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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2019
OR

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

For the transition period from ______________ to _______________
Commission file number: 1-12110

CAMDEN PROPERTY TRUST
(Exact Name of Registrant as Specified in Its Charter)

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

(713) 354-2500
(Registrant's Telephone Number, Including Area Code)

N/A
(Former Name, Former Address and Former Fiscal Year, If Changed Since Last Report)

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

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

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

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

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

Large Accelerated Filer	☒	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 Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

On October 25, 2019, 96,831,663 common shares of the registrant were outstanding, net of treasury shares and shares held in our deferred compensation arrangements.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

CAMDEN PROPERTY TRUST
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(in thousands, except per share amounts)	September 30, 2019	December 31, 2018
Assets		
Real estate assets, at cost		
Land	$ 1,158,342	$ 1,098,526
Buildings and improvements	7,242,256	6,935,971
	$ 8,400,598	$ 8,034,497
Accumulated depreciation	(2,638,693)	(2,403,149)
Net operating real estate assets	$ 5,761,905	$ 5,631,348
Properties under development, including land	440,917	293,978
Investments in joint ventures	21,715	22,283
Total real estate assets	$ 6,224,537	$ 5,947,609
Accounts receivable – affiliates	23,170	22,920
Other assets, net	238,014	205,454
Cash and cash equivalents	157,239	34,378
Restricted cash	5,686	9,225
Total assets	$ 6,648,646	$ 6,219,586
Liabilities and equity		
Liabilities		
Notes payable		
Unsecured	$ 2,432,137	$ 1,836,427
Secured	45,250	485,176
Accounts payable and accrued expenses	170,689	146,866
Accrued real estate taxes	74,658	54,358
Distributions payable	80,764	74,982
Other liabilities	187,367	183,999
Total liabilities	$ 2,990,865	$ 2,781,808
Commitments and contingencies (Note 13)		
Non-qualified deferred compensation share awards	—	52,674
Equity		
Common shares of beneficial interest; $0.01 par value per share; 175,000 shares authorized; 108,882 and 105,503 issued; 106,472 and 103,080 outstanding at September 30, 2019 and December 31, 2018, respectively	1,065	1,031
Additional paid-in capital	4,538,422	4,154,763
Distributions in excess of net income attributable to common shareholders	(599,615)	(495,496)
Treasury shares, at cost (9,640 and 9,841 common shares at September 30, 2019 and December 31, 2018, respectively)	(348,556)	(355,804)
Accumulated other comprehensive (loss) income	(6,438)	6,929
Total common equity	$ 3,584,878	$ 3,311,423
Non-controlling interests	72,903	73,681
Total equity	$ 3,657,781	$ 3,385,104
Total liabilities and equity	$ 6,648,646	$ 6,219,586

See Notes to Condensed Consolidated Financial Statements (Unaudited).

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

(in thousands, except per share amounts)	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Property revenues	$ 260,672	$ 241,770	$ 765,000	$ 709,586
Property expenses				
Property operating and maintenance	$ 62,277	$ 56,973	$ 177,372	$ 165,624
Real estate taxes	31,596	30,860	98,566	91,235
Total property expenses	$ 93,873	$ 87,833	$ 275,938	$ 256,859
Non-property income				
Fee and asset management	$ 2,139	$ 1,827	$ 5,849	$ 5,651
Interest and other income	1,485	385	2,114	1,669
Income on deferred compensation plans	780	3,539	14,992	3,769
Total non-property income	$ 4,404	$ 5,751	$ 22,955	$ 11,089
Other expenses				
Property management	$ 6,154	$ 6,303	$ 18,904	$ 19,415
Fee and asset management	1,316	1,140	4,022	3,193
General and administrative	13,458	12,618	40,027	37,113
Interest	20,719	21,235	60,538	62,216
Depreciation and amortization	85,814	76,476	250,734	222,269
Expense on deferred compensation plans	780	3,539	14,992	3,769
Total other expenses	$ 128,241	$ 121,311	$ 389,217	$ 347,975
Equity in income of joint ventures	2,133	1,943	5,954	5,644
Income from continuing operations before income taxes	$ 45,095	$ 40,320	$ 128,754	$ 121,485
Income tax expense	(313)	(330)	(709)	(1,098)
Net income	$ 44,782	$ 39,990	$ 128,045	$ 120,387
Less income allocated to non-controlling interests from continuing operations	(1,185)	(1,124)	(3,436)	(3,455)
Net income attributable to common shareholders	$ 43,597	$ 38,866	$ 124,609	$ 116,932
Earnings per share – basic	$ 0.44	$ 0.41	$ 1.27	$ 1.22
Earnings per share – diluted	$ 0.44	$ 0.40	$ 1.26	$ 1.22
Weighted average number of common shares outstanding – basic	98,959	95,257	98,259	95,190
Weighted average number of common shares outstanding – diluted	99,066	95,417	98,375	95,333
Condensed Consolidated Statements of Comprehensive Income				
Net income	$ 44,782	$ 39,990	$ 128,045	$ 120,387
Other comprehensive income				
Unrealized (loss) gain on cash flow hedging activities	—	5,202	(12,998)	13,984
Reclassification of net loss (gain) on cash flow hedging activities, prior service cost and net loss on post-retirement obligation	357	35	(369)	104
Comprehensive income	$ 45,139	$ 45,227	$ 114,678	$ 134,475
Less income allocated to non-controlling interests from continuing operations	(1,185)	(1,124)	(3,436)	(3,455)
Comprehensive income attributable to common shareholders	$ 43,954	$ 44,103	$ 111,242	$ 131,020

See Notes to Condensed Consolidated Financial Statements (Unaudited).

CAMDEN PROPERTY TRUST
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited)
For the nine months ended September 30, 2019

	Common Shareholders						
(in thousands)	Common shares of beneficial interest	Additional paid-in capital	Distributions in excess of net income	Treasury shares, at cost	Accumulated other comprehensive (loss)/income	Non-controlling interests	Total equity
Equity, December 31, 2018	$ 1,031	$ 4,154,763	$ (495,496)	$ (355,804)	$ 6,929	$ 73,681	$ 3,385,104
Net income			124,609			3,436	128,045
Other comprehensive loss					(13,367)		(13,367)
Common shares issued	34	328,340					328,374
Net share awards		10,565		6,654			17,219
Employee share purchase plan		1,213		594			1,807
Change in classification of deferred compensation plan (See Note 11)		43,311	9,363				52,674
Conversion of operating partnership units		186				(186)	—
Cash distributions declared to equity holders ($2.40 per common share)			(238,091)			(4,208)	(242,299)
Other	—	44				180	224
Equity, September 30, 2019	$ 1,065	$ 4,538,422	$ (599,615)	$ (348,556)	$ (6,438)	$ 72,903	$ 3,657,781

See Notes to Condensed Consolidated Financial Statements (Unaudited).

CAMDEN PROPERTY TRUST
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY (Continued)
(Unaudited)
For the three months ended September 30, 2019

	Common Shareholders						
(in thousands)	Common shares of beneficial interest	Additional paid-in capital	Distributions in excess of net income	Treasury shares, at cost	Accumulated other comprehensive (loss)/income	Non-controlling interests	Total equity
Equity, June 30, 2019	$ 1,065	$ 4,533,667	$ (563,834)	$ (348,480)	$ (6,795)	$ 73,145	$ 3,688,768
Net income			43,597			1,185	44,782
Other comprehensive loss					357		357
Net share awards		4,625		(76)			4,549
Employee share purchase plan		57					57
Conversion of operating partnership units		71				(71)	—
Cash distributions declared to equity holders ($0.80 per common share)			(79,378)			(1,400)	(80,778)
Other		2				44	46
Equity, September 30, 2019	$ 1,065	$ 4,538,422	$ (599,615)	$ (348,556)	$ (6,438)	$ 72,903	$ 3,657,781

See Notes to Condensed Consolidated Financial Statements (Unaudited).

CAMDEN PROPERTY TRUST
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY (Continued)
(Unaudited)
For the nine months ended September 30, 2018

	Common Shareholders						
(in thousands)	Common shares of beneficial interest	Additional paid-in capital	Distributions in excess of net income	Treasury shares, at cost	Accumulated other comprehensive loss	Non-controlling interests	Total equity
Equity, December 31, 2017	$ 1,028	$ 4,137,161	$ (368,703)	$ (364,066)	$ (57)	$ 79,351	$ 3,484,714
Net income			116,932			3,455	120,387
Other comprehensive income					14,088		14,088
Net share awards		9,341		8,229			17,570
Employee share purchase plan		455		265			720
Common share options exercised		41					41
Change in classification of deferred compensation plan		(13,547)					(13,547)
Change in redemption value of non-qualified share awards			(2,048)				(2,048)
Diversification of share awards within deferred compensation plan		23,780	8,171				31,951
Conversion/redemption of operating partnership units		(9,781)				(4,634)	(14,415)
Common shares repurchased				(253)			(253)
Cash distributions declared to equity holders ($2.31 per common share)			(220,864)			(4,251)	(225,115)
Other	2	(172)					(170)
Equity, September 30, 2018	$ 1,030	$ 4,147,278	$ (466,512)	$ (355,825)	$ 14,031	$ 73,921	$ 3,413,923

See Notes to Condensed Consolidated Financial Statements (Unaudited).

CAMDEN PROPERTY TRUST
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY (Continued)
(Unaudited)
For the three months ended September 30, 2018

	Common Shareholders						
(in thousands)	Common shares of beneficial interest	Additional paid-in capital	Distributions in excess of net income	Treasury shares, at cost	Accumulated other comprehensive loss	Non-controlling interests	Total equity
Equity, June 30, 2018	$ 1,027	$ 4,132,404	$ (436,575)	$ (355,752)	$ 8,794	$ 78,706	$ 3,428,604
Net income			38,866			1,124	39,990
Other comprehensive income					5,237		5,237
Net share awards		4,442		(73)			4,369
Employee share purchase plan		63					63
Change in classification of deferred compensation plan		(2,912)					(2,912)
Change in redemption value of non-qualified share awards			(3,024)				(3,024)
Diversification of share awards within deferred compensation plan		23,143	7,857				31,000
Conversion/redemption of operating partnership units		(9,859)				(4,556)	(14,415)
Cash distributions declared to equity holders ($0.77 per common share)			(73,636)			(1,353)	(74,989)
Other	3	(3)					—
Equity, September 30, 2018	$ 1,030	$ 4,147,278	$ (466,512)	$ (355,825)	$ 14,031	$ 73,921	$ 3,413,923

See Notes to Condensed Consolidated Financial Statements (Unaudited).

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

(in thousands)	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Cash flows from operating activities		
Net income	$ 128,045	$ 120,387
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	250,734	222,269
Distributions of income from joint ventures	5,954	5,573
Equity in income of joint ventures	(5,954)	(5,644)
Share-based compensation	12,183	12,337
Settlement of forward interest rate swaps	(20,430)	—
Net change in operating accounts and other	37,903	21,028
Net cash from operating activities	$ 408,435	$ 375,950
Cash flows from investing activities		
Development and capital improvements, including land	$ (300,661)	$ (272,340)
Acquisition of operating properties	(214,233)	(290,005)
Proceeds from sale of land	—	11,296
Increase in non-real estate assets	(13,793)	(12,436)
Decrease (increase) in note receivable	(27)	9,475
Other	(770)	2,219
Net cash from investing activities	$ (529,484)	$ (551,791)
Cash flows from financing activities		
Borrowings on unsecured credit facility and other short-term borrowings	$ 1,167,000	$ 62,000
Repayments on unsecured credit facility and other short-term borrowings	(1,167,000)	(8,000)
Repayment of notes payable	(440,103)	(1,072)
Proceeds from notes payable	593,409	—
Distributions to common shareholders and non-controlling interests	(236,489)	(223,029)
Proceeds from issuance of common shares	328,374	—
Payment of deferred financing costs	(6,009)	(752)
Repurchase of common shares and redemption of units	—	(14,668)
Other	1,189	2,147
Net cash from financing activities	$ 240,371	$ (183,374)
Net increase (decrease) in cash, cash equivalents, and restricted cash	119,322	(359,215)
Cash, cash equivalents, and restricted cash, beginning of year	43,603	377,805
Cash, cash equivalents, and restricted cash, end of period	$ 162,925	$ 18,590
Reconciliation of cash, cash equivalents, and restricted cash to the Condensed Consolidated Balance Sheets		
Cash and cash equivalents	$ 157,239	$ 8,529
Restricted cash	5,686	10,061
Total cash, cash equivalents, and restricted cash, end of period	$ 162,925	$ 18,590
Supplemental information		
Cash paid for interest, net of interest capitalized	$ 49,793	$ 58,597
Cash paid for income taxes	1,209	1,954
Supplemental schedule of noncash investing and financing activities		
Distributions declared but not paid	$ 80,764	$ 74,976
Value of shares issued under benefit plans, net of cancellations	18,388	17,841
Accrual associated with construction and capital expenditures	18,474	26,207
Right-of-use assets obtained in exchange for the use of new operating lease liabilities	15,666	—

See Notes to Condensed Consolidated Financial Statements (Unaudited).

