

# CAMDEN<sup>SM</sup>



## AIC Equity Fund Pitch

Financials & Real Estate

**(NYSE: CPT)**

Current Price: \$87.57

24-36 Month Target Price: \$115.56

Implied Upside: 31.96%



# Camden Overview



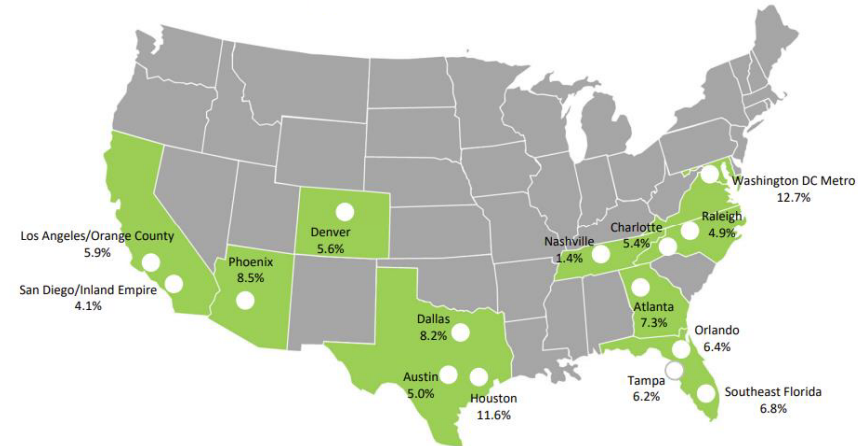
## Business Description

- Camden Property Trust, an **S&P 500 Company**, is a real estate company primarily engaged in the ownership, management, development, redevelopment, acquisition, and construction of multifamily apartment communities.
- Camden owns and operates 172 properties containing 58,961 apartment homes across the United States. Upon completion of 5 properties currently under development, the Company's portfolio will increase to 60,514 apartment homes in 177 properties.

## Recent Headlines

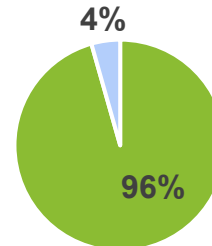
- Camden has been recognized as one of the 100 Best Companies to Work For by FORTUNE magazine for 16 consecutive years, most recently ranking #33.
- Camden Property Trust completed the acquisition of Fund Partnership Interests from its two discretionary investment funds from Teacher Retirement System of Texas (TRS), including 22 multifamily communities and 7,247 apartment homes (~\$2.1Bn & asset average age of 12 years).

## Camden Revenue Breakdown

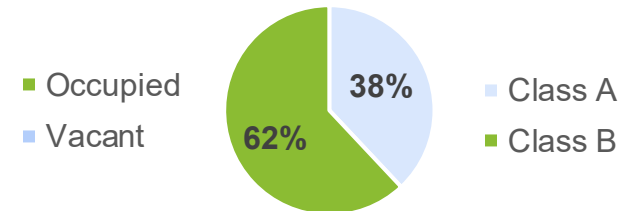


Average Monthly Revenue Rate: \$1,999

## Occupancy Rate



## Asset Class



## Key Company Executives



**Richard J. Campo**  
Chairman & CEO

- Was Chairman and CTO since 1993
- Cofounded Camden's predecessor companies in 1982
- Most experience in commercial real estate and Trust Management



**Keith Oden**  
Executive Vice  
Chairman & President

- Appointed as President in 1993 and Executive Vice Chairman in 2019
- 30+ years in trust management
- Member in UT Executive Council of the Center for RE Finance



**Kelvin R. Westbrook**  
Lead Independent  
Trust Manager

- President and CEO of KRW Advisors, LLC, with 16 years of consulting for all industries
- Nominated for CPT Board due to skills in law and corporate finance

## Quick Facts

**30**

Average years of  
experience

**76%**

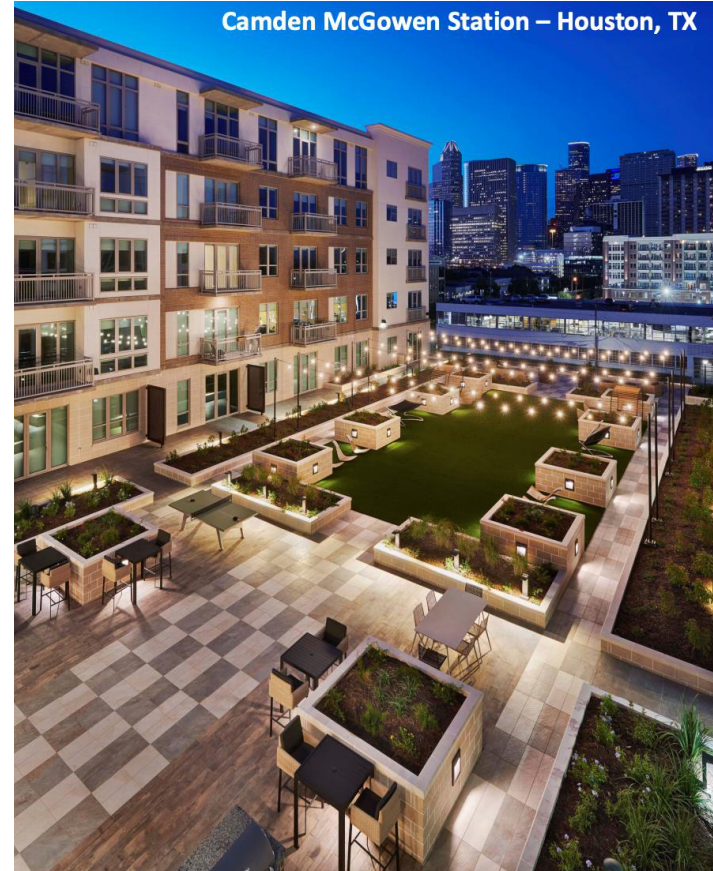
Worked at another  
company

**10**

Members on Board of Trust  
Managers

Camden Property Trust (NYSE: CPT) presents a compelling investment opportunity lead by:

- Net Asset Value is at a the **lowest historical discount** (-35%)
- Camden's **attractive balance sheet**, contracted cheap debt until 2030, and high credit rating is positioning them the best in the Real Estate market
- Market is **grossly undervaluing** Camden from the recent spike in interest rates relative to true current asset value
- Camden's **strong financials ability to acquire** other Real Estate Owned (REO) properties at significant discounts in event of a market downturn

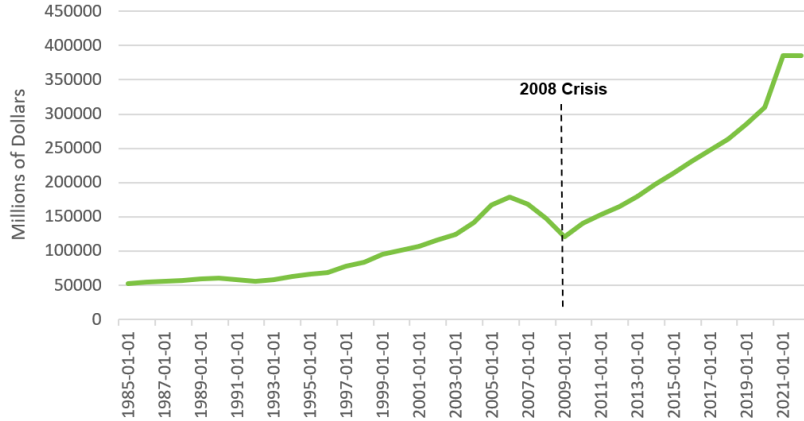


# Financial Summary

Camden's financials emphasize the company's **strong margins, low leverage, and healthy returns to shareholders.**

