reference from our Proxy Statement, which we expect to file on or about March 22, 2019 in connection with the Annual Meeting of Shareholders to be held on or about May 9, 2019.

PART IV

Item 15. Exhibits and Financial Statement Schedules

The following documents are filed as part of this report:

(1) Financial Statements:

<u>Report of Independent Registered Public Accounting Firm</u>	<u>48</u>
<u>Consolidated Balance Sheets as of December 31, 2018 and 2017</u>	<u>49</u>
<u>Consolidated Statements of Income and Comprehensive Income for the Years Ended December 31, 2018, 2017, and 2016</u>	<u>50</u>
<u>Consolidated Statements of Equity for the Years Ended December 31, 2018, 2017, and 2016</u>	<u>52</u>
<u>Consolidated Statements of Cash Flows for the Years Ended December 31, 2018, 2017, and 2016</u>	<u>54</u>
<u>Notes to Consolidated Financial Statements</u>	<u>56</u>

(2) Financial Statement Schedules:

<u>Schedule III – Real Estate and Accumulated Depreciation</u>	<u>S-1</u>
<u>Schedule IV – Mortgage Loans on Real Estate</u>	<u>S-3</u>

All other schedules have been omitted since the required information is presented in the financial statements and the related notes or is not applicable.

Table of Contents

(3) Index to Exhibits:

The following exhibits are filed as part of or incorporated by reference into this report:

Exhibit No.	Description	Filed Herewith or Incorporated Herein by Reference (1)
3.1	Amended and Restated Declaration of Trust of Camden Property Trust (2)	Exhibit 3.1 to Form 10-K for the year ended December 31, 1993 - Rule 311-P
<u>3.2</u>	Amendment to the Amended and Restated Declaration of Trust of Camden Property Trust	Exhibit 3.1 to Form 10-Q for the quarter ended June 30, 1997
<u>3.3</u>	Amendment to the Amended and Restated Declaration of Trust of Camden Property Trust	Exhibit 3.1 to Form 8-K filed on May 14, 2012
<u>3.4</u>	Third Amended and Restated Bylaws of Camden Property Trust	Exhibit 99.1 to Form 8-K filed on March 12, 2013
4.1	Specimen certificate for Common Shares of Beneficial Interest (2)	Form S-11 filed on September 15, 1993 (Registration No. 33-68736) - Rule 311-P
<u>4.2</u>	Indenture for Senior Debt Securities dated as of February 11, 2003 between Camden Property Trust and U. S. Bank National Association, as successor to SunTrust Bank, as Trustee	Exhibit 4.1 to Form S-3 filed on February 12, 2003 (Registration No. 333-103119)
<u>4.3</u>	First Supplemental Indenture dated as of May 4, 2007 between the Company and U.S. Bank National Association, as successor to SunTrust Bank, as Trustee	Exhibit 4.2 to Form 8-K filed on May 7, 2007
<u>4.4</u>	Second Supplemental Indenture dated as of June 3, 2011 between the Company and U.S. Bank National Association, as successor to SunTrust Bank, as Trustee	Exhibit 4.3 to Form 8-K filed on June 3, 2011
<u>4.5</u>	Third Supplemental Indenture dated as of October 4, 2018 between the Company and U.S. Bank National Association, as successor to SunTrust Bank, as Trustee	Exhibit 4.4 to Form 8-K filed on October 4, 2018
<u>4.6</u>	Registration Rights Agreement dated as of February 28, 2005 between Camden Property Trust and the holders named therein	Form S-4 filed on November 24, 2004 (Registration No. 333-120733)