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

1. Description of Business

Business. Formed on May 25, 1993, Camden Property Trust, a Texas real estate investment trust ("REIT"), and all consolidated subsidiaries are primarily engaged in the ownership, management, development, redevelopment, acquisition, and construction of multifamily apartment communities. Our multifamily apartment communities are referred to as "communities," "multifamily communities," "properties," or "multifamily properties" in the following discussion. As of September 30, 2019, we owned interests in, operated, or were developing 172 multifamily properties comprised of 58,209 apartment homes across the United States. Of the 172 properties, seven properties were under construction as of September 30, 2019, and will consist of a total of 1,938 apartment homes when completed. We also own land holdings which we may develop into multifamily communities in the future.

2. Summary of Significant Accounting Policies and Recent Accounting Pronouncements

Principles of Consolidation. Our condensed consolidated financial statements include our accounts and the accounts of other subsidiaries and joint ventures (including partnerships and limited liability companies) over which we have control. All intercompany transactions, balances, and profits have been eliminated in consolidation. Investments acquired or created are evaluated based on the accounting guidance relating to variable interest entities ("VIEs"), which requires the consolidation of VIEs in which we are considered to be the primary beneficiary. If the investment is determined not to be a VIE, then the investment is evaluated for consolidation primarily using a voting interest model. In determining if we have a controlling financial interest, we consider factors such as ownership interests, authority to make decisions, kick-out rights and participating rights. As of September 30, 2019, two of our consolidated operating partnerships are VIEs. We are considered the primary beneficiary of both consolidated operating partnerships and therefore consolidate these operating partnerships. As of September 30, 2019, we held approximately 92% and 95% of the outstanding common limited partnership units and the sole 1% general partnership interest in each of these consolidated operating partnerships.

Interim Financial Reporting. We have prepared these unaudited financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial statements and the applicable rules and regulations of the Securities and Exchange Commission ("SEC"). Accordingly, these statements do not include all information and footnote disclosures required for annual statements. While we believe the disclosures presented are adequate for interim reporting, these interim unaudited financial statements should be read in conjunction with the audited financial statements and notes included in our 2018 Annual Report on Form 10-K. Certain amounts have been presented separately within financing activities in the unaudited condensed consolidated statements of cash flows for the nine months ended September 30, 2018 to conform to the current year presentation. These changes in presentation had no impact in our condensed consolidated cash flows from financing activities. Additionally, we adopted Accounting Standards Update ("ASU") 2016-02, *"Leases"* on January 1, 2019. ASU 2016-02 requires us, based on our election of a practical expedient, to combine lessor lease and non-lease components as a single component under certain conditions. For the three and nine months ended September 30, 2018, we combined other property revenues with rental revenues to conform to the current year presentation.

Acquisitions of Real Estate. Upon acquisition of real estate, we determine the fair value of tangible and intangible assets, which includes land, buildings (as-if-vacant), furniture and fixtures, the value of in-place leases, including above and below market leases, and acquired liabilities. In estimating these values, we apply methods similar to those used by independent appraisers of income-producing property. We generally believe acquisitions of operating properties are asset acquisitions, which include the capitalization of transaction costs. Estimates of fair value of acquired debt are based upon interest rates available for the issuance of debt with similar terms and remaining maturities. Depreciation is computed on a straight-line basis over the remaining useful lives of the related tangible assets. The value of in-place leases and above or below market leases is amortized over the estimated average remaining life of leases in place at the time of acquisition; the net carrying value of in-place leases are included in other assets, net and the net carrying value of above or below market leases are included in other liabilities, net in our condensed consolidated balance sheets.

We recognized amortization expense related to in-place leases of approximately $3.4 million and $2.4 million for the three months ended September 30, 2019 and 2018, respectively, and approximately $8.8 million and $8.0 million for the nine months ended September 30, 2019 and 2018, respectively. We recognized amortization expense related to net below market leases approximately $0.1 million and $0.2 million for the nine months ended September 30, 2019 and 2018, respectively. During the three and nine months ended September 30, 2019, the weighted average amortization periods for in-place and net below market leases were approximately six months and five months, respectively. During the three and nine months ended September 30, 2018, the weighted average amortization periods for in-place and net below market leases were approximately seven months and five months, respectively.

Asset Impairment. Long-lived assets are reviewed for impairment annually or whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Impairment may exist if estimated future undiscounted cash flows associated with long-lived assets are not sufficient to recover the carrying value of such assets. We consider projected future undiscounted cash flows, trends, strategic decisions regarding future development plans, and other factors in our assessment of whether impairment conditions exist. While we believe our estimates of future cash flows are reasonable, different assumptions regarding a number of factors including, but not limited to, market rents, economic conditions, and occupancies could significantly affect these estimates. In estimating fair value management uses appraisals, management estimates, and discounted cash flow calculations which utilize inputs from a marketplace participant's perspective. When impairment exists the long-lived asset is adjusted to its fair value. 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. We did not record any impairment charges for the three or nine months ended September 30, 2019 or 2018.

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 in our consolidated financial position and results of operations.

Cost Capitalization. Real estate assets are carried at cost plus capitalized carrying charges. Carrying charges are primarily interest and real estate taxes which are capitalized as part of properties under development. Capitalized interest is generally based on the weighted average interest rate of our unsecured debt and was approximately $4.0 million and $3.3 million for the three months ended September 30, 2019 and 2018, respectively, and was approximately $9.9 million and $10.8 million for the nine months ended September 30, 2019 and 2018, respectively. Capitalized real estate taxes were approximately $0.4 million for both the three months ended September 30, 2019 and 2018 and were approximately $2.3 million and $1.9 million for the nine months ended September 30, 2019 and 2018, respectively.

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

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

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

Derivative Financial Instruments. Derivative financial instruments are recorded in the condensed consolidated balance sheets at fair value and presented on a gross basis for financial reporting purposes even when those instruments are subject to master netting arrangements and may otherwise qualify for net presentation. Accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether we have elected to designate a derivative in a hedging relationship and apply hedge accounting, and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows or other types of forecasted transactions are cash flow hedges. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes attributable to the earnings effect of the hedged transactions. We may enter into derivative contracts which are intended to economically hedge certain of our risks, for which hedge accounting does not apply or we elect not to apply hedge accounting.

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

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

- Level 1: Quoted prices for identical instruments in active markets.
- Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.
- Level 3: Significant inputs to the valuation model are unobservable.

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

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

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

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

Non-Recurring Fair Value Measurements. Certain assets are measured at fair value on a non-recurring basis. These assets are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances. These assets primarily include long-lived assets which are recorded at fair value if they are impaired using the fair value methodologies used to measure long-lived assets described above at "Asset Impairment." Non-recurring fair value disclosures are not provided for impairments on assets disposed during the period because they are no longer owned by us. The inputs associated with the valuation of long-lived assets are generally included in Level 3 of the fair value hierarchy, unless a quoted price for a similar long-lived asset in an active market exists, at which time they are included in Level 2 of the fair value hierarchy.

Financial Instrument Fair Value Disclosures. As of September 30, 2019 and December 31, 2018, the carrying values of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses and distributions payable represented fair value because of the short-term nature of these instruments. The carrying value of restricted cash approximates its fair value based on the nature of our assessment of the ability to recover these amounts. The carrying values of our notes receivable also approximate their fair values, which are based on certain factors, such as market interest rates, terms of the note and credit worthiness of the borrower. These financial instruments utilize Level 3 inputs. In calculating the fair value of our notes payable, interest rate and spread assumptions reflect current credit worthiness and market conditions available for the issuance of notes payable with similar terms and remaining maturities. These financial instruments utilize Level 2 inputs.

Note Receivable. We have one note receivable included in other assets, net, in our condensed consolidated balance sheets, relating to a real estate secured loan made to an unaffiliated third party. This note receivable matures on October 1, 2025. At both September 30, 2019 and December 31, 2018, the outstanding note receivable principal balance was approximately $9.3 million. The weighted average interest rate was approximately 7.0% and 4.0% for the nine months ended September 30, 2019 and 2018, respectively. Interest is recognized over the life of the note and included in interest and other income in our condensed consolidated statements of income and comprehensive income. We consider a note receivable to be impaired and will record an allowance when it is probable we will not be able to collect all contractual amounts due.

Recent Accounting Pronouncements. In August 2018, the Financial Accounting Standards Board ("FASB") issued ASU 2018-15, *"Intangibles—Goodwill and Other— Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract."* ASU 2018-15 aligns the accounting for costs incurred to implement a cloud computing arrangement which is a service arrangement with the guidance on capitalizing costs associated with developing or obtaining internal-use software. ASU 2018-15 is effective for interim and annual periods beginning after December 15, 2019, and early adoption is permitted. This standard may be applied using the prospective transition method which is applicable to costs for activities on service contracts entered, renewed, materially modified or performed after the effective date or the retrospective transition method which allows us to recognize a cumulative effect adjustment to the opening balance of retained earnings, if any, as of the adoption date. We will adopt ASU 2018-15 as of January 1, 2020, using the prospective transition method and will present future qualified capitalizable costs relating to new completed cloud computing arrangements which are service arrangements as prepaid assets on our consolidated balance sheets, as cash flows from operating activities on our consolidated statement of cash flows, and the associated amortization as general and administrative expenses on our consolidated statements of income and comprehensive income. We do not expect our adoption of ASU 2018-15 to have a material impact on our consolidated financial statements.

In August 2018, FASB issued ASU 2018-13 "*Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement.*" ASU 2018-13 removes, modifies, and adds certain fair value disclosure requirements including (i) the removal of disclosures regarding amounts, reasons, and timing for transfers between Levels 1 and 2 as well as descriptions of valuation processes used for Level 3 measurements of the fair value hierarchy; (ii) modified disclosures for the timing of liquidation of investee assets; (iii) clarifies the narrative description of the measurement uncertainty of Level 3 fair value measurements at the reporting date does not need to include sensitivity of future changes; (iv) add disclosures related to changes in unrealized gains and losses in other comprehensive income for recurring Level 3 fair value measurements to also be included in the statement of comprehensive income; and (v) add disclosures for the range and weighted average of significant unobservable inputs. ASU 2018-13 is effective January 1, 2020 for the additional disclosures and early adoption of the removal and amended disclosures is allowed. We will adopt ASU 2018-13 as of January 1, 2020 and do not expect the adoption to have a material impact on our consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *"Leases."* ASU 2016-02 and its related amendments codify Accounting Standard Codification ("ASC") 842 and provides new guidance for accounting for leases. We adopted ASC 842 as of January 1, 2019 using the transition practical expedient which allows us to recognize a cumulative-effect adjustment to the opening balance of retained earnings as of the adoption date and to initially apply the new lease standard to leases which existed as of January 1, 2019. Upon our adoption of ASC 842, as a lessee we recorded a right-of-use asset and a corresponding liability in our condensed consolidated balance sheet, as a lessor we now present combined lease and non-lease components as a single component in our condensed consolidated statement of income and comprehensive income, and this ASU did not have an impact on the opening balance of retained earnings as of the adoption date. In addition to the transition practical expedient, we elected other practical expedients during our adoption of the new lease standard. For both lessor and lessee contracts, we elected the practical expedient package to not reassess: (i) whether any expired or existing contract is a lease or contains a lease, (ii) the lease classification of any expired or existing leases, and (iii) the accounting for initial direct costs for any existing leases.