<b>Market Cap</b>	\$9,350MM	<b>LTM Revenue</b>	\$1,534.3MM	<b>Dividend Yield</b>	4.5%
<b>Enterprise Value</b>	\$13,206.5MM	<b>LTM EBITDA</b>	\$890.6MM	<b>Credit Rating (Fitch, Moody's, and S&amp;P)</b>	A-, A3, A-
<b>Total Debt</b>	\$3,659.5MM	<b>LTM Net Income</b>	\$226.7MM	<b>ROIC</b>	4.1%
<b>Cash &amp; Equivalents</b>	\$14.6MM	<b>LTM FFO</b>	\$749.8MM	<b>FFOA</b>	8.1%
<b>Unsecured RLOC</b>	\$725.2MM	<b>LTM Gross Margin</b>	62.7%	<b>FFOE</b>	15.4%
<b>LTM P/AFFO</b>	14.49x	<b>Debt/Equity</b>	74.2%	<b>LTM EBITDA/Debt</b>	.24x

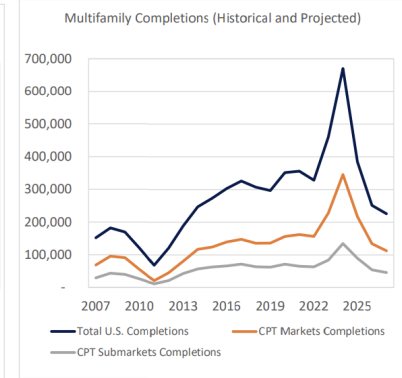
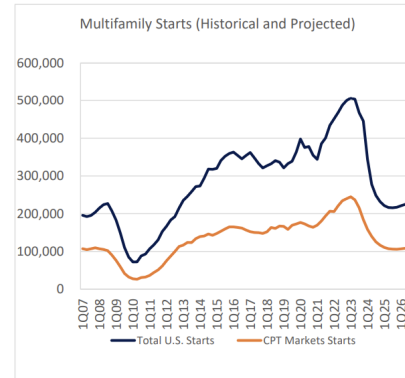
## Multifamily Real Estate Price Index



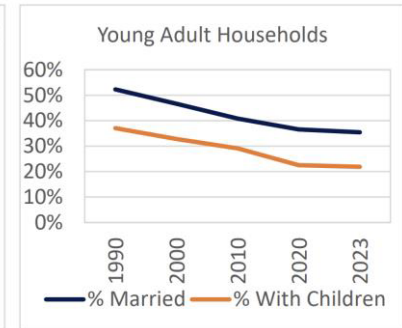
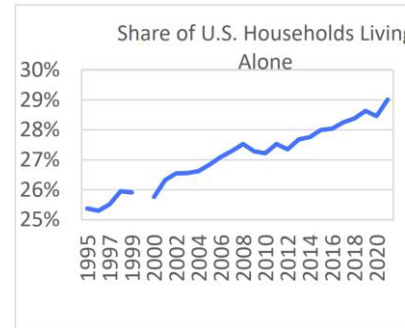
## Multifamily Growth

- Multifamily has experienced steady growth with increasing urbanization and industrialization in the 20<sup>th</sup> century. Supply and demand mechanics point toward further growth for Camden as a greater share of the U.S. population are living alone and Multifamily starts decrease in 2025 and 2026.

## Multifamily Supply



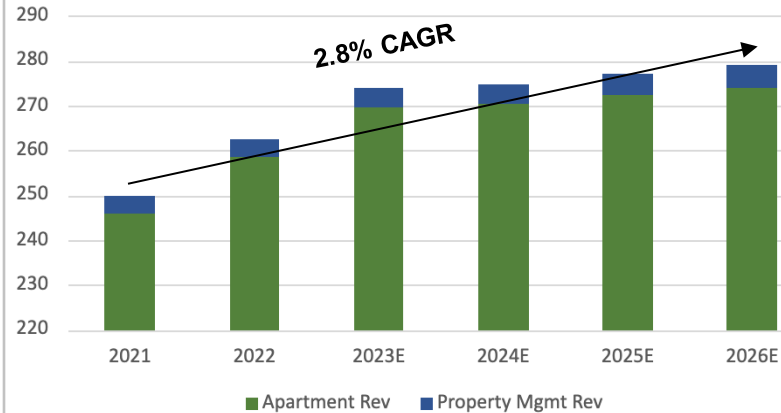
## Multifamily Demand



Camden's addressable market includes the **apartment rentals and property management** industries operating in the **sunbelt region** of the US.

## Market Size / Growth

In Billions USD



Considers Camden's total addressable market (TAM) by revenue mix

## Key Factors Impacting Market

- **Higher interest rates** increase capital costs, decreasing profits on construction, operations, dispositions, and refinancing
- + **Low rental vacancy rates and decreasing homeownership rates**
- + **Industry concentration is low**, which allows Camden greater potential to **capture market share**
- + **High barriers to entry** due to **high capital requirements and permits**
- **Oversaturation concerns for Class A+ properties** within geographical markets.

# REITs Industry Net Asset Value Discount

Camden is trading at a **35% net asset value discount** today (based on a 5.5% cap rate)

## Green Street Average Premium to NAV

The premium (discount) ascribed to a company's net asset value that is implied by the current share price compared to Green Street's assessment of net asset value.  
Observed premiums/discounts in the public market have historically been reliable predictors of future changes in private-market prices.





# Competitive Landscape

## Main Competitors in Sunbelt Region

- MidAmerican Apartment Communities (MAA)
- AvalonBay (AVB)

## Market Cap

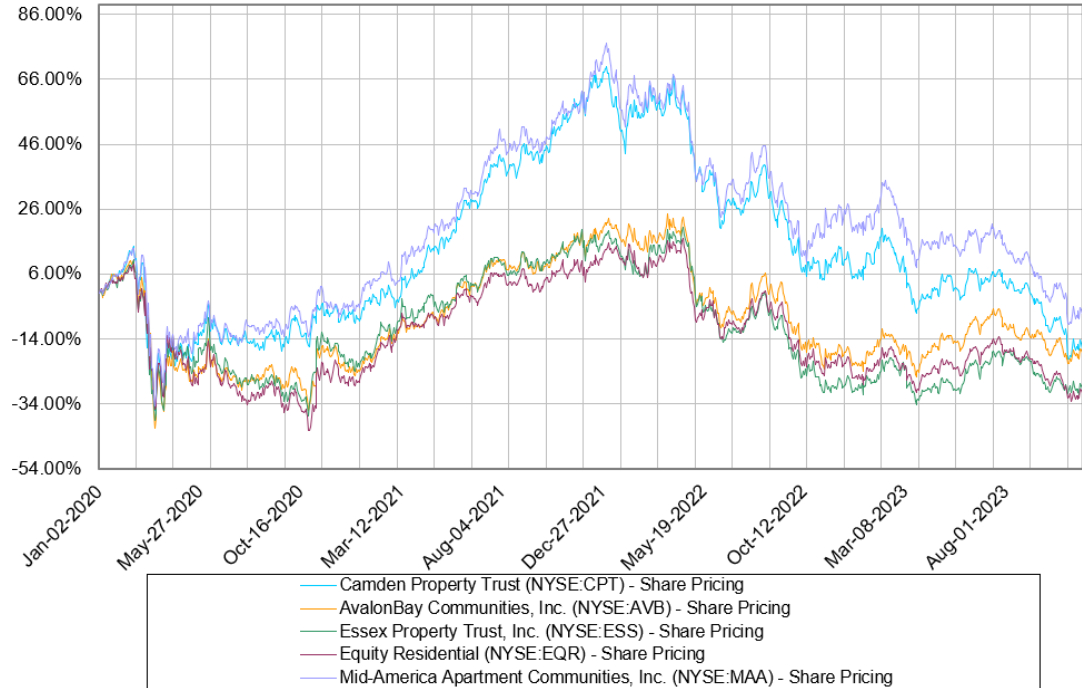
1. Camden – 9.58B
2. MidAmerican – 14.71B
3. AvalonBay – 23.86B