Edgar Filing: CAMDEN PROPERTY TRUST - Form 10-K

<u>4.7</u>	Form of Camden Property Trust 4.625% Note due 2021	Exhibit 4.4 to Form 8-K filed on June 3, 2011
<u>4.8</u>	Form of Camden Property Trust 2.95% Note due 2022	Exhibit 4.4 to Form 8-K filed on December 7, 2012
<u>4.9</u>	Form of Camden Property Trust 4.875% Note due 2023	Exhibit 4.5 to Form 8-K filed on June 3, 2011
<u>4.10</u>	Form of Camden Property Trust 4.250% Notes due 2024	Exhibit 4.1 to Form 8-K filed on December 2, 2013
<u>4.11</u>	Form of Camden Property Trust 3.50% Notes due 2024	Exhibit 4.1 to Form 8-K filed on September 12, 2014
<u>4.12</u>	Form of Camden Property Trust 4.100% Notes due 2028	Exhibit 4.5 to Form 8-K filed on October 4, 2018
10.1	Form of Indemnification Agreement between Camden Property Trust and certain of its trust managers and executive officers (2)	Form S-11 filed on July 9, 1993 (Registration No. 33-63588) - Rule 311-P
<u>10.2</u>	Second Amended and Restated Employment Agreement dated July 11, 2003 between Camden Property Trust and Richard J. Campo	Exhibit 10.1 to Form 10-Q for the quarter ended June 30, 2003
<u>10.3</u>	Second Amended and Restated Employment Agreement dated July 11, 2003 between Camden Property Trust and D. Keith Oden	Exhibit 10.2 to Form 10-Q for the quarter ended June 30, 2003

Edgar Filing: CAMDEN PROPERTY TRUST - Form 10-K

Table of Contents

Exhibit No.	Description	Filed Herewith or Incorporated Herein by Reference (1)
<u>10.4</u>	Form of First Amendment to Second Amended and Restated Employment Agreements, effective as of January 1, 2008, between Camden Property Trust and each of Richard J. Campo and D. Keith Oden	Exhibit 99.1 to Form 8-K filed on November 30, 2007
<u>10.5</u>	Second Amendment to Second Amended and Restated Employment Agreement, dated as of March 14, 2008, between Camden Property Trust and D. Keith Oden	Exhibit 99.1 to Form 8-K filed on March 18, 2008
<u>10.6</u>	Form of Employment Agreement by and between Camden Property Trust and certain senior executive officers	Exhibit 10.13 to Form 10-K for the year ended December 31, 1996
<u>10.7</u>	Second Amended and Restated Employment Agreement, dated November 3, 2008, between Camden Property Trust and H. Malcolm Stewart	Exhibit 99.1 to Form 8-K filed on November 4, 2008
<u>10.8</u>	Second Amended and Restated Camden Property Trust Key Employee Share Option Plan (KEYSOP) <sup>™</sup> , effective as of January 1, 2008	Exhibit 99.5 to Form 8-K filed on November 30, 2007
<u>10.9</u>	Amendment No. 1 to Second Amended and Restated Camden Property Trust Key Employee Share Option Plan, effective as of January 1, 2008	Exhibit 99.1 to Form 8-K filed on December 8, 2008
<u>10.10</u>	Form of Amended and Restated Master Exchange Agreement between Camden Property Trust and certain key employees	Exhibit 10.7 to Form 10-K for the year ended December 31, 2003
<u>10.11</u>	Form of Amended and Restated Master Exchange Agreement between Camden Property Trust and certain trust managers	Exhibit 10.8 to Form 10-K for the year ended December 31, 2003
<u>10.12</u>	Form of Amended and Restated Master Exchange Agreement between Camden Property Trust and certain key employees	Exhibit 10.9 to Form 10-K for the year ended December 31, 2003
<u>10.13</u>	Form of Master Exchange Agreement between Camden Property Trust and certain trust managers	Exhibit 10.10 to Form 10-K for the year ended December 31, 2003
<u>10.14</u>	Form of Amendment No. 1 to Amended and Restated Master Exchange Agreement (Trust Managers) effective November 27, 2007	Exhibit 10.1 to Form 10-Q filed on July 30, 2010
<u>10.15</u>	Form of Amendment No. 1 to Amended and Restated Master Exchange Agreement (Key Employees) effective November 27, 2007	Exhibit 10.2 to Form 10-Q filed on July 30, 2010
<u>10.16</u>	Form of Third Amended and Restated Agreement of Limited Partnership of Camden Operating, L.P.	Exhibit 10.1 to Form S-4 filed on February 26, 1997 (Registration No. 333-22411)