As a lessor, we also elected practical expedients to:

- not separate the lease and non-lease components by class of underlying assets and account for the combined components as a single component under certain conditions, and
- exclude from lease revenues the sales taxes collected from lessees and certain lessor costs paid directly by the lessee (as of the date of adoption, we did not have material sales tax collected from customers or lessor costs paid by customers).

As a lessee, we also elected the practical expedients to:

- use hindsight to determine lease terms and impairment of the right-of-use assets for existing lease contracts,
- not separate lease and non-lease components by class of underlying asset when certain conditions are met which is consistent with our current accounting, and
- not recognize short-term lease contracts with a duration of 12 months or less (short-term leases) in our condensed consolidated balance sheet.

We earn income from the leasing of our owned real estate properties which is considered our only lessor underlying asset class. Substantially all of our real estate lessor commitments will continue to be accounted for as operating leases and the new leasing standard did not have a material impact on our property revenues. As a lessee, we enter into lease contracts to facilitate the operations and needs of our business and our operating leases primarily consist of our office facility leases which are considered our only lessee underlying asset class. Our lessee operating lease commitments are subject to this standard and recognized as operating lease liabilities and right-of-use assets upon adoption. See Note 3, "Revenues," as it relates to our lessor leases and Note 4, "Leases" as it relates to our lessee leases for additional disclosures required by ASC 842.

3. Revenues

The majority of our revenues are derived from real estate lease contracts which are accounted for pursuant to ASC 842 and presented as property revenues, which include rental revenue and revenue from amounts received under contractual terms for other services provided to our customers. Our other revenue stream includes fee and asset management income in accordance with other revenue guidance, ASC 606, *Revenues from Contracts with Customers*. A detail of these revenue streams are discussed below:

Property Revenue. We earn rental revenue from operating lease contracts for the use of dedicated spaces within owned assets which is recognized on a straight-line basis over the applicable lease term, net of amounts related to lease contracts identified as uncollectible. We also earn revenues from amounts received under contractual terms for other services considered non-lease components within a lease contract, primarily consisting of utility rebillings and other transactional fees, and are charged to our residents and recognized monthly as earned. We elected the practical expedient to not separate lease and non-lease components and have presented our property revenues combined based upon the lease being determined to be the predominant component. Any uncollectible amounts related to individual lease contracts are presented as an adjustment to property revenue. Any renewal options of real estate lease contracts are considered a new, separate contract and will be recognized at the time the option is exercised on a straight-line basis over the renewal period.

As of September 30, 2019, our average residential lease term was between twelve months to fifteen months with all other commercial leases averaging longer lease terms. We anticipate property revenue from existing leases as follows:

(in millions)

Year ended December 31,		**Operating Leases**
Remainder of 2019	$	258.4
2020		478.5
2021		9.7
2022		5.1
2023		4.4
Thereafter		31.7
Total	$	787.8

Fee and Asset Management Income. We receive property management, asset management, and development and construction fees from our joint ventures for managing the ventures and managing the activities, development, and construction of their operating communities. While the individual activities related to these fees may vary the services provided are substantially similar, have the same pattern of transfer, and are considered to be individual performance obligations composed of a series of distinct services recognized monthly as earned.

We also earn construction fees for construction management and general contracting services we provide to third-party owners of multifamily and commercial properties. These fees are recognized as we satisfy our single performance obligation over time based on a percentage-of-completion of cost basis which we believe is an accurate depiction of the transfer of control to our customers. For these contracts, significant judgment is used to estimate the cost plus margin for the project fee and our profitability on those contracts is dependent on the ability to accurately predict such factors.

Contract Balances. We record third-party construction receivables for amounts where we have unconditional rights to payments earned but not received and liabilities for amounts received but not earned. For the three and nine months ended September 30, 2019 and 2018, these contract receivables and liability balances were immaterial.

4. Leases

Substantially all of our operating leases recorded in our condensed consolidated balance sheet at January 1, 2019 upon adoption of ASC 842 are related to office facility leases. The lease and non-lease components are accounted for as a combined single component based upon the standalone price at the time the applicable lease is commenced and is recognized as a lease expense on a straight-line basis over the lease term. Most of our office facility leases include options to renew and generally are not included in the operating lease liabilities or right-of-use ("ROU") assets as they are not reasonably certain of being exercised. If an option to renew is exercised, it would be considered a separate contract and recognized based upon the standalone price at the time the option to renew is exercised. Variable lease payments which values are not known at lease commencement, such as executory costs of real estate taxes, property insurance, and common area maintenance, are expensed as incurred.

As of September 30, 2019, we had no significant leases executed but not yet commenced and did not record any impairment charges related to our ROU assets. See Note 13, "Commitments and Contingencies," for maturities of lease liabilities. The following is a summary of our operating lease related information:

($ in millions)		As of
Balance sheet	**Classification**	**September 30, 2019**
Right-of-use assets, net	Other assets, net	$ 11.1
Operating lease liabilities	Other liabilities	$ 15.7

($ in millions)			
Statement of income and comprehensive income	**Classification**	**Three Months Ended September 30, 2019**	**Nine Months Ended September 30, 2019**
Rent expense related to operating lease liabilities	General and administrative expenses and property management expenses	$ 0.7	$ 2.2
Variable lease expense	General and administrative expenses and property management expenses	$ 0.3	$ 1.0
Statement of cash flows			
Cash flows from operating leases	Net cash from operating activities	$ 0.7	$ 2.3
Supplemental lease information			
Weighted average remaining lease term (years)			5.6
Weighted average discount rate - operating leases *(1)*			4.9%

(1) We use a secured incremental borrowing rate, as defined by ASC 842 based on an estimated secured rate with applicable adjustments, as most of our lease contracts do not provide a readily determinable implicit rate.

5. Per Share Data

Basic earnings per share is computed using net income attributable to common shareholders and the weighted average number of common shares outstanding. Diluted earnings per share reflects common shares issuable from the assumed conversion of common share options and share awards granted and units convertible into common shares. Only those items having a dilutive impact on our basic earnings per share are included in diluted earnings per share. Our unvested share-based awards are considered participating securities and are reflected in the calculation of basic and diluted earnings per share using the two-class method. The number of common share equivalent securities excluded from the diluted earnings per share calculation were approximately 1.9 million for both the three and nine months ended September 30, 2019 and approximately 2.1 million and 2.2 million for the three and nine months ended September 30, 2018, respectively. These securities, which include common share options and share awards granted and units convertible into common shares, were excluded from the diluted earnings per share calculations as they are anti-dilutive.

The following table presents information necessary to calculate basic and diluted earnings per share for the periods indicated:

(in thousands, except per share amounts)	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Earnings per common share calculation – basic				
Income from continuing operations attributable to common shareholders	$ 43,597	$ 38,866	$ 124,609	$ 116,932
Amount allocated to participating securities	(89)	(284)	(284)	(831)
Net income attributable to common shareholders – basic	$ 43,508	$ 38,582	$ 124,325	$ 116,101
Total earnings per common share – basic	$ 0.44	$ 0.41	$ 1.27	$ 1.22
Weighted average number of common shares outstanding – basic	98,959	95,257	98,259	95,190
Earnings per common share calculation – diluted				
Net income attributable to common shareholders – diluted	$ 43,508	$ 38,582	$ 124,325	$ 116,101
Total earnings per common share – diluted	$ 0.44	$ 0.40	$ 1.26	$ 1.22
Weighted average number of common shares outstanding – basic	98,959	95,257	98,259	95,190
Incremental shares issuable from assumed conversion of:				
Common share options and share awards granted	107	160	116	143
Weighted average number of common shares outstanding – diluted	99,066	95,417	98,375	95,333

6. Common Shares

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 $900 million unsecured line of credit, the repayment of other indebtedness, the redemption or other repurchase of outstanding debt or equity securities, funding for development activities, and financing for acquisitions.

For the three and nine months ended September 30, 2019, and through the date of this filing, we did not sell any shares under the 2017 ATM program. 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.

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. There were no repurchases during the three and nine months ended September 30, 2019. 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.

We currently have an automatic shelf registration statement which allows us to offer common shares, preferred shares, debt securities, or warrants, and our Amended and Restated Declaration of Trust provides we may issue up to 185 million shares of beneficial interest, consisting of 175 million common shares and 10 million preferred shares. At September 30, 2019, we had approximately 96.8 million common shares outstanding, net of treasury shares and shares held in our deferred compensation arrangements, and no preferred shares outstanding. In February 2019, we issued approximately 3.4 million common shares in an underwritten equity offering and received approximately $328.4 million in net proceeds, which we used to acquire one operating property in Scottsdale, Arizona, and repay amounts on our unsecured line of credit and certain secured conventional mortgage debt.

7. Acquisitions and Dispositions

Asset Acquisition of Operating Properties. In May 2019, we acquired one operating property comprised of 326 apartment homes located in Austin, Texas for approximately $120.4 million. In February 2019, we acquired one operating property comprised of 316 apartment homes located in Scottsdale, Arizona for approximately $97.1 million. 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.

Acquisition of Land. In May 2019, we acquired approximately 11.6 acres of land in Tempe, Arizona for approximately $18.0 million for the development of approximately 400 apartment homes. In April 2019, we acquired approximately 4.3 acres of land in Charlotte, North Carolina for approximately $10.9 million for the development of approximately 400 apartment homes. In April 2018, we acquired approximately 1.8 acres of land in Orlando, Florida for approximately $11.4 million for the development of approximately 360 wholly-owned apartment homes which commenced construction during the quarter ended June 30, 2018.

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

8. Investments in Joint Ventures

Our equity investments in unconsolidated joint ventures, which we account for utilizing the equity method of accounting, consists of three funds (collectively, the "Funds"). As of September 30, 2019, we had an ownership interest of 31.3% in two discretionary investment funds. In March 2015, we completed the formation of the third fund with an unaffiliated third party for additional multifamily investments of up to $450 million. In June 2019, we amended the third fund's agreement, among other things, to reduce the investments from $450 million to approximately $360 million and increase our ownership interest from 20% to 40%. This third fund did not own any properties as of September 30, 2019 or 2018. We provide property and asset management and other services to the Funds which own operating properties and we may also provide construction and development services to the Funds which own properties under development. The following table summarizes the combined balance sheets and statements of income data for the Funds as of and for the periods presented:

(in millions)	September 30, 2019	December 31, 2018
Total assets	$ 698.9	$ 695.2
Total third-party debt	514.1	510.7
Total equity	156.5	158.4

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2019	2018	2019	2018
Total revenues	$ 33.3	$ 32.5	$ 98.5	$ 95.3
Net income	4.4	4.0	12.3	11.6
Equity in income *(1)*	2.1	1.9	6.0	5.6

(1) Equity in income excludes our ownership interest of fee income from various services provided by us to the Funds.

The Funds have been funded in part with secured third-party debt and, as of September 30, 2019, we had no outstanding guarantees related to debt of the Funds.

We may earn fees for property and asset management, construction, development, and other services related to the Funds and may earn a promoted equity interest if certain thresholds are met. We eliminate fee income for services provided to the Funds to the extent of our ownership. Fees earned for these services, net of eliminations, were approximately $1.7 million and $1.5 million for the three months ended September 30, 2019 and 2018, respectively, and approximately $4.6 million and $4.3 million for the nine months ended September 30, 2019 and 2018, respectively.