## Debt/Equity

1. Camden – 74.15%
2. Sector Median – 92.02%

## Apartment Units

- AVB – 89,240 apartment units
- MAA – 101,986 apartment units
- CPT – 58,961 apartment units



## Camden's Class A portfolio

- MidAmerican has roughly 65% of their portfolio in Class A assets
- Camden's has 38% Class A assets

## Camden's Class B portfolio

- Rents priced 15-25% discount to A units (30% to brand new units) of comparable size
- Camden's Class B are 10-30 years old

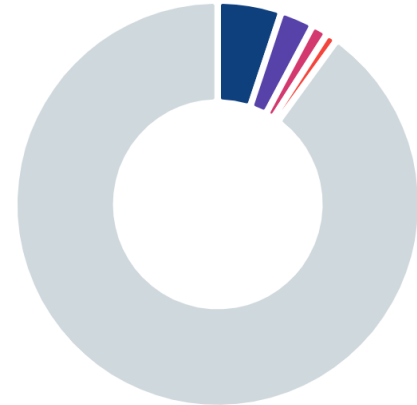
## Camden Has Less Supply Affected

- These 10-30 year old assets will probably not be competing with the new development
- Look at an asset being built in a sub-market that affects a Camden asset and Camden assets that are less than or more than 10 years old – around 15% of their assets are being affected

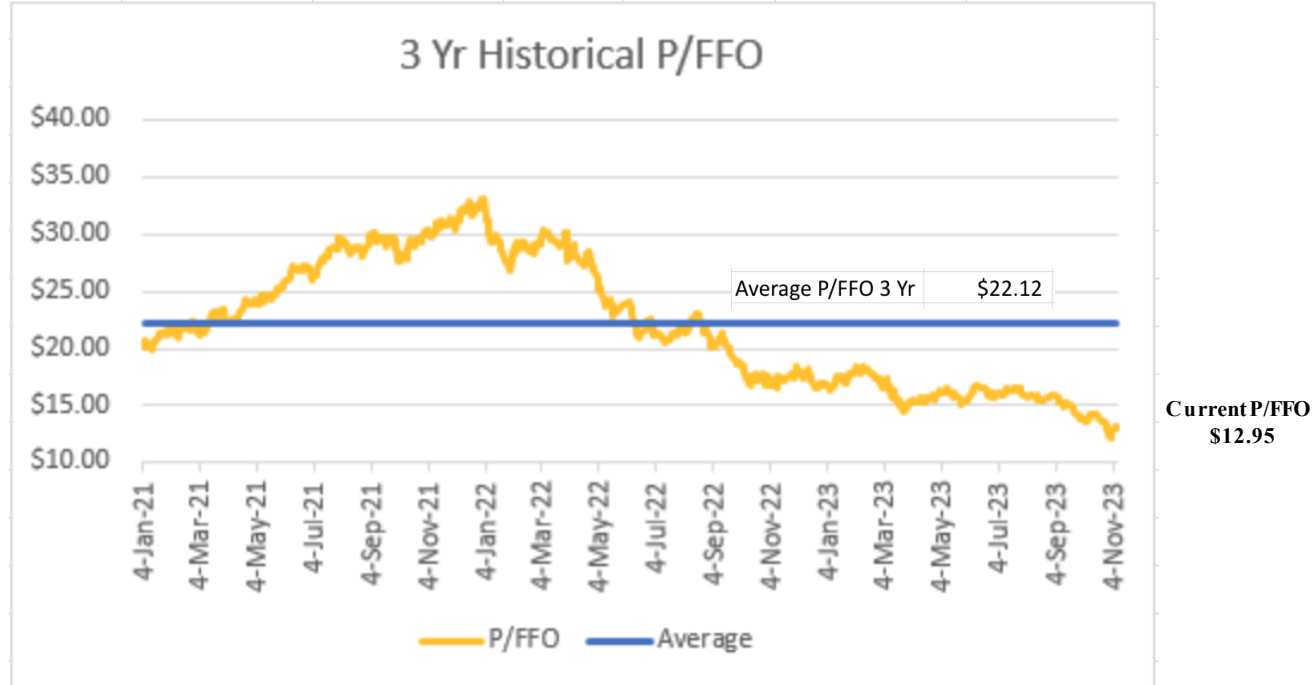
## Competitors AFFO Multiple

- Camden – 13.23x
- MAA – 13.87x
- AvalonBay- 16.4x

## Major Players >



# Price/Funds From Operation



**Funds From Operation (FFO)** is a more accurate way to measure a REIT's performance by **adding back depreciation** back to net income & **deducts any gains or losses** from the **sale of an asset**

## Net Asset Value

- Cap Rate: 5.5% (Greystar Analyst)
- NOI growth used: 2% (7.6% historical average)

## Discounted Cash Flow

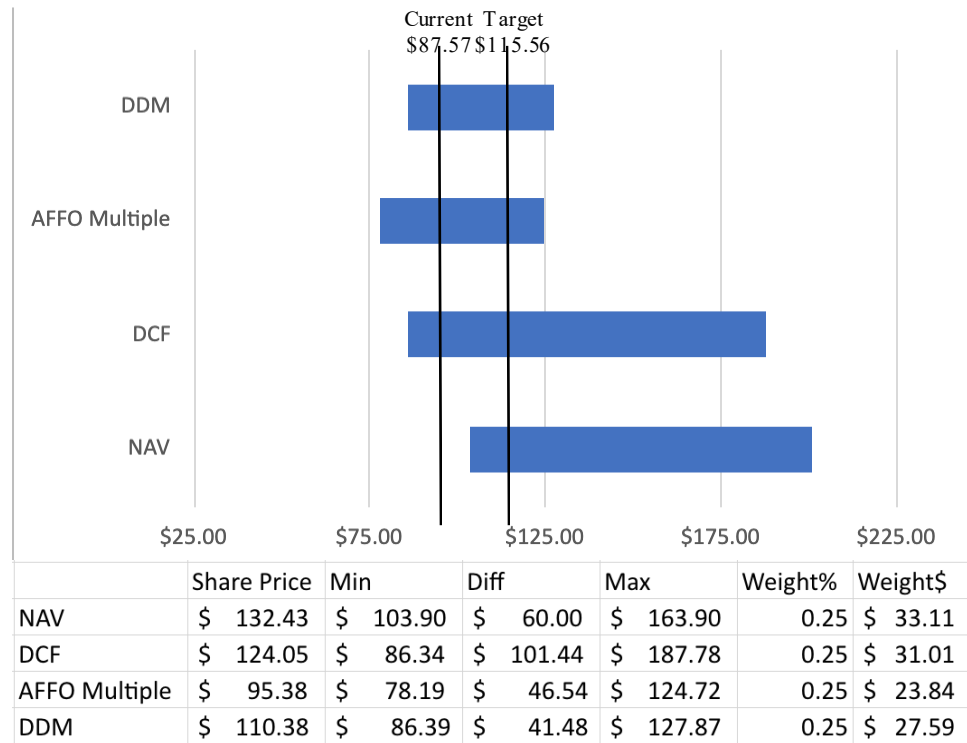
- Blended Forecasted Revenue Growth: 7.7% (historical average: 9.9%)
- WACC: 7.77%
- Terminal Growth Rate: 3.4% (average inflation rate)