Edgar Filing: CAMDEN PROPERTY TRUST - Form 10-K

<u>10.17</u>	First Amendment to Third Amended and Restated Agreement of Limited Partnership of Camden Operating, L.P., dated as of February 23, 1999	Exhibit 99.2 to Form 8-K filed on March 10, 1999
<u>10.18</u>	Form of Second Amendment to Third Amended and Restated Agreement of Limited Partnership of Camden Operating, L.P., dated as of August 13, 1999	Exhibit 10.15 to Form 10-K for the year ended December 31, 1999
<u>10.19</u>	Form of Third Amendment to Third Amended and Restated Agreement of Limited Partnership of Camden Operating, L.P., dated as of September 7, 1999	Exhibit 10.16 to Form 10-K for the year ended December 31, 1999
<u>10.20</u>	Form of Fourth Amendment to Third Amended and Restated Agreement of Limited Partnership of Camden Operating, L.P., dated as of January 7, 2000	Exhibit 10.17 to Form 10-K for the year ended December 31, 1999

Edgar Filing: CAMDEN PROPERTY TRUST - Form 10-K

Table of Contents

Exhibit No.	Description	Filed Herewith or Incorporated Herein by Reference (1)
<u>10.21</u>	Form of Amendment to Third Amended and Restated Agreement of Limited Partnership of Camden Operating, L.P., dated as of December 1, 2003	Exhibit 10.19 to Form 10-K for the year ended December 31, 2003
<u>10.22</u>	Amended and Restated 1993 Share Incentive Plan of Camden Property Trust	Exhibit 10.18 to Form 10-K for the year ended December 31, 1999
<u>10.23</u>	Amended and Restated Camden Property Trust 1999 Employee Share Purchase Plan	Exhibit 10.1 to Form 10-Q for the quarter ended June 30, 2014
<u>10.24</u>	Amended and Restated 2002 Share Incentive Plan of Camden Property Trust	Exhibit 10.1 to Form 10-Q for the quarter ended March 31, 2002
<u>10.25</u>	Camden Property Trust 2018 Employee Share Purchase Plan	Exhibit 99.2 to Form 8-K filed on May 17, 2018
<u>10.26</u>	Amendment to Amended and Restated 2002 Share Incentive Plan of Camden Property Trust	Exhibit 99.1 to Form 8-K filed on May 4, 2006
<u>10.27</u>	Amendment to Amended and Restated 2002 Share Incentive Plan of Camden Property Trust, effective as of January 1, 2008	Exhibit 99.1 to Form 8-K filed on July 29, 2008
<u>10.28</u>	Camden Property Trust 2011 Share Incentive Plan, effective as of May 11, 2011	Exhibit 99.1 to Form 8-K filed on May 12, 2011
<u>10.29</u>	Amendment No. 1 to 2011 Share Incentive Plan of Camden Property Trust, dated as of July 31, 2012	Exhibit 99.1 to Form 8-K filed on August 6, 2012
<u>10.30</u>	Amendment No. 2 to the 2011 Share Incentive Plan of Camden Property Trust, dated as of July 30, 2013	Exhibit 99.1 to Form 8-K filed on August 5, 2013
<u>10.31</u>	Amendment No. 3 to the 2011 Share Incentive Plan of Camden Property Trust, dated as of October 28, 2015	Exhibit 99.1 to Form 8-K filed on October 29, 2015
<u>10.32</u>	Camden Property Trust 2018 Share Incentive Plan, effective as of May 17, 2018	Exhibit 99.1 to Form 8-K filed on May 17, 2018
<u>10.33</u>	Camden Property Trust Short Term Incentive Plan	Exhibit 10.2 to Form 10-Q for the quarter ended March 31, 2002
<u>10.34</u>	Second Amended and Restated Camden Property Trust Non-Qualified Deferred Compensation Plan	Exhibit 99.1 to Form 8-K filed on February 21, 2014