9. Notes Payable

The following is a summary of our indebtedness:

(in millions)	September 30, 2019	December 31, 2018
Commercial banks		
3.11% Term Loan, due 2022	$ 99.7	$ 99.6
Senior unsecured notes		
4.78% Notes, due 2021	$ 249.3	$ 249.1
3.15% Notes, due 2022	347.8	347.3
5.07% Notes, due 2023	248.3	248.0
4.36% Notes, due 2024	248.9	248.7
3.68% Notes, due 2024	247.9	247.6
3.74% Notes, due 2028	396.6	396.1
3.67% Notes, due 2029	593.6	—
	$ 2,332.4	$ 1,736.8
Total unsecured notes payable	$ 2,432.1	$ 1,836.4
Secured notes		
4.38% Conventional Mortgage Loan, due 2045	$ 45.3	$ 45.9
5.19% Conventional Mortgage Notes, due 2019	—	419.9
5.33% Conventional Mortgage Loan, due 2019	—	19.4
Total secured notes payable	$ 45.3	$ 485.2
Total notes payable *(1)*	$ 2,477.4	$ 2,321.6

(1) Unamortized debt discounts and debt issuance costs of $18.0 million and $13.9 million are included in senior unsecured and secured notes payable as of September 30, 2019 and December 31, 2018, respectively.

In March 2019, we amended and restated our $600 million unsecured credit facility to, among other things, extend the maturity date from August 2019 to March 2023, with two options to further extend the facility at our election for two additional six month periods, and increase the facility from $600 million to $900 million, which may be expanded three times by up to an additional $500 million upon satisfaction of certain conditions. The interest rate on our unsecured credit facility is based upon the London Interbank Offered Rate ("LIBOR") plus a margin which is subject to change as our credit ratings change. Advances under our 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 $450 million or the remaining amount available under our 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 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 September 30, 2019, we did not have any amounts outstanding on our $900 million credit facility and we had outstanding letters of credit totaling approximately $8.9 million, leaving approximately $891.1 million available under our credit facility.

In June 2019, we issued $600.0 million aggregate principal amount of 3.150% senior unsecured notes due July 1, 2029 (the "2029 Notes") under our existing shelf registration statement. The 2029 Notes were offered to the public at 99.751% of their face amount with a stated rate of 3.150% and a yield to maturity of 3.179%. In anticipation of the offering of the 2029 Notes, we initiated forward interest rate swap agreements with an aggregate notional amount of $300.0 million. After giving effect to the settlement of the swap agreements, which will be recognized over the first seven years of the 2029 Notes as discussed below in Note 10, "Derivative Financial Instruments and Hedging Activities," and deducting the underwriting discounts and other estimated expenses of the offering, the effective annual interest rate on the 2029 Notes is approximately 3.84% through June 2026, and approximately 3.28% thereafter, for an all-in average effective rate of approximately 3.67%. We received net proceeds of approximately $593.4 million, net of underwriting discounts and other estimated offering expenses. Interest on the 2029 Notes is payable semi-annually on January 1 and July 1, beginning January 1, 2020. We may redeem the 2029 Notes, in whole or in part, at any time at a redemption price equal to the principal amount and accrued interest of the notes being redeemed plus a make-whole provision. If, however, we redeem the 2029 Notes 90 days or fewer prior to the maturity date, the redemption price will equal 100% of the principal amount of the 2029 Notes to be redeemed plus accrued and unpaid interest on the amount being redeemed to the redemption date. The 2029 Notes are direct, senior unsecured obligations and rank equally with all of our other unsecured and unsubordinated indebtedness. We used the proceeds from the offering of the 2029 Notes to repay outstanding balances on our unsecured line of credit in June 2019, the prepayment of secured debt in late October 2019 (discussed below) and for general corporate purposes which included property development, capital expenditures, and working capital.

In the first quarter of 2019, we repaid approximately $439.3 million of secured conventional mortgage debt utilizing our unsecured credit facility and proceeds from our equity offering completed in February 2019.

We had outstanding floating rate debt of approximately $99.7 million and $229.0 million at September 30, 2019 and 2018, respectively. The weighted average interest rate on such debt was approximately 3.1% and 2.9% for the nine months ended September 30, 2019 and 2018, respectively.

Our indebtedness had a weighted average maturity of approximately 5.6 years at September 30, 2019. The table below is a summary of the maturity dates of our outstanding debt and principal amortizations, and the weighted average interest rates on such debt, at September 30, 2019:

(in millions) (1)	Amount	Weighted Average Interest Rate *(2)*
2019 *(3)*	$ 293.9	4.7%
2020	(3.0)	—
2021	(3.1)	—
2022	447.1	3.1
2023	248.0	5.1
Thereafter	1,494.5	3.9
Total	$ 2,477.4	4.0%

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

(2) Includes the effects of the applicable settled forward interest rate swaps.

(3) Includes the $250 million 4.78% Senior Notes due 2021 and the $45.3 million 4.38% secured conventional mortgage note due 2045. In late October 2019, we redeemed the Senior Notes due 2021 and prepaid the secured conventional notes due 2045. See below for further discussion.

In October 2019, we issued $300.0 million aggregate principal amount of 3.350% senior unsecured notes due November 1, 2049 (the "2049 Notes") under our existing shelf registration statement. The 2049 Notes were offered to the public at 99.941% of their face amount with a stated rate of 3.350% and a yield to maturity of 3.353%. We received net proceeds of approximately $296.6 million, net of underwriting discounts and other estimated offering expenses. Interest on the 2049 Notes is payable semi-annually on May 1 and November 1, beginning May 1, 2020. We may redeem the 2049 Notes, in whole or in part, at any time at a redemption price equal to the principal amount and accrued interest of the notes being redeemed, plus a make-whole provision. If, however, we redeem the 2049 Notes within six months of the maturity date, the redemption price will equal 100% of the principal amount of the 2049 Notes to be redeemed plus accrued and unpaid interest on the amount being redeemed to the redemption date. The 2049 Notes are direct, senior unsecured obligations and rank equally with all of our other unsecured and unsubordinated indebtedness.

In late October 2019, we used the net proceeds from the 2049 Notes, together with cash on hand from the proceeds of the 2029 Notes, to fund the early redemption of all of the $250 million aggregate principal amount of our 4.78% effective rate Senior Notes due 2021, plus a make-whole premium and accrued and unpaid interest to the date of redemption, and to prepay all of the approximately $45.3 million aggregate principal amount of our 4.38% secured conventional mortgage note due 2045, plus a prepayment premium and interest to the date of repayment. In connection with these transactions, we will record an approximate $12 million charge in the fourth quarter of 2019.

10. Derivative Financial Instruments and Hedging Activities

Risk Management Objective of Using Derivatives. We are exposed to certain risks arising from both our business operations and economic conditions. We principally manage our exposures to a wide variety of business and operational risks through management of our core business activities. We manage economic risks, including interest rate, liquidity, and credit risk, primarily by managing the amount, sources, and duration of our debt funding and the use of derivative financial instruments. Specifically, we may enter into derivative financial instruments to manage exposures arising from business activities resulting in differences in the amount, timing, and duration of our known or expected cash payments principally related to our borrowings. See Note 2, "Summary of Significant Accounting Policies and Recent Accounting Pronouncements" for a further discussion of derivative financial instruments.

Cash Flow Hedges of Interest Rate Risk. Our objectives in using interest rate derivatives are to add stability to interest expense and to manage our exposure to interest rate movements. To accomplish these objectives, we primarily use interest rate swaps and caps as part of our interest rate risk management strategy. Interest rate swaps involve the receipt of variable rate amounts from a counterparty in exchange for us making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. Interest rate caps involve the receipt of variable rate amounts from a counterparty if interest rates rise above the strike rate on the contract in exchange for an upfront premium.

Designated Hedges. The gain or loss on derivatives designated and qualifying as cash flow hedges is reported as a component of other comprehensive income or loss, and subsequently reclassified into earnings in the period the hedged forecasted transaction affects earnings and is presented in the same line item as the earnings effect of the hedged item. In connection with the 2029 Notes issued in June 2019, we settled all of our remaining outstanding forward interest rate swaps with a total notional value of $300.0 million resulting in a net cash payment of approximately $20.4 million. Amounts in other comprehensive income associated with the settled forward interest rate swaps will be reclassified to interest expense over the first seven years of the 2029 Notes. At September 30, 2019, we had no designated hedges outstanding. At September 30, 2018, we had a total of five designated hedges outstanding with a notional value of $400.0 million to hedge our future fixed rate debt issuances in 2018.

Non-Designated Hedges. Derivatives are not entered into for speculative purposes and are used to manage our exposure to interest rate movements and other identified risks. Our non-designated hedges are either specifically non-designated by management or do not meet strict hedge accounting requirements. Changes in the fair value of derivatives not designated in hedging relationships are recorded directly in earnings in interest and other income. At September 30, 2019 and 2018, we did not have any non-designated hedges outstanding.

The table below presents the fair value of our derivative financial instruments as well as their classification in the consolidated balance sheets at September 30, 2019 and December 31, 2018:

	Asset Derivatives				Liability Derivatives			
	September 30, 2019 *(1)*		December 31, 2018		September 30, 2019 *(1)*		December 31, 2018	
(in millions)	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as hedging instruments								
Interest Rate Swaps	Other Assets	$ —	Other Assets	$ —	Other Liabilities	$ —	Other Liabilities	$ 7.4

(1) Derivatives subject to master netting arrangements are presented on a gross basis in our consolidated balance sheet. There were no derivative contracts in a master netting arrangement as of September 30, 2019 or December 31, 2018.

The table below presents the effect of our derivative financial instruments in the consolidated statements of income and comprehensive income for the three months ended September 30, 2019 and 2018:

(in millions)	Unrealized Gain (Loss) Recognized in Other Comprehensive Income (Loss) ("OCI") on Derivatives		Location of Gain Reclassified from Accumulated OCI into Income	Amount of Gain (Loss) Reclassified from Accumulated OCI into Income	
Derivatives in Cash Flow Hedging Relationships	**2019**	**2018**		**2019**	**2018**
Interest Rate Swaps	$ —	$ 5.2	Interest expense	$ (0.3)	$ —

The table below presents the effect of our derivative financial instruments in the consolidated statements of income and comprehensive income for the nine months ended September 30, 2019 and 2018:

(in millions)	Unrealized Gain (Loss) Recognized in Other Comprehensive Income (Loss) ("OCI") on Derivatives		Location of Gain Reclassified from Accumulated OCI into Income	Amount of Gain Reclassified from Accumulated OCI into Income	
Derivatives in Cash Flow Hedging Relationships	**2019**	**2018**		**2019**	**2018**
Interest Rate Swaps	$ (13.0)	$ 14.0	Interest expense	$ 0.5	N/A

As of September 30, 2019, the amount we expect to be reclassified into earnings in the next 12 months as an increase to interest expense is approximately $1.3 million.

11. Share-Based Compensation and Non-Qualified Deferred Compensation Plan

Incentive Compensation. We currently maintain the 2018 Share Incentive Plan (the "2018 Share Plan") and the 2011 Share Incentive Plan (the "2011 Share Plan"), although no new awards may be granted under the 2011 Plan. Each of these plans were approved by our shareholders. The shares available for awards under the 2018 Share Plan are, subject to certain other limits under the plan, generally available for any type of award authorized under the 2018 Share Plan including stock options, stock appreciation rights, restricted stock awards, stock bonuses and other stock-based awards. Persons eligible to receive awards under the 2018 Share Plan include our and our subsidiaries' officers and employees, Trust Managers, and certain of our and our subsidiaries' consultants and advisors. A total of 9.7 million shares ("Share Limit") was authorized under the 2018 Share Plan. Shares issued or to be issued are counted against the Share Limit as (1) 3.45 to 1.0 for every share award, excluding stock options and share appreciation rights, granted, and (2) 1.0 to 1.0 for every share of stock option or share appreciation right granted. As of September 30, 2019, there were approximately 7.5 million common shares available under the 2018 Share Plan, which would result in approximately 2.2 million shares which could be granted pursuant to full value awards conversion ratios as defined under the plan.