## Discounted Dividend Model

- Current Dividend Yield: 4.5%
- Average Dividend Growth: 5.74%
- Growth Rate Used: 4%

## Trading Comps

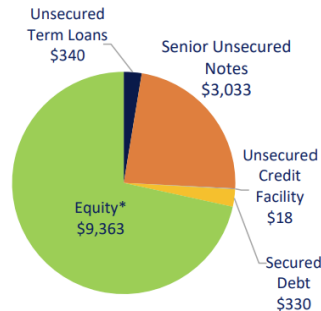
- Size
- Asset Class/Style
- Geographical Operations



# Strong Credit

- 89.9% of assets are unencumbered ~\$16Bn
- 91.1% unsecured debt
- 4.2% weighted average interest rate on all debt
- 77% fixed rate debt
- Weighted average maturity 5.8 years
- Ratio of unencumbered assets/unsecured debt: 3.6x
- **Fixed Charge Expense Ratio: 6.9x**
- **Strong liquidity:** \$739.8MM (14.6MM cash & \$725.2MM available under its revolving line of credit)

## Total Enterprise Value: \$13.2B



## Strong Credit Ratings

Moody's

A3 Stable

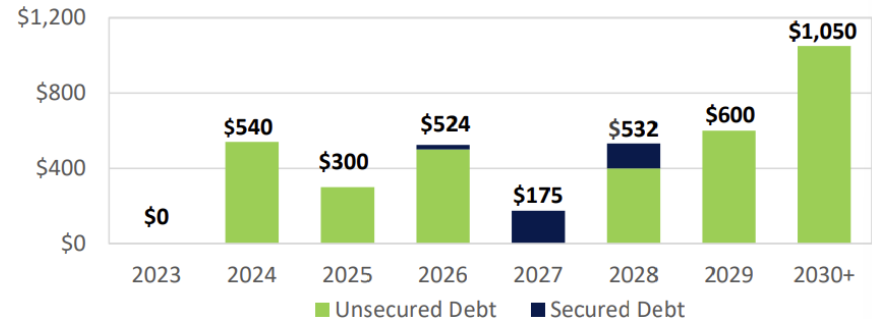
Fitch

A- Stable

S&P's

A- Stable

## Future Scheduled Maturities





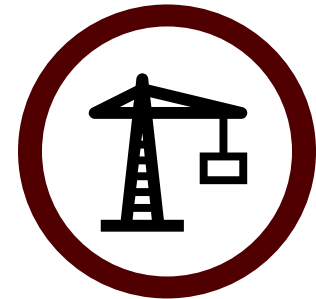
## Interest Rate Decreases

- Interest rates are **inversely** related to real estate prices
- Recent **CPI index** reported at **3.2%** which signals that rates could decrease
- Camden saw a **4% stock increase** the day of the CPI release



## Small Private Multi-Family Failures

- Private multi-family real estate owners hold a **higher leverage** and **less access to liquidity** from **capital markets** than REITs
- With increases in debt servicing could be Real Estate Owned (REO) by the bank
- **Camden could pick the highest REO deal at a steep discount**



## Competition of 5 Pipeline Properties

- US apartments **construction** have **slowed** from **550,000 units** to **200,000 units**
- **Contractors are starving** for work and will likely lead to **decreases in construction cost** if managed properly

# Risks, Mitigants, & Sensitivity Analysis

■ Risks ■ Mitigants

<b>Rising Operating Costs</b>	<ul style="list-style-type: none"><li>• Hedging against energy and insurance costs</li><li>• Passing costs onto tenants to relieve their bottom line</li></ul>
<b>Interest Rate Risks</b>	<ul style="list-style-type: none"><li>• Diverse set of debt (Both Fixed &amp; Floating) and Interest Rate Swaps</li><li>• Extending Debt Maturities (Blended Rates)</li></ul>
<b>Lease Concentration Risk</b>	<ul style="list-style-type: none"><li>• Diversification in targeted tenants</li><li>• Expansion into newer markets geographically</li></ul>
<b>Competition</b>	<ul style="list-style-type: none"><li>• Acquisition of high-end asset class properties</li><li>• Effective uses of AI Technology to improve efficiency and effectiveness.</li></ul>

## Bull Case

**\$160.44 (83.2% Upside)**

## Base Case (Target)

**\$115.56 (31.96% Upside)**

## Bear Case

**\$88.70 (1.3% Upside)**

Based on a current share price of **\$87.57**, we see a 31.96% upside with an implied share price of **\$115.56**

## Prestine Credit Track Record

**A- credit rating for over 4 years** showcases Camden's resilient ability to make deals in a **recessionary environment and seize** future failed apartments at a **steep discount**

## Fortress Balance Sheet

Emphasis on managements ability to **lower interest rate risk**

## Valuation

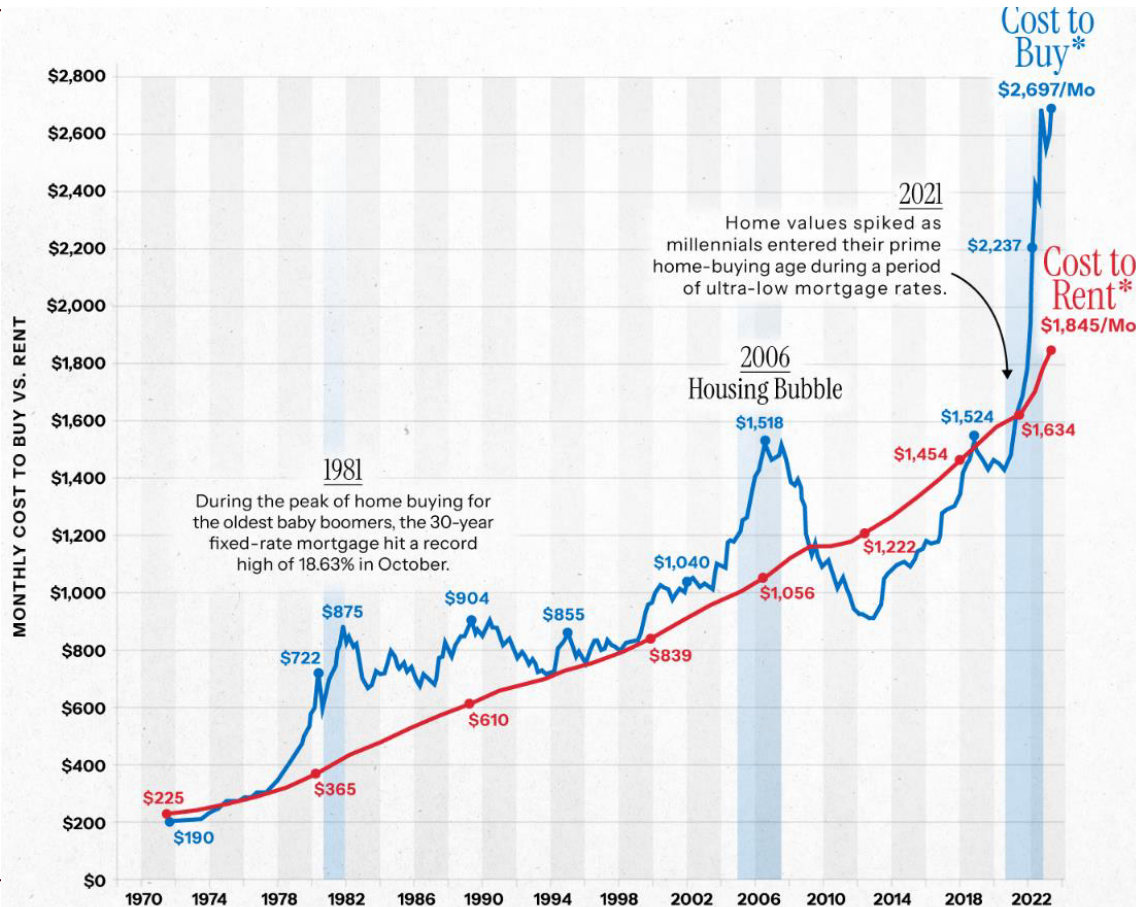
Trading **below publicly-traded peers. Intrinsically undervalued** based on **net asset value, discount dividend, and discounted cash flow methodology**