<u>10.35</u>	Amended and Restated Camden Property Trust Non-Qualified Deferred Compensation Plan	Filed Herewith
<u>10.36</u>	Form of Second Amended and Restated Agreement of Limited Partnership of Camden Summit Partnership, L.P. among Camden Summit, Inc., as general partner, and the persons whose names are set forth on Exhibit A thereto	Exhibit 10.5 to Form S-4 filed on November 24, 2004 (Registration No. 333-120733)
<u>10.37</u>	Form of Tax, Asset and Income Support Agreement among Camden Property Trust, Camden Summit, Inc., Camden Summit Partnership, L.P. and each of the limited partners who has executed a signature page thereto	Exhibit 10.6 to Form S-4 filed on November 24, 2004 (Registration No. 333-120733)
<u>10.38</u>	Agreement, dated as of September 14, 2018, among William F. Paulsen, the 2014 Amended and Restated William B. McGuire Junior Revocable Trust, David F. Tufaro, McGuire Family DE 2012 LP, William B. McGuire, Jr., Susanne H. McGuire, Camden Property Trust, Camden Summit, Inc. and Camden Summit Partnership, L.P.	Exhibit 99.1 to Form 8-K filed by Camden Property Trust on September 17, 2018 (File No. 1-12110)

Edgar Filing: CAMDEN PROPERTY TRUST - Form 10-K

Table of Contents

Exhibit No.	Description	Filed Herewith or Incorporated Herein by Reference (1)
<u>10.39</u>	Employment Agreement dated February 15, 1999, by and among William B. McGuire, Jr., Summit Properties Inc. and Summit Management Company, as restated on August 24, 2001	Exhibit 10.1 to Summit Properties Inc.'s Form 10-Q for the quarter ended September 30, 2001 (File No. 000-12792)
<u>10.40</u>	Amendment Agreement, dated as of June 19, 2004, among William B. McGuire, Jr., Summit Properties Inc. and Summit Management Company	Exhibit 10.8.2 to Summit Properties Inc.'s Form 10-Q for the quarter ended June 30, 2004 (File No. 001-12792)
<u>10.41</u>	Employment Agreement dated February 15, 1999, by and among William F. Paulsen, Summit Properties Inc. and Summit Management Company, as restated on April 3, 2001	Exhibit 10.1 to Summit Properties Inc.'s Form 10-Q for the quarter ended June 30, 2001 (File No. 000-12792)
<u>10.42</u>	Amendment Agreement, dated as of June 19, 2004, among William F. Paulsen, Summit Properties Inc. and Summit Management Company	Exhibit 10.8.2 to Summit Properties Inc.'s Form 10-Q for the quarter ended June 30, 2004 (File No. 001-12792)
<u>10.43</u>	Separation Agreement, dated as of February 28, 2005, between Camden Property Trust and William B. McGuire, Jr.	Exhibit 99.1 to Form 8-K filed on April 28, 2005
<u>10.44</u>	Separation Agreement, dated as of February 28, 2005, between Camden Property Trust and William F. Paulsen	Exhibit 99.2 to Form 8-K filed on April 28, 2005
<u>10.45</u>	Form of Master Credit Facility Agreement, dated as of April 17, 2009, among Summit Russett, LLC, 2009 CPT Community Owner, LLC, 2009 CUSA Community Owner, LLC, 2009 CSP Community Owner LLC, and 2009 COLP Community Owner, LLC, as borrowers, Camden Property Trust, as guarantor, and Red Mortgage Capital, Inc., as lender (3)	Exhibit 10.5 to Form 10-Q filed on July 30, 2010
<u>10.46</u>	Distribution Agency Agreement, dated May 15, 2017, between Camden Property Trust and Jefferies LLC	Exhibit 1.1 to Form 8-K filed on May 16, 2017