Total compensation cost for share awards charged against income was approximately $4.0 million and $4.4 million for the three months ended September 30, 2019 and 2018, respectively, and approximately $13.3 million and $13.2 million for the nine months ended September 30, 2019 and 2018, respectively. Total capitalized compensation costs for option and share awards were approximately $0.8 million and $0.7 million for the three months ended September 30, 2019 and 2018, respectively, and approximately $2.6 million and $2.4 million for the nine months ended September 30, 2019 and 2018, respectively.

A summary of activity under our share incentive plans for the nine months ended September 30, 2019 is shown below:

	Nonvested Share Awards Outstanding	Weighted Average Exercise / Grant Price
Nonvested share awards outstanding at December 31, 2018	390,681	$ 79.82
Granted	198,896	98.78
Vested	(308,514)	82.65
Forfeited	(14,651)	85.83
Total nonvested share awards outstanding at September 30, 2019	266,412	$ 90.37

Options. Stock options have a contractual life of ten years and vest over periods up to five years. Expense for stock options is based on grant date fair value and recognized on a straight-line method over the vesting period. There were no options outstanding as of September 30, 2019 or December 31, 2018.

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

At September 30, 2019 and 2018, the weighted average fair value of share awards granted was $98.78 and $82.77, respectively. The total fair value of shares vested during the nine months ended September 30, 2019 and 2018 was approximately $25.5 million and $24.0 million, respectively. At September 30, 2019, the unamortized value of previously issued unvested share awards was approximately $16.6 million which is expected to be amortized over the next two years.

Non-Qualified Deferred Compensation. Balances within temporary equity in our consolidated balance sheets related to fully vested awards and the proportionate share of nonvested awards of participants within our Non-Qualified Deferred Compensation Plan who were permitted to diversify their shares into other equity securities subject to a six-month holding period. In December 2018, the plan was amended and restated and effective January 1, 2019 participants in the plan were no longer able to diversify their common shares; accordingly, the fully vested share awards and the proportionate share of nonvested share awards previously eligible for diversification were reclassified on the effective date from temporary equity into additional paid-in capital in our consolidated balance sheet.

12. Net Change in Operating Accounts

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

(in thousands)	Nine Months Ended September 30, 2019	2018
Change in assets:		
Other assets, net	$ (12,358)	$ 3,167
Change in liabilities:		
Accounts payable and accrued expenses	26,691	(1,111)
Accrued real estate taxes	19,236	17,726
Other liabilities	1,867	(837)
Other	2,467	2,083
Change in operating accounts and other	$ 37,903	$ 21,028

13. Commitments and Contingencies

Construction Contracts. As of September 30, 2019, we estimate the total additional cost to complete the six consolidated projects currently under construction to be approximately $337.1 million. We expect to fund this amount through a combination of one or more of the following: cash and cash equivalents, cash flows generated from operations, draws on our unsecured credit facility, 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.

Other Commitments and Contingencies. In the ordinary course of our business we issue letters of intent indicating a willingness to negotiate for acquisitions, dispositions, or joint ventures and also enter into arrangements contemplating various transactions. Such letters of intent and other arrangements are non-binding as to either party unless and until a definitive contract is entered into by the parties. Even if definitive contracts relating to the purchase or sale of real property are entered into, these contracts generally provide the purchaser with time to evaluate the property and conduct due diligence, during which periods the purchaser will have the ability to terminate the contracts without penalty or forfeiture of any deposit or earnest money. There can be no assurance definitive contracts will be entered into with respect to any matter covered by letters of intent or we will consummate any transaction contemplated by any definitive contract. Furthermore, due diligence periods for real property are frequently extended as needed. An acquisition or sale of real property becomes probable at the time the due diligence period expires and the definitive contract has not been terminated. We are then at risk under a real property acquisition contract, but generally only to the extent of any earnest money deposits associated with the contract, and are obligated to sell under a real property sales contract. At September 30, 2019, we had approximately $0.7 million in refundable earnest money for potential acquisitions of real property in our condensed consolidated balance sheets.

Lease Commitments. At September 30, 2019, we had long-term leases primarily related to office facilities. Rental expense pursuant to the new lease standard is inclusive of lease payments and variable lease expenses and totaled approximately $1.0 million and $3.2 million for the three and nine months ended September 30, 2019, respectively. The following is a summary of our maturities of our lease liabilities as of September 30, 2019:

(in millions) Year ended December 31,	Operating Leases
Remainder of 2019	$ 1.4
2020	3.4
2021	3.2
2022	2.9
2023	2.7
Thereafter	4.9
Less: discount for time value	(2.8)
Lease liability as of September 30, 2019	$ 15.7

For the three and nine months ended September 30, 2018, we recognized rental expense of approximately $0.9 million and $2.8 million, respectively. Minimum annual rental commitments as of December 31, 2018 for the years ending December 31, 2019 through 2023 are approximately $2.9 million, $3.0 million, $3.1 million, $2.7 million and $2.6 million, respectively, and approximately $4.5 million in the aggregate thereafter.

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 directly by the joint venture or partnership. Our decision whether to hold the entire interest in an apartment community or land ourselves, or to have an indirect interest in the community or land through a joint venture or partnership, is based on a variety of factors and considerations, including: (i) our projection, in some circumstances, that we will achieve higher returns on our invested capital or reduce our risk if a joint venture or partnership vehicle is used; (ii) our desire to diversify our portfolio of investments by market; (iii) our desire at times to preserve our capital resources to maintain liquidity or balance sheet strength; and (iv) the economic and tax terms required by a seller of land or of a community, who may prefer or who may require less payment if the land or community is contributed to a joint venture or partnership. Investments in joint ventures or partnerships are not limited to a specified percentage of our assets. Each joint venture or partnership agreement is individually negotiated, and our ability to operate or dispose of land or of a community in our sole discretion may be limited to varying degrees in our existing joint venture agreements and may be limited to varying degrees depending on the terms of future joint venture agreements.

14. Income Taxes

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

We have recorded income, franchise, and excise taxes in the condensed consolidated statements of income and comprehensive income for the three and nine months ended September 30, 2019 and 2018 as income tax expense. Income taxes for the three and nine months ended September 30, 2019 primarily related to state income tax and federal taxes on the taxable income of certain of our taxable REIT subsidiaries. We have no significant temporary or permanent differences or tax credits associated with our taxable REIT subsidiaries.

We believe we have no uncertain tax positions or unrecognized tax benefits requiring disclosure as of and for the nine months ended September 30, 2019.

15. Fair Value Measurements

Recurring Fair Value Measurements. The following table presents information about our financial instruments measured at fair value on a recurring basis as of September 30, 2019 and December 31, 2018 using the inputs and fair value hierarchy discussed in Note 2, "Summary of Significant Accounting Policies and Recent Accounting Pronouncements."

Financial Instruments Measured at Fair Value on a Recurring Basis

	September 30, 2019				December 31, 2018			
(in millions)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Other Assets								
Deferred compensation plan investments *(1)*	$ 143.5	$ —	$ —	$ 143.5	$ 144.7	$ —	$ —	$ 144.7
Other Liabilities								
Derivative financial instruments - forward interest rate swaps	$ —	$ —	$ —	$ —	$ —	$ 7.4	$ —	$ 7.4

(1) Approximately $19.1 million and $12.7 million of participant cash was withdrawn from our deferred compensation plan investments during the nine months ended September 30, 2019 and the year ended December 31, 2018, respectively.

Non-Recurring Fair Value Disclosures. The nonrecurring fair value disclosure inputs under the fair value hierarchy are discussed in Note 2, "Summary of Significant Accounting Policies and Recent Accounting Pronouncements." We completed two asset acquisitions of operating properties during the nine months ended September 30, 2019. We recorded the real estate assets and identifiable net below market and in-place leases at their relative fair values based upon methods similar to those used by independent appraisers of income producing properties. The fair value measurements associated with the valuation of these acquired assets represent Level 3 measurements within the fair value hierarchy. See Note 7, "Acquisitions," for a further discussion about this acquisition.

Financial Instrument Fair Value Disclosures. The following table presents the carrying and estimated fair values of our notes payable at September 30, 2019 and December 31, 2018, in accordance with the policies discussed in Note 2, "Summary of Significant Accounting Policies and Recent Accounting Pronouncements."

	September 30, 2019		December 31, 2018	
(in millions)	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Fixed rate notes payable	$ 2,377.7	$ 2,534.9	$ 2,222.0	$ 2,265.4
Floating rate notes payable	99.7	100.1	99.6	99.4

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

The following discussion should be read in conjunction with the condensed consolidated financial statements and notes appearing elsewhere in this report, as well as Part I, Item 1A, "Risk Factors" within our Annual Report on Form 10-K for the year ended December 31, 2018. Historical results and trends which might appear in the condensed consolidated financial statements should not be interpreted as being indicative of future operations.

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

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

- Volatility in capital and credit markets, or other unfavorable changes in economic conditions, either nationally or regionally in one or more of the markets in which we operate, could adversely impact us;
- Short-term leases 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;
- 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

Camden Property Trust and all consolidated subsidiaries are primarily engaged in the ownership, management, development, redevelopment, acquisition, and construction of multifamily apartment communities. We focus on investing in markets characterized by high-growth economic conditions, strong employment, and attractive quality of life which we believe leads to higher demand and retention of our apartments. As of September 30, 2019, we owned interests in, operated, or were developing 172 multifamily properties comprised of 58,209 apartment homes across the United States. In addition, we own other land holdings which we may develop into multifamily apartment communities in the future.

Property Operations

Our results for each of the three and nine months ended September 30, 2019 reflect an increase in same store revenues of 3.6% as compared to the same periods in 2018. These increases were primarily due to higher average rental rates and higher occupancy, which we believe was primarily attributable to 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 homeownership rate. We believe the continued low level homeownership rate is mainly attributable to the cost of obtaining mortgage loans as well as the changing trend of certain age-sectors having a higher propensity to rent, all of which promote apartment rentals. We also believe U.S. economic and employment growth is likely to continue during 2019 and the supply of new multifamily homes will remain at manageable levels. If economic conditions were to worsen or any of these factors were to adversely change, our operating results could be adversely affected.

Construction Activity

At September 30, 2019, we had a total of seven projects under construction to be comprised of 1,938 apartment homes, including one development project to be comprised of 234 apartment homes owned by one of our discretionary investment funds (the "Funds") in which we have a 31.3% ownership interest. Initial occupancies of these seven projects are currently scheduled to occur within the next 21 months. Excluding the project owned by one of the Funds, we estimate the total additional cost to complete the construction of the six consolidated projects is approximately $337.1 million.

Acquisitions

Operating properties. In May 2019, we acquired one operating property comprised of 326 apartment homes located in Austin, Texas for approximately $120.4 million. In February 2019, we acquired one operating property comprised of 316 apartment homes located in Scottsdale, Arizona for approximately $97.1 million.

Land. In May 2019, we acquired approximately 11.6 acres of land in Tempe, Arizona for approximately $18.0 million for the future development of approximately 400 apartment homes. In April 2019, we acquired approximately 4.3 acres of land in Charlotte, North Carolina for approximately $10.9 million for the future development of approximately 400 apartment homes.