# Appendix

## Section II: Price Action & Additional Data

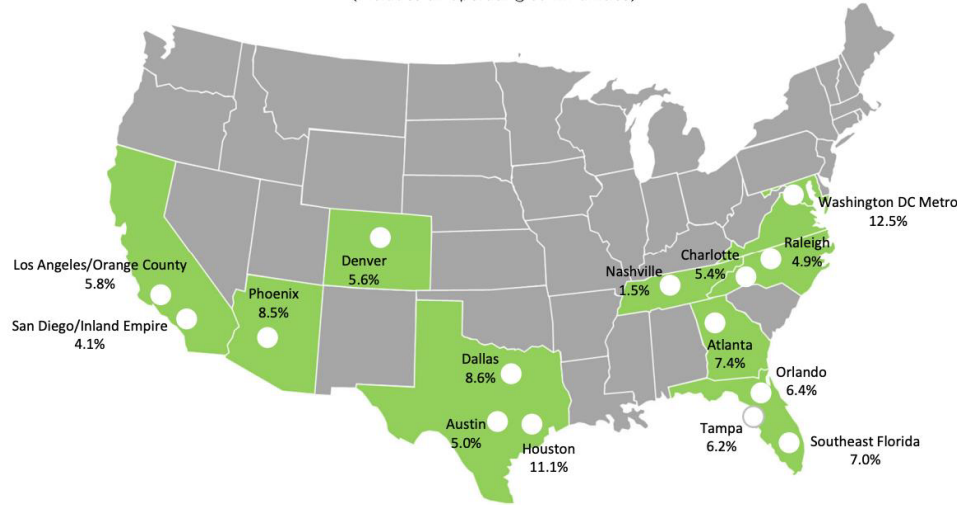
# Cost of Buying vs Renting in America



# Portfolio Statistics

(as of 2Q23)

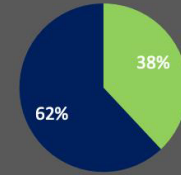
NOI Contribution by Market  
(includes all operating communities)



Nearly 59,000 apartment homes located in 15 major markets in the U.S.

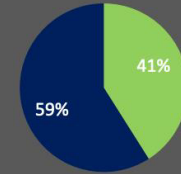
Operating Communities 172	Apartment Homes 58,961	Portfolio Average Age 15 years	Average Occupancy 95%
Average Monthly Rental Rate per Home \$1,983	Average Monthly Revenue per Occupied Home \$2,265	Development Communities 5	Development Apartment Homes 1,553

Asset Class\*



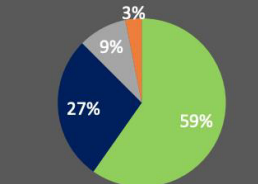
■ Class A ■ Class B

Location\*



■ Urban ■ Suburban

Building Type

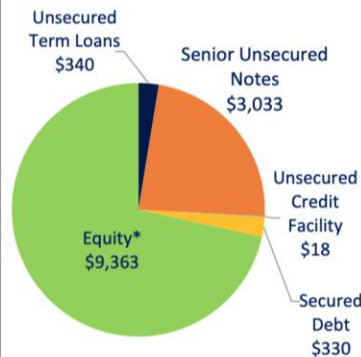


■ Low-Rise ■ Mid-Rise ■ High-Rise ■ Mixed

# Strong Capital Structure

- 4.2% weighted average interest rate on all debt
- 77.0% fixed rate debt
- 91.1% unsecured debt
- 5.8 years weighted average maturity of debt
- \$1.15B available under \$1.20B unsecured credit facility
- Unencumbered asset pool of approximately \$16B

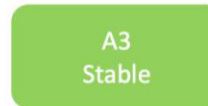
Total Market Cap = \$13B



\*Based on closing share price of \$84.88 on 10/31/23.

## Strong Credit Ratings

Moody's



Fitch



Standard & Poor's



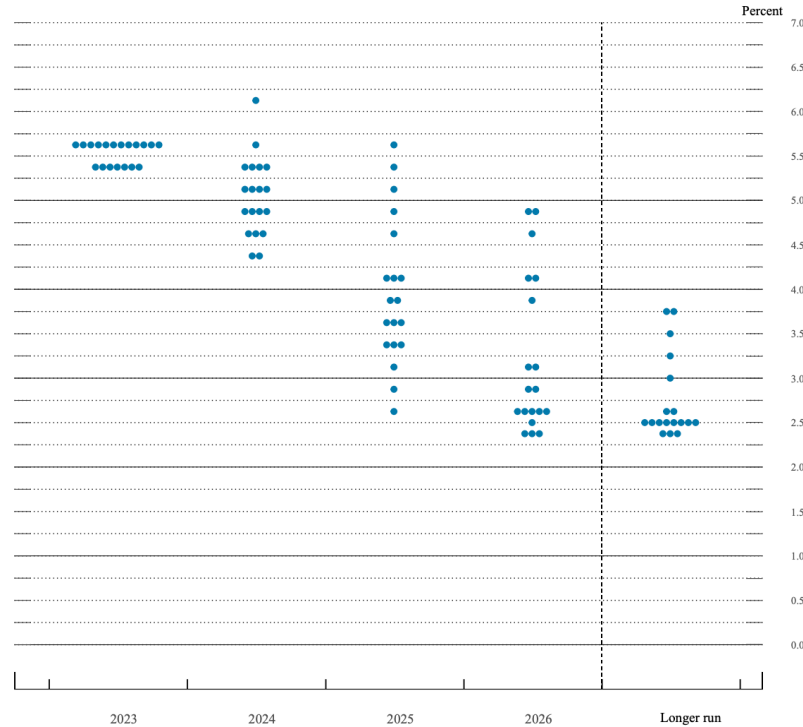
## Future Scheduled Maturities\*



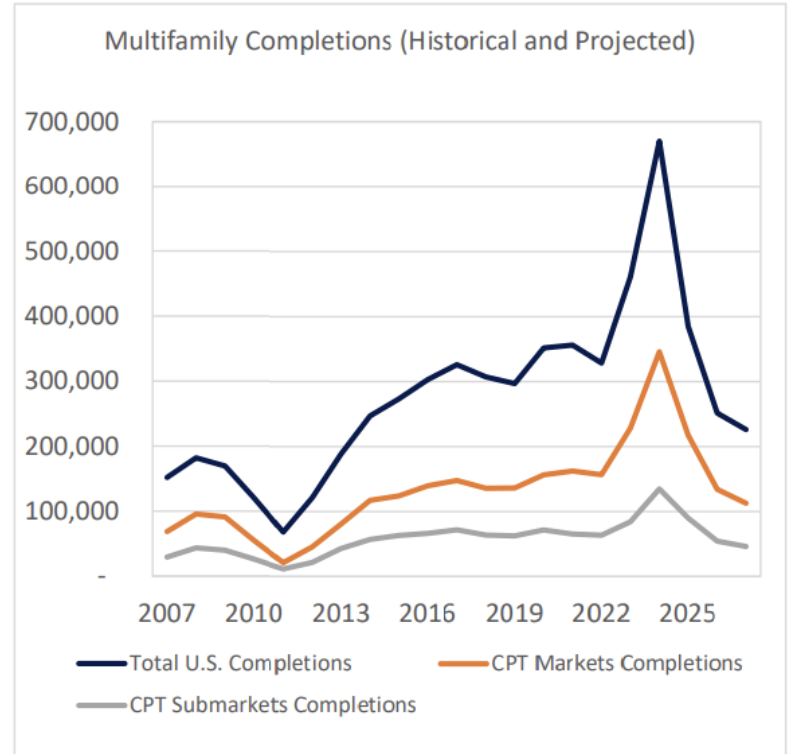
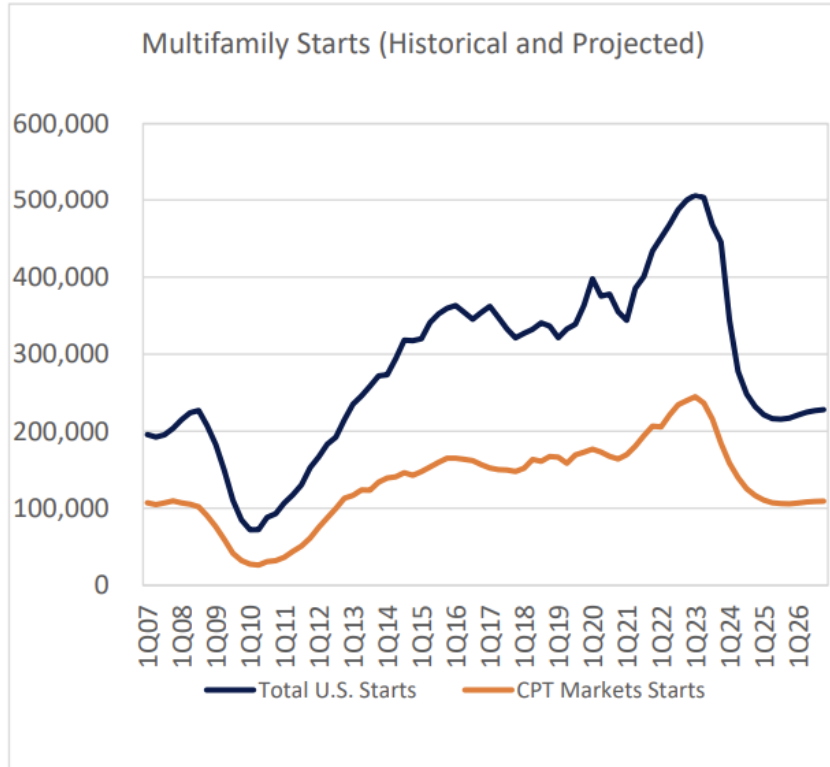
\*Excluding Unsecured Revolving Credit Facility.

(a) Pro-forma to include \$500M 3-Yr Senior Unsecured Bond issued 10/31/2023.

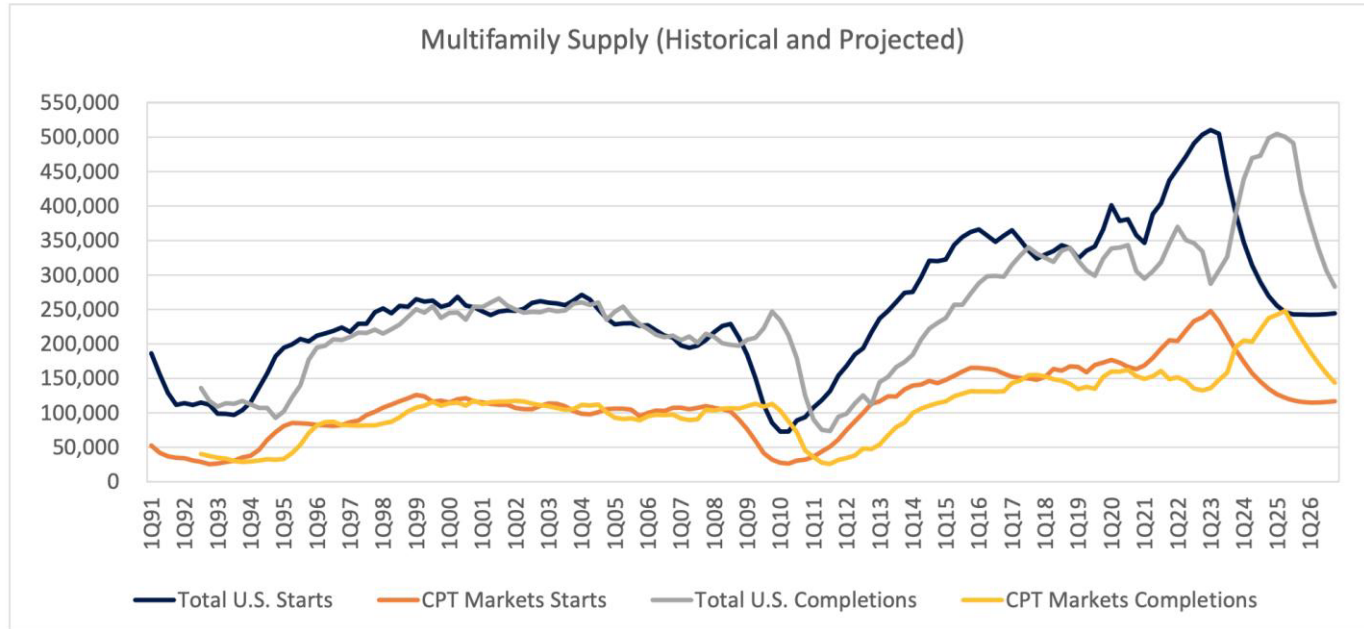
Figure 2. FOMC participants' assessments of appropriate monetary policy: Midpoint of target range or target level for the federal funds rate



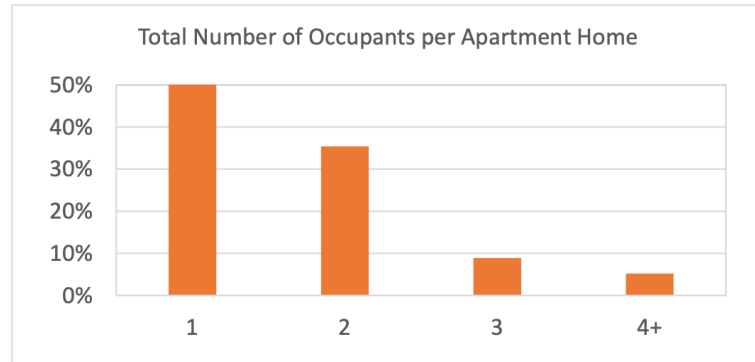
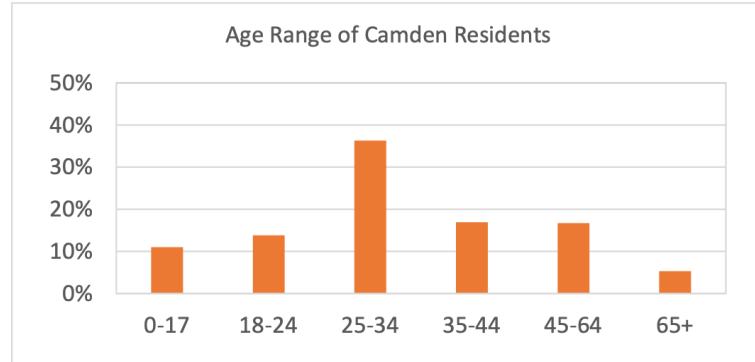
# Multifamily Starts and Completions