Other

- In February 2019, we issued approximately 3.4 million common shares in an underwritten equity offering and received approximately $328.4 million in net proceeds.
- In March 2019, we amended and restated our $600 million unsecured credit facility to, among other things, extend the maturity date from August 2019 to March 2023, with two options to further extend the facility at our election for two additional six month periods, and increased the facility from $600 million to $900 million, which may be expanded three times by up to an additional $500 million upon satisfaction of certain conditions.
- In February and March 2019, we repaid a total of approximately $439.3 million of secured conventional mortgage debt.
- In June 2019, we issued $600 million of senior unsecured notes due July 1, 2029 under our existing shelf registration statement.
- In October 2019, we issued $300 million of senior unsecured notes due November 1, 2049 under our existing shelf registration statement.
- In late October 2019, we redeemed all of our 4.78% $250 million Senior Notes due 2021 and prepaid our 4.38% $45.3 million secured mortgage notes due 2045. In connection with these transactions, we will record an approximate $12 million charge in the fourth quarter of 2019.

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 we believe are generating positive cash flows from operations, maintaining appropriate debt levels and leverage ratios, and controlling overhead costs. We intend to meet our near-term liquidity requirements through a combination of one or more of the following: cash and cash equivalents, cash flows generated from operations, draws on our unsecured credit facility, 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.

As of September 30, 2019, we had approximately $157.2 million in cash and cash equivalents and $891.1 million available under our $900 million unsecured credit facilities. As of September 30, 2019 and through 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. Upon our redemption of the $250 million Senior Notes subsequent to quarter-end as discussed above, we do not have any debt maturing for the remainder of 2019 through 2021. We believe we are well-positioned with a strong balance sheet and sufficient liquidity to fund new development, redevelopment, and other capital requirements. We will, however, continue to assess and take further actions we believe are prudent to meet our objectives and capital requirements.

Property Portfolio

Our multifamily property portfolio is summarized as follows:

	September 30, 2019		December 31, 2018	
	Apartment Homes	Properties	Apartment Homes	Properties
Operating Properties				
Houston, Texas	8,749	25	8,749	25
Washington, D.C. Metro	6,862	19	6,862	19
Dallas, Texas	5,666	14	5,666	14
Atlanta, Georgia	4,496	14	4,496	14
Phoenix, Arizona	3,686	12	2,929	10
Austin, Texas	3,686	11	3,360	10
Orlando, Florida	3,594	10	3,594	10
Charlotte, North Carolina	3,104	14	3,076	13
Raleigh, North Carolina	3,054	8	3,054	8
Southeast Florida	2,781	8	2,781	8
Tampa, Florida	2,736	7	2,736	7
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	56,271	165	55,160	161
Properties Under Construction				
Houston, Texas	505	2	271	1
Atlanta, Georgia	365	1	365	1
Orlando, Florida	360	1	360	1
Phoenix, Arizona	343	1	441	1
Denver, Colorado	233	1	233	1
San Diego/Inland Empire, California	132	1	—	—
Charlotte, North Carolina	—	—	28	1
Total Properties Under Construction	1,938	7	1,698	6
Total Properties	58,209	172	56,858	167

	September 30, 2019		December 31, 2018	
	Apartment Homes	Properties	Apartment Homes	Properties
Less: Unconsolidated Joint Venture Properties *(1)*				
Houston, Texas *(2)*	2,756	9	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	7,517	23	7,283	22
Total Properties Fully Consolidated	50,692	149	49,575	145

(1) Refer to Note 8, "Investments in Joint Ventures," in the notes to Condensed Consolidated Financial Statements for further discussion of our joint venture investments.

(2) Includes a property under development owned by one of the Funds. See communities under construction below for details.

Stabilized Communities

We generally consider a property stabilized once it reaches 90% occupancy. We had no properties reach stabilization during the three months ended September 30, 2019.

Completed Construction in Lease-Up

At September 30, 2019, 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 10/30/2019	Date of Construction Completion	Estimated Date of Stabilization
Camden McGowen Station					
Houston, TX (2)	315	$ 91.1	92%	4Q18	4Q19
Camden North End I					
Phoenix, AZ	441	98.6	77%	1Q19	2Q20
Camden Grandview II					
Charlotte, NC	28	22.5	71%	1Q19	4Q19
Total	784	$ 212.2			

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

(2) Reached stabilization subsequent to quarter-end.

Properties Under Development

Our condensed consolidated balance sheet at September 30, 2019 included approximately $440.9 million related to properties under development and land. Of this amount, approximately $334.9 million related to our projects currently under construction. In addition, we had approximately $106.0 million invested primarily in land held for future development related to projects we currently expect to begin construction.

Communities Under Construction. At September 30, 2019, we had six consolidated properties and one unconsolidated property held by one of the funds, 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**
Consolidated Communities Under Construction						
Camden RiNo						
Denver, CO	233	$ 75.0	$ 57.1	$ 57.1	2Q20	4Q20
Camden Downtown I						
Houston, TX	271	132.0	113.2	113.2	3Q20	1Q21
Camden Lake Eola						
Orlando, FL	360	120.0	63.1	63.1	3Q20	3Q21
Camden Buckhead						
Atlanta, GA	365	160.0	43.4	43.4	3Q21	2Q22
Camden North End II						
Phoenix, AZ	343	90.0	25.2	25.2	4Q21	2Q22
Camden Hillcrest						
San Diego, CA	132	95.0	32.9	32.9	3Q21	2Q22
Total	1,704	$ 672.0	$ 334.9	$ 334.9		
Unconsolidated Community Under Construction						
Camden Cypress Creek II *(1)*						
Cypress, TX	234	$ 38.0	$ 5.1	$ 5.1	1Q21	3Q21

(1) Property owned through an unconsolidated joint venture in which we own a 31.3% interest.

Development Pipeline Communities. At September 30, 2019, we had the following consolidated multifamily communities undergoing development activities:

($ in millions) **Property and Location**	**Projected Homes**	**Total Estimated Cost *(1)***	**Cost to Date**
Camden Atlantic			
Plantation, FL	269	$ 100.0	$ 18.0
Camden Hayden II			
Tempe, AZ	400	110.0	21.3
Camden NoDa			
Charlotte, NC	400	100.0	13.5
Camden Arts District			
Los Angeles, CA	354	150.0	26.4
Camden Paces III			
Atlanta, GA	350	100.0	15.5
Camden Downtown II			
Houston, TX	271	145.0	11.3
Total	2,044	$ 705.0	$ 106.0

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

Results of Operations

Changes in revenues and expenses related to our operating properties from period to period are due primarily to the performance of stabilized properties in the portfolio, the lease-up of newly constructed properties, acquisitions, and dispositions. Selected weighted averages for the three and nine months ended September 30, 2019 and 2018 are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Average monthly property revenue per apartment home	$ 1,781	$ 1,714	$ 1,755	$ 1,689
Annualized total property expenses per apartment home	$ 7,694	$ 7,474	$ 7,595	$ 7,336
Weighted average number of operating apartment homes owned 100%	48,801	47,010	48,441	46,682
Weighted average occupancy of operating apartment homes owned 100%	96.2%	95.8%	96.0%	95.6%

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 allocation of corporate level property management overhead or general and administrative costs. We define NOI as property revenue less property operating and maintenance expenses less real estate taxes. NOI is further detailed in the Property-Level NOI table as seen below. NOI is not defined by accounting principles generally accepted in the United States of America ("GAAP") and should not be considered an alternative to net income as an indication of our operating performance. Additionally, NOI as disclosed by other REITs may not be comparable to our calculation.

Reconciliations of net income to NOI for the three and nine months ended September 30, 2019 and 2018 are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	2019	2018	2019	2018
Net income	$ 44,782	$ 39,990	$ 128,045	$ 120,387
Less: Fee and asset management income	(2,139)	(1,827)	(5,849)	(5,651)
Less: Interest and other income	(1,485)	(385)	(2,114)	(1,669)
Less: Income on deferred compensation plans	(780)	(3,539)	(14,992)	(3,769)
Plus: Property management expense	6,154	6,303	18,904	19,415
Plus: Fee and asset management expense	1,316	1,140	4,022	3,193
Plus: General and administrative expense	13,458	12,618	40,027	37,113
Plus: Interest expense	20,719	21,235	60,538	62,216
Plus: Depreciation and amortization expense	85,814	76,476	250,734	222,269
Plus: Expense on deferred compensation plans	780	3,539	14,992	3,769
Less: Equity in income of joint ventures	(2,133)	(1,943)	(5,954)	(5,644)
Plus: Income tax expense	313	330	709	1,098
Net operating income	$ 166,799	$ 153,937	$ 489,062	$ 452,727

Property-Level NOI *(1)*

Property NOI, as reconciled above, is detailed further into the following categories for the three and nine months ended September 30, 2019 as compared to the same periods in 2018:

	Apartment Homes at	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
($ in thousands)	9/30/2019	2019	2018	$	%	2019	2018	$	%
Property revenues:									
Same store communities	42,618	$ 218,393	$ 210,766	$ 7,627	3.6%	$ 645,926	$ 623,712	$ 22,214	3.6%
Non-same store communities	5,586	36,423	27,740	8,683	31.3	103,100	78,006	25,094	32.2
Development and lease-up communities	2,488	3,730	1,128	2,602	*	9,318	1,399	7,919	*
Dispositions/other	—	2,126	2,136	(10)	(0.5)	6,656	6,469	187	2.9
Total property revenues	50,692	$ 260,672	$ 241,770	$ 18,902	7.8%	$ 765,000	$ 709,586	$ 55,414	7.8%

($ in thousands)	Apartment Homes at 9/30/2019	Three Months Ended September 30, 2019	2018	Change $	%	Nine Months Ended September 30, 2019	2018	Change $	%
Property expenses:									
Same store communities	42,618	$ 78,453	$ 77,066	$ 1,387	1.8%	$ 232,407	$ 226,680	$ 5,727	2.5%
Non-same store communities	5,586	12,730	9,598	3,132	32.6	36,068	27,226	8,842	32.5
Development and lease-up communities	2,488	1,840	556	1,284	*	4,961	750	4,211	*
Dispositions/other	—	850	613	237	38.7	2,502	2,203	299	13.6
Total property expenses	50,692	$ 93,873	$ 87,833	$ 6,040	6.9%	$ 275,938	$ 256,859	$ 19,079	7.4%
Property NOI:									
Same store communities	42,618	$ 139,940	$ 133,700	$ 6,240	4.7%	$ 413,519	$ 397,032	$ 16,487	4.2%
Non-same store communities	5,586	23,693	18,142	5,551	30.6	67,032	50,780	16,252	32.0
Development and lease-up communities	2,488	1,890	572	1,318	*	4,357	649	3,708	*
Dispositions/other	—	1,276	1,523	(247)	(16.2)	4,154	4,266	(112)	(2.6)
Total property NOI	50,692	$ 166,799	$ 153,937	$ 12,862	8.4%	$ 489,062	$ 452,727	$ 36,335	8.0%

* *Not a meaningful percentage.*

(1) *Same store communities are communities we owned and were stabilized since January 1, 2018, excluding communities under redevelopment and properties held for sale. Non-same store communities are stabilized communities not owned or stabilized since January 1, 2018, 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 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, 2018, 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

Same store property NOI increased approximately $6.2 million and $16.5 million for the three and nine months ended September 30, 2019, respectively, as compared to the same periods in 2018. These increases were due to an increase of approximately $7.6 million and $22.2 million in same store property revenues for the three and nine months ended September 30, 2019, respectively, partially offset by increases of approximately $1.4 million and $5.7 million in same store property expenses for the three and nine months ended September 30, 2019, respectively, as compared to the same periods in 2018.

The $7.6 million increase in same store property revenues during the three months ended September 30, 2019, as compared to the same period in 2018, was primarily due to an increase of approximately $7.2 million in rental revenues primarily from a 3.5% increase in average rental rates and an approximate $0.5 million increase in income from our bulk internet rebilling program during the three months ended September 30, 2019, as compared to the same period in 2018. The $22.2 million increase in same store property revenues during the nine months ended September 30, 2019, as compared to the same period in 2018, was primarily due to an increase of approximately $21.1 million in rental revenues primarily from a 3.4% increase in average rental rates, an approximate $1.2 million increase in income from our bulk internet rebilling program and an approximate $0.5 million increase in other utility rebilling programs during the nine months ended September 30, 2019, as compared to the same period in 2018. The increase for the nine months ended September 30, 2019 was partially offset by an approximate $0.6 million decrease in other miscellaneous income as compared to the same period in 2018.