- Starts should begin to decline in 2023 and completions are expected to peak in late 2024
- For completions expected in CPT markets during 2023-2024, <20% of the new supply is located in submarkets where CPT operates newer assets (<15 years old) and thus may be competitive on a price and location basis



- Median Age  
31 years
- Average Annual Household  
Income of ~ \$122K for New  
Move-Ins in 4Q23 to date
- Average Rent-to-Income  
Ratio of 19% for New Move-  
Ins in 4Q23 to date
- Average Number of  
Occupants per Apartment  
Home  
1.7





REAL ESTATE ASSETS: <sup>(d)</sup>	Total Homes	% of Total	Total Cost	% of Total	3Q23 NOI	% of Total
Unencumbered real estate assets	55,904	92.4 %	\$11,857,046	89.9%	\$234,355	93.5%
Encumbered real estate assets	4,610	7.6 %	1,339,186	10.1%	16,318	6.5%
Total	60,514	100.0 %	\$13,196,232	100.0%	\$250,673	100.0%

FLOATING vs. FIXED RATE DEBT:	Weighted Average			
	Balance	% of Total	Interest Rate <sup>(b)</sup>	Time to Maturity
Floating rate debt	\$786,917	21.5 %	6.2%	3.0 Years
Fixed rate debt	2,866,211	78.5 %	3.6%	6.9 Years
Total	\$3,653,128	100.0 %	4.1%	6.0 Years

SECURED vs. UNSECURED DEBT:	Weighted Average			
	Balance	% of Total	Interest Rate <sup>(b)</sup>	Time to Maturity
Unsecured debt	\$3,323,057	91.0 %	4.2%	6.3 Years
Secured debt	330,071	9.0 %	3.9%	3.9 Years
Total	\$3,653,128	100.0 %	4.1%	6.0 Years

Future Scheduled Repayments <sup>(a)</sup>						
Year	Amortization	Secured Maturities	Unsecured Maturities	Total	% of Total	Weighted Average Interest Rate on Maturing Debt <sup>(c)</sup>
2023	(\$698)	\$—	\$—	(\$698)	— %	N/A
2024	(2,381)	—	540,000	537,619	14.7 %	4.2%
2025 <sup>(c)</sup>	(2,014)	—	300,000	297,986	8.2 %	6.2%
2026	(1,941)	24,000	—	22,059	0.6 %	4.0%
2027	(1,960)	174,900	—	172,940	4.7 %	3.9%
Thereafter	(5,803)	132,025	2,050,000	2,176,222	59.6 %	3.4%
Total Maturing Debt	(\$14,797)	\$330,925	\$2,890,000	\$3,206,128	87.8 %	3.9%
Unsecured Line of Credit	\$—	\$—	\$447,000	\$447,000	12.2 %	6.1%
Total Debt	(\$14,797)	\$330,925	\$3,337,000	\$3,653,128	100.0 %	4.1%

Weighted Average Maturity of Debt 6.0 Years

# Liquidity, Covenants, and Increasing Costs

Increases in general costs such as:

Management – 17.48% (Y/Y

Comparison)

Maintenance – 12.59% (Y/Y

Comparison)

Insurance –

Significantly increased recently

Taxes – 8.7%

Raising debt costs- 6.5% going

rate

## Liquidity Analysis

As of September 30, 2023, Camden had approximately \$739.8 million of liquidity comprised of approximately \$14.6 million in cash and cash equivalents, and \$725.2 million of availability under its unsecured credit facility. At quarter-end, the Company had \$180.6 million left to fund under its existing wholly-owned development pipeline.

### UNSECURED LINE OF CREDIT

#### Covenant <sup>(a)</sup>

Total Consolidated Debt to Gross Asset Value

Secured Debt to Gross Asset Value

Consolidated Adjusted EBITDA<sub>re</sub> to Total Fixed Charges

Unsecured Debt to Gross Asset Value

	<u>Required</u>	<u>Actual</u> <sup>(b)</sup>	<u>Compliance</u>
Total Consolidated Debt to Gross Asset Value	≤ 60%	22%	Yes
Secured Debt to Gross Asset Value	≤ 40%	2%	Yes
Consolidated Adjusted EBITDA <sub>re</sub> to Total Fixed Charges	≥ 150%	553%	Yes
Unsecured Debt to Gross Asset Value	≤ 60%	22%	Yes

### SENIOR UNSECURED NOTES

#### Covenant <sup>(a)</sup>

Total Consolidated Debt to Total Asset Value

Total Secured Debt to Total Asset Value

Total Unencumbered Asset Value to Total Unsecured Debt

Consolidated Income Available for Debt Service to Total Annual Service Charges

	<u>Required</u>	<u>Actual</u> <sup>(b)</sup>	<u>Compliance</u>
Total Consolidated Debt to Total Asset Value	≤ 60%	27%	Yes
Total Secured Debt to Total Asset Value	≤ 40%	2%	Yes
Total Unencumbered Asset Value to Total Unsecured Debt	≥ 150%	364%	Yes
Consolidated Income Available for Debt Service to Total Annual Service Charges	> 150%	589%	Yes

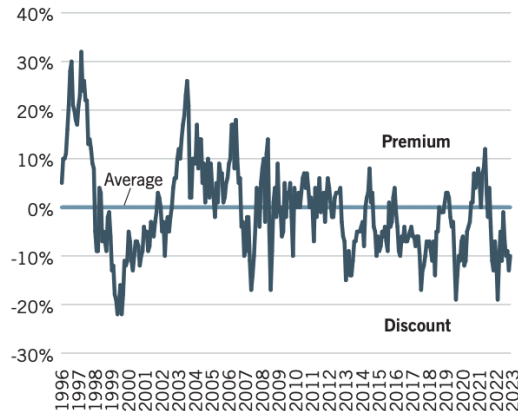
Four Year Growth of FFO/sh				
	2019 FFO/sh	2023 FFO/sh	CAGR	Increase
<b>CPT</b>	<b>\$5.04</b>	<b>\$6.81</b>	<b>7.8%</b>	<b>35%</b>
<b>AVB</b>	<b>\$9.18</b>	<b>\$10.39</b>	<b>3.1%</b>	<b>13%</b>

**U.S. REITs have historically provided compelling returns when discounts to NAV were greater than 10%.**

Not unlike other asset classes, large drawdowns have historically led to higher future return potential. Since 1996 whenever the price-to-net asset value (“NAV”) for REITs has been at a discount of greater than 10%, the returns for the FTSE Nareit Equity REITs Index in the following 12-months were positive 35 out of 41 periods.