The $1.4 million increase in same store property expenses during the three months ended September 30, 2019, as compared to the same period in 2018, was primarily due to higher salary expenses of approximately $1.1 million, higher repair and maintenance expense of approximately $0.7 million, and higher property insurance, general administrative and other miscellaneous expenses of approximately $0.5 million. These increases for the three months ended September 30, 2019 were partially offset by an approximate $0.9 million decrease in real estate taxes as a result of decreased tax rates at a number of our communities as compared to the same period in 2018. The $5.7 million increase in same store property expenses during the nine months ended September 30, 2019, as compared to the same period in 2018, was primarily due to higher salary expenses of approximately $2.5 million, higher real estate taxes of approximately $1.8 million as a result of increased property valuations at a number of our communities as compared to the same period in 2018, higher property insurance expense of approximately $0.8 million, and higher repair and maintenance expense of approximately $0.5 million.

Non-same Store and Development and Lease-up Analysis

Property NOI from non-same store and development and lease-up communities increased approximately $6.9 million and $20.0 million for the three and nine months ended September 30, 2019, respectively, as compared to the same periods in 2018. These increases were due to an increase of approximately $11.3 million and $33.0 million in revenues, partially offset by an increase of approximately $4.4 million and $13.0 million in expenses, for the three and nine months ended September 30, 2019, respectively, as compared to the same periods in 2018. The increases in property revenues and expenses from our non-same store communities were primarily due to the acquisition of three operating properties during 2018 and two operating properties during the nine months ended September 30, 2019, one operating property reaching stabilization during 2018 and two operating properties reaching stabilization during the nine months ended September 30, 2019. 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 one property during 2018 and two properties during the nine months ended September 30, 2019.

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

(in millions)	For the three months ended September 30, 2019 as compared to 2018	For the nine months ended September 30, 2019 as compared to 2018
Property Revenues:		
Revenues from acquisitions	$ 5.6	$ 14.2
Revenues from non-same store stabilized properties	2.6	9.3
Revenues from development and lease-up properties	2.6	7.9
Other	0.5	1.6
	$ 11.3	$ 33.0
Property Expenses:		
Expenses from acquisitions	$ 2.4	$ 6.4
Expenses from non-same store stabilized properties	0.5	2.0
Expenses from development and lease-up properties	1.3	4.2
Other	0.2	0.4
	$ 4.4	$ 13.0
Property NOI:		
NOI from acquisitions	$ 3.2	$ 7.8
NOI from non-same store stabilized properties	2.1	7.3
NOI from development and lease-up properties	1.3	3.7
Other	0.3	1.2
	$ 6.9	$ 20.0

Non-Property Income

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
($ in thousands)	2019	2018	$	%	2019	2018	$	%
Fee and asset management	$ 2,139	$ 1,827	$ 312	17.1 %	$ 5,849	$ 5,651	$ 198	3.5%
Interest and other income	1,485	385	1,100	*	2,114	1,669	445	26.7
Income on deferred compensation plans	780	3,539	(2,759)	*	14,992	3,769	11,223	*
Total non-property income	$ 4,404	$ 5,751	$ (1,347)	(23.4)%	$22,955	$11,089	$11,866	107%

* *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, increased approximately $0.3 million and $0.2 million for the three and nine months ended September 30, 2019, respectively, as compared to the same periods in 2018. These increases were primarily due to increases in property revenues by the operating properties of the Funds, which resulted in higher property management fees and higher fees earned related to increased construction and development activity for one land holding held by one of the Funds. Third-party construction activity was also higher during the three months ended September 30, 2019 but was lower during the nine months ended September 30, 2019 as compared to the same periods in 2018.

Interest and other income increased approximately $1.1 million and $0.4 million for the three and nine months ended September 30, 2019, respectively, as compared to the same periods in 2018. These increases primarily related to higher interest income earned on investments in cash and cash equivalents due to maintaining higher average cash balances and higher other income.

Our deferred compensation plans recognized income of approximately $0.8 million and $3.5 million during the three months ended September 30, 2019 and 2018, respectively, and income of approximately $15.0 million and $3.8 million during the nine months ended September 30, 2019 and 2018, respectively. The changes were related to the performance of the investments held in deferred compensation plans for participants and were directly offset by the expense related to these plans, as discussed below.

Other Expenses

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
($ in thousands)	**2019**	**2018**	**$**	**%**	**2019**	**2018**	**$**	**%**
Property management	$ 6,154	$ 6,303	$ (149)	(2.4)%	$ 18,904	$ 19,415	$ (511)	(2.6)%
Fee and asset management	1,316	1,140	176	15.4	4,022	3,193	829	26.0
General and administrative	13,458	12,618	840	6.7	40,027	37,113	2,914	7.9
Interest	20,719	21,235	(516)	(2.4)	60,538	62,216	(1,678)	(2.7)
Depreciation and amortization	85,814	76,476	9,338	12.2	250,734	222,269	28,465	12.8
Expense on deferred compensation plans	780	3,539	(2,759)	*	14,992	3,769	11,223	*
Total other expenses	$128,241	$121,311	$ 6,930	5.7 %	$389,217	$347,975	$ 41,242	11.9 %

* *Not a meaningful percentage.*

Property management expense, which represents regional supervision and accounting costs related to property operations, decreased approximately $0.2 million and $0.5 million for the three and nine months ended September 30, 2019, respectively, as compared to the same periods in 2018. These decreases primarily related to lower discretionary expenses and lower incentive compensation expenses due to a decrease in amortization costs as a result of having substantially only three-year awards outstanding during the three and nine months ended September 30, 2019 as compared to having three-year and five-year awards outstanding during the same periods in 2018. These decreases were partially offset by higher salaries and benefit costs during the three and nine months ended September 30, 2019 as compared to the same periods in 2018. Property management expenses were 2.4% and 2.6% of total property revenues for the three months ended September 30, 2019 and 2018, respectively, and were 2.5% and 2.7% of total property revenues for the nine months ended September 30, 2019 and 2018, respectively.

Fee and asset management expense from property management, asset management, construction, and development activities of our joint ventures and our third-party projects increased approximately $0.2 million and $0.8 million for the three and nine months ended September 30, 2019, respectively, as compared to the same periods in 2018. These increases were primarily due to higher expenses incurred as a result of development activity relating to one land holding held by one of the Funds and higher expenses relating to an increase in third-party construction activity during the three and nine months ended September 30, 2019 as compared to the same periods in 2018.

General and administrative expense increased approximately $0.8 million and $2.9 million for the three and nine months ended September 30, 2019, respectively, as compared to the same periods in 2018. These increases were primarily related to higher salary and benefit costs and higher professional fees and information technology costs as compared to the same periods in 2018. Excluding income on deferred compensation plans, general and administrative expenses were 5.1% and 5.2% of total revenues for the three months ended September 30, 2019 and 2018, respectively, and were 5.2% of total revenues for each of the nine months ended September 30, 2019 and 2018, respectively.

Interest expense decreased approximately $0.5 million and $1.7 million for the three and nine months ended September 30, 2019, respectively, as compared to the same periods in 2018. These decreases were primarily due to the repayment of $380 million of secured conventional mortgage notes in October 2018, and the repayment of approximately $439.3 million of secured conventional mortgage debt in the first quarter of 2019. The decrease for the three months ended September 30, 2019 was also due to higher capitalized interest resulting from higher average balances in our development pipeline. These decreases were partially offset by the issuance of a $100 million unsecured floating rate term loan in September 2018, the issuance of $400 million, 3.74% senior unsecured notes in October 2018, and the issuance of $600 million, 3.67% senior unsecured notes in June 2019. The decrease for the nine months ended September 30, 2019 was further offset by lower capitalized interest during the nine months ended September 30, 2019 resulting from lower average balances in our development pipeline and an increase in interest expense recognized on our unsecured credit facility due to having higher balances outstanding during the nine months ended September 30, 2019 as compared to the same period in 2018.

Depreciation and amortization expense increased approximately $9.3 million and $28.5 million for the three and nine months ended September 30, 2019, respectively, as compared to the same periods in 2018. These increases were primarily due to the acquisition of one operating property in September 2018 and one operating property in each of February and May 2019. These increases were also due to the completion of units in our development pipeline, the completion of repositions, and the partial completion of redevelopments during 2019 and 2018.

Our deferred compensation plans incurred expenses of approximately $0.8 million and $3.5 million during the three months ended September 30, 2019 and 2018, respectively, and expenses of approximately $15.0 million and $3.8 million during the nine months ended September 30, 2019 and 2018, respectively. The changes were related to the performance of the investments held in deferred compensation plans for participants and were directly offset by the income related to these plans, as discussed in the non-property income section above.

Other

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
($ in thousands)	2019	2018	$	%	2019	2018	$	%
Equity in income of joint ventures	$ 2,133	$ 1,943	$ 190	9.8%	$ 5,954	$ 5,644	$ 310	5.5 %
Income tax expense	$ (313)	$ (330)	$ 17	(5.2)%	$ (709)	$ (1,098)	$ 389	(35.4)%

Equity in income of joint ventures increased approximately $0.2 million and $0.3 million for the three and nine months ended September 30, 2019, respectively, as compared to the same periods in 2018. These increases were primarily due to increases in earnings from the operating properties owned by the Funds.

Income tax expense was relatively flat for the three months ended September 30, 2019 and decreased approximately $0.4 million for the nine months ended September 30, 2019 as compared to the same periods in 2018. The decrease for the nine months ended September 30, 2019 was primarily due to lower state taxes and lower taxable income due to lower third-party construction activities in a taxable REIT subsidiary. The decrease for the nine months ended September 30, 2019 was also due to an approximate $0.1 million state income tax refund received during the three months ended March 31, 2019.

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 in accordance with the 2018 NAREIT FFO White Paper as restated in December 2018 and effective January 1, 2019 which defines FFO as net income (computed in accordance with GAAP), excluding depreciation and amortization related to real estate, gains (or losses) from the sale of certain real estate assets (depreciable real estate), impairments of certain real estate assets (depreciable real estate), gains (or losses) from change in control, and adjustments for unconsolidated joint ventures to reflect FFO on the same basis. Our calculation of diluted FFO also assumes conversion of all potentially dilutive securities, including certain non-controlling interests, which are convertible into common shares. We consider FFO to be an appropriate supplemental measure of operating performance because, by excluding gains or losses on dispositions of depreciable real estate and depreciation, FFO can assist in the comparison of the operating performance of a company's real estate investments between periods or to different companies. The FFO definition as restated in 2018 allows companies an option to also exclude gains and losses on sales or impairment charges on real estate assets incidental to a company's main business. We did not elect this option, and as a result, the definition of FFO as restated did not have an impact on our calculation upon adoption on January 1, 2019.

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 to different companies. Our definition of recurring capital expenditures may differ from other REITs, and there can be no assurance our basis for computing this measure is comparable to other REITs.

To facilitate a clear understanding of our consolidated historical operating results, we believe FFO and AFFO should be examined in conjunction with net income attributable to common shareholders as presented in the condensed consolidated statements of income and comprehensive income and data included elsewhere in this report. FFO 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 three and nine months ended September 30, 2019 and 2018 are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
($ in thousands)	**2019**	**2018**	**2019**	**2018**
Funds from operations				
Net income attributable to common shareholders	$ 43,597	$ 38,866	$124,609	$116,932
Real estate depreciation and amortization	83,437	74,841	244,908	217,416
Adjustments for unconsolidated joint ventures	2,245	2,239	6,736	6,743
Income allocated to non-controlling interests	1,225	1,124	3,549	3,455
Funds from operations	$130,504	$117,070	$379,802	$344,546
Less: recurring capitalized expenditures	(20,242)	(19,849)	(51,063)	(49,038)
Adjusted funds from operations	$110,262	$ 97,221	$328,739	$295,508
Weighted average shares – basic	98,959	95,257	98,259	95,190
Incremental shares issuable from assumed conversion of:				
Common share options and awards granted	107	160	116	143
Common units	1,753	1,821	1,754	1,861
Weighted average shares – diluted	100,819	97,238	100,129	97,194

Liquidity and Capital Resources

Financial Condition and Sources of Liquidity

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

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

Our interest expense coverage ratio, net of capitalized interest, was approximately 7.2 and 6.4 times for the three months ended September 30, 2019 and 2018, respectively, and 7.2 and 6.4 times for the nine months ended September 30, 2019 and 2018, respectively. This ratio is a method for calculating the amount of operating cash flows available to cover interest expense and is calculated by dividing interest expense for the period into the sum of property revenues and expenses, non-property income, and other expenses, after adding back depreciation, amortization, and interest expense from continuing operations. Approximately 98.9% and 81.0% of our properties were unencumbered at September 30, 2019 and 2018, respectively. Our weighted average maturity of debt was approximately 5.6 years at September 30, 2019.

Our primary sources of liquidity are cash and cash equivalents and cash flows generated from operations. Other sources may include one or more of the following: availability under our unsecured credit facility, the use of debt and equity offerings under our automatic shelf registration statement, proceeds from property dispositions, equity issued from our ATM program, 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;
- recurring and non-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 our ability to complete asset purchases, sales, or developments, the effect our debt level and changes in credit ratings could have on our costs of funds and our ability to access capital markets, sources of financing, and meeting our minimum REIT dividend requirements.

Cash Flows

The following is a discussion of our cash flows for the nine months ended September 30, 2019 and 2018:

Net cash from operating activities was approximately $408.4 million during the nine months ended September 30, 2019 as compared to approximately $376.0 million for the same period in 2018. The increase was primarily due to the growth attributable to our same store, non-same store, and development and lease-up communities and changes in our operating accounts. These increases were partially offset by the settlement of our forward interest rate swaps in June 2019. See further discussions of our 2019 operations as compared to 2018 in "Results of Operations."

Net cash used in investing activities during the nine months ended September 30, 2019 totaled approximately $529.5 million as compared to $551.8 million during the same period in 2018. Cash outflows during the nine months ended September 30, 2019 primarily related to cash outflows for property development and capital improvements of approximately $300.7 million, the acquisition of two operating properties located in Scottsdale, Arizona and Austin, Texas for approximately $214.2 million, and increases in non-real estate assets of $13.8 million. Cash outflows during the nine months ended September 30, 2018 primarily related to the acquisition of three operating properties located in Orlando and St. Petersburg, Florida for approximately $290.0 million, cash outflows for property development and capital improvements of approximately $272.3 million and increases in non-real estate assets of $12.4 million. These outflows in 2018 were partially offset by proceeds from the sale of land of approximately $11.3 million and a net decrease in notes receivable of $9.5 million. The increase in property development and capital improvements for the nine months ended September 30, 2019, as compared to the same period in 2018, was primarily due to the acquisition of two development properties in 2019 compared to one development property in 2018, the timing and completion of five consolidated operating properties during 2018 and the nine months ended September 30, 2019, and the completion of repositions at several of our operating properties. The property development and capital improvements during the nine months ended September 30, 2019 and 2018, included the following:

	Nine Months Ended September 30,	
(in millions)	**2019**	**2018**
Expenditures for new development, including land	$ 162.3	$ 140.9
Capital expenditures	58.1	58.8
Reposition expenditures	47.1	35.9
Capitalized interest, real estate taxes, and other capitalized indirect costs	18.6	19.1
Redevelopment expenditures	14.6	17.6
Total	$ 300.7	$ 272.3

Net cash from financing activities totaled approximately $240.4 million for the nine months ended September 30, 2019 as compared to net cash used of approximately $183.4 million during the same period in 2018. Cash inflows during the nine months ended September 30, 2019 primarily related to net proceeds of approximately $593.4 million from the issuance of $600.0 million senior unsecured notes in June 2019, as well as net proceeds of approximately $328.4 million from the issuance of approximately 3.4 million common shares through an underwritten equity offering completed in February 2019. These cash inflows during 2019 were partially offset by the repayment of approximately $439.3 million of secured conventional mortgage debt, as well as $236.5 million used for the distributions to common shareholders and non-controlling interest holders. Cash outflows for the nine months ended September 30, 2018 primarily related to approximately $223.0 million used for the distributions to common shareholders and non-controlling interest holders and approximately $14.7 million used for the repurchase of our common shares and redemption of units. These cash outflows during 2018 were partially offset by net proceeds from our unsecured line of credit and other short-term borrowings of $54.0 million.

Financial Flexibility

In March 2019, we amended and restated our $600 million unsecured credit facility to, among other things, extend the maturity date from August 2019 to March 2023, with two options to further extend the facility at our election for two additional six-month periods, and increase the facility from $600 million to $900 million, which may be expanded three times by up to an additional $500 million upon the satisfaction of certain conditions. The interest rate on our unsecured credit facility is based upon the London Interbank Offered Rate ("LIBOR") plus a margin which is subject to change as our credit ratings change. Advances under our 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 $450 million or the remaining amount available under our 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 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 September 30, 2019, we did not have any amounts outstanding on our credit facility and we had outstanding letters of credit totaling approximately $8.9 million, leaving approximately $891.1 million available under our credit facility.

In October 2019, we issued $300 million senior unsecured notes due November 1, 2049 under our existing shelf registration statement. In late October 2019, we redeemed $250 million senior unsecured notes due 2021, prepaid a $45.3 million secured conventional note due 2045, and have no debt reaching maturity for the remainder of 2019 through 2021. We currently have an automatic shelf registration statement which allows us to offer common shares, preferred shares, debt securities, or warrants, and our Amended and Restated Declaration of Trust provides we may issue up to 185 million shares of beneficial interest, consisting of 175 million common shares and 10 million preferred shares. In February 2019, we issued approximately 3.4 million common shares in an underwritten equity offering and received approximately $328.4 million in net proceeds, which we used to acquire one operating property in Scottsdale, Arizona, and repay amounts on our unsecured line of credit and certain secured conventional mortgage debt. At September 30, 2019, we had approximately 96.8 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 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 $900 million unsecured line of credit, the repayment of other indebtedness, the redemption or other repurchase of outstanding debt or equity securities, funding for development activities, and financing for acquisitions. For the three and nine months ended September 30, 2019, and through the date of this filing, we did not sell any shares under the 2017 ATM program. 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.

We believe our ability to access capital markets is enhanced by our senior unsecured debt ratings by Moody's, Fitch, and Standard and Poor's, which are currently A3 with stable outlook, A- with stable outlook, and A- with stable outlook, respectively. We believe our ability to access capital markets is also enhanced by our ability to borrow on a secured basis from various institutions including banks, Fannie Mae, Freddie Mac, or life insurance companies. However, we may not be able to maintain our current credit ratings and 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. As of the date of this filing, we did not have any debt maturing during the remainder of 2019 through 2021. See Note 9, "Notes Payable," in the notes to Condensed Consolidated Financial Statements for a further discussion of our scheduled maturities.

We currently estimate the additional cost to complete the construction of six consolidated projects to be approximately $337.1 million. Of this amount, we expect to incur costs between approximately $55 million and $56 million during the remainder of 2019 and to incur the remaining costs during 2020 through 2021. Additionally, during the remainder of 2019, we expect to incur costs between approximately $7 million and $9 million related to the start of new development activities, between approximately $14 million and $17 million related to repositions and revenue enhancing expenditures, between approximately $9 million to $12 million related to additional redevelopment expenditures and between approximately $19 million to $21 million related to additional recurring capital expenditures.

We intend to meet our near-term liquidity requirements through a combination of one or more of the following: cash and cash equivalents, cash flows generated from operations, draws on our unsecured credit facility, 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 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.

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 September 2019, our Board of Trust Managers declared a quarterly dividend of $0.80 per common share to our common shareholders of record as of September 30, 2019. The quarterly dividend was subsequently paid on October 17, 2019, and we paid equivalent amounts per unit to holders of the common operating partnership units. Assuming similar quarterly dividend distributions for the remainder of 2019, our annualized dividend rate would be $3.20 per share or unit.

Off-Balance Sheet Arrangements

The joint ventures in which we have an interest have been funded in part with secured, third-party debt. At September 30, 2019, our unconsolidated joint ventures had outstanding debt of approximately $514.1 million, of which our proportionate share was approximately $160.9 million. As of September 30, 2019, we had no outstanding guarantees related to the debt 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

Our critical accounting policies have not changed from the information reported in our Annual Report on Form 10-K for the year ended December 31, 2018.

Recent Accounting Pronouncements. See Note 2, "Summary of Significant Accounting Policies and Recent Accounting Pronouncements," in the notes to Condensed Consolidated Financial Statements for further discussion of recent accounting pronouncements issued or adopted during the nine months ended September 30, 2019.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

No material changes to our exposures to market risk have occurred since our Annual Report on Form 10-K for the year ended December 31, 2018.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. We carried out an evaluation, under the supervision and with the participation of our management, including the Chief Executive Officer and 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. In the third quarter of 2019, we completed the first phase of a multi-year implementation of a new cloud-based enterprise planning system which replaced our existing financial accounting systems and had a material effect on our internal control over financial reporting. This phase of implementation was subject to extensive testing and data reconciliation and we updated the processes and controls comprising our internal control over financial reporting, as necessary, to accommodate and monitor the related changes to our accounting procedures and business processes. We maintain appropriate internal control over financial reporting and will continue to evaluate these controls for effectiveness.

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

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 1A. Risk Factors

There have been no material changes to the Risk Factors previously disclosed in Item 1A in our Annual Report on Form 10-K for the year ended December 31, 2018.

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

There were no unregistered sales of our equity securities for the three months ended September 30, 2019.

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

None

Item 5. Other Information

None

Item 6. Exhibits

(a) Exhibits

3.1	Fourth Amended and Restated Bylaws of Camden Property Trust (incorporated by reference to Exhibit 3.1 to the Company's current Report on Form 8-K filed on July 24, 2019 (File No. 1-12110).)
4.1	Form of Camden Property Trust 3.350% Note due 2049. (Incorporated herein by reference to Exhibit 4.5 to Form 8-K filed by Camden Property Trust on October 7, 2019 (File No. 1-12110).)
*31.1	Certification pursuant to Rule 13a-14(a) of Chief Executive Officer dated November 1, 2019
*31.2	Certification pursuant to Rule 13a-14(a) of Chief Financial Officer dated November 1, 2019
*32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes – Oxley Act of 2002
*101.INS	XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.
*101.SCH	XBRL Taxonomy Extension Schema Document
*101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
*101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
*101.LAB	XBRL Taxonomy Extension Label Linkbase Document
*101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
*104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

SIGNATURES

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

CAMDEN PROPERTY TRUST

/s/ Michael P. Gallagher	November 1, 2019
Michael P. Gallagher	Date
Senior Vice President – Chief Accounting Officer	

EXHIBIT 31.1

CERTIFICATION

I, Richard J. Campo, certify that:

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

Date: November 1, 2019

/s/ Richard J. Campo

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

EXHIBIT 31.2

CERTIFICATION

I, Alexander J. Jessett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Camden Property Trust;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 1, 2019

/s/ Alexander J. Jessett

Alexander J. Jessett
Executive Vice President-Finance,
Chief Financial Officer and Treasurer

EXHIBIT 32.1

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

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

1. The Quarterly Report on Form 10-Q of the Company for the period ended September 30, 2019 ("the Report") fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Richard J. Campo

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

/s/ Alexander J. Jessett

Alexander J. Jessett
Executive Vice President-Finance,
Chief Financial Officer and Treasurer

November 1, 2019