### REITs Trading at Historical Discount

Historical Price to NAV\*

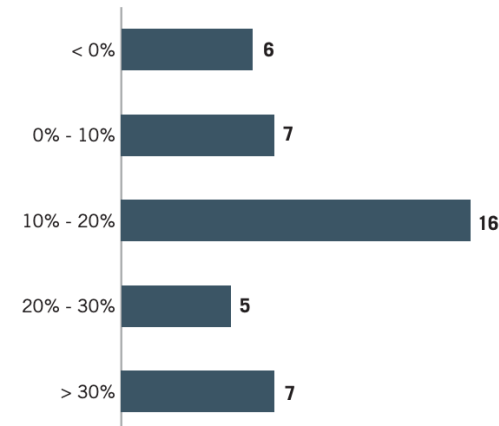


**Past performance is not indicative of future results.**

Source: Duff & Phelps, Evercore ISI, FactSet, data as of 6/30/23. \*Price to NAV is a metric used to estimate the market value for REIT holdings, it is not a measure of performance, but rather, a ratio similar to price-to-book value used when comparing traditional stocks.

### REIT Performance when Discounts Were Greater than 10%

12-Month Forward Returns, FTSE Nareit Equity REITs Index



**Past performance is not indicative of future results.**

Source: Duff & Phelps, FTSE Nareit, Evercore ISI, FactSet, data as of 6/30/23.

# MAA apartment markets

**276**  
SAME STORE  
COMMUNITIES

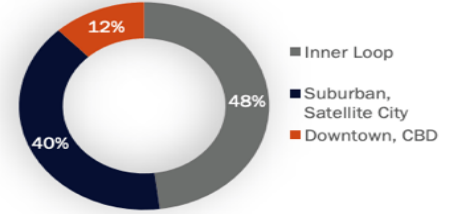
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**95,285**  
SAME STORE  
UNITS

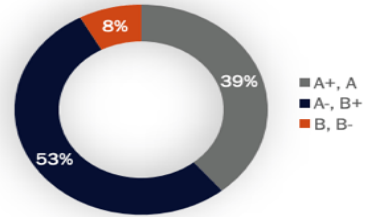
## TOP 10 MARKETS | % 2Q 2023 Same Store NOI

1	Atlanta, GA	12.6%	6	Austin, TX	6.0%
2	Dallas, TX	9.6%	7	Raleigh/Durham, NC	5.6%
3	Tampa, FL	7.0%	8	Nashville, TN	5.0%
4	Orlando, FL	6.6%	9	Houston, TX	4.1%
5	Charlotte, NC	6.1%	10	Charleston, SC	3.6%

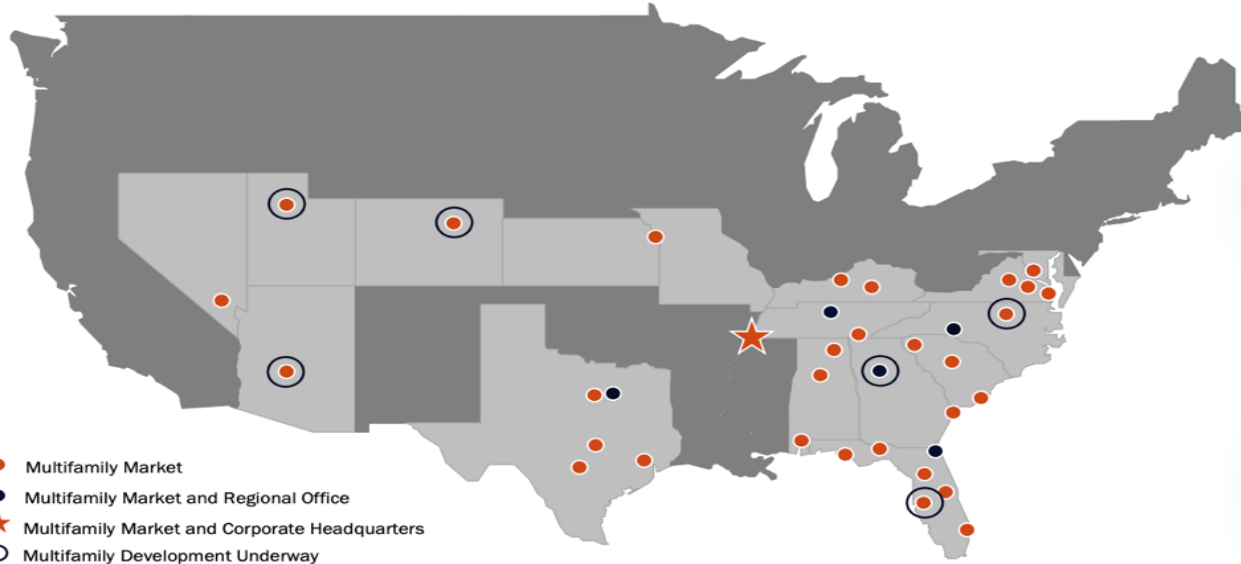
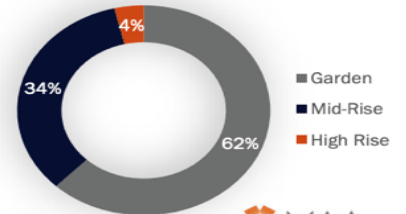
## Diversified within SUBMARKETS<sup>1</sup>



## Diversified in ASSET CLASS<sup>1,2</sup>



## Diversified in ASSET TYPES<sup>1,3</sup>



<sup>1</sup> Based on gross asset value at 6/30/2023 for total multifamily portfolio

<sup>2</sup> Source: Yardi Matrix Asset Class Rating; we believe asset class rating in each market is a proxy for price point diversification targeting Renters by Choice (A+, A), Lifestyle Renters (A-, B+) and Working Professionals (B, B-)

<sup>3</sup> Garden = 3 stories or less; Mid-rise = 4 to 9 stories; High rise = 10+ stories

# Net Asset Value Model

(\$MM)														
NAV Valuation			Per share											
NOI	\$ 961.70	TTM	\$ 9.01											
Growth Rate	2.00%													
Next Year NOI	\$ 980.93		\$ 9.19											
Cap Rate	5.50%	5.25%-5.5%							Sensitivity Analysis					
Value	\$ 17,835		\$ 167.04						Cap Rate Applied					
Debt	3659.5		\$ 34.27						Next Year NOI	4.50%	5.00%	5.50%	6.00%	6.50%
NAV	\$ 14,176		\$ 132.77						\$ 885.3	\$ 19,673.2	\$ 17,705.9	\$ 16,096.2	\$ 14,754.9	\$ 13,619.9
									\$ 931.9	\$ 20,708.6	\$ 18,637.7	\$ 16,943.4	\$ 15,531.5	\$ 14,336.7
# of Shares	106.77								\$ 980.9	\$ 21,798.5	\$ 19,618.7	\$ 17,835.2	\$ 16,348.9	\$ 15,091.3
									\$ 1,030.0	\$ 22,888.5	\$ 20,599.6	\$ 18,726.9	\$ 17,166.3	\$ 15,845.9
<b>NAV Per Share (Intrinsic Value)</b>	<b>\$ 132.77</b>								\$ 1,081.5	\$ 24,032.9	\$ 21,629.6	\$ 19,663.3	\$ 18,024.7	\$ 16,638.1
Growth NOI														
12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	TTM			
428.6	513.4	491.3	520.5	552.2	560.9	598	651.5	642.7	717.3	905.8	961.7			
	19.79%	-4.30%	5.94%	6.09%	1.58%	6.61%	8.95%	-1.35%	11.61%	26.28%	6.17%			
									Average	7.94%				
									CAGR NOI	7.62%				

# Comps & Dividend Discount Model

## REIT Multiples Valuation Model

Ticker	Company	Stock Price	P/AFFO Multiple
MAA	Mid-America Apartment	\$119.59	14.34
UDR	UDR	\$32.12	14.6
ESS	Essex Property Trust	\$209.39	16.01
EQR	Equity Residential	\$54.73	17.11
AVB	AvalonBay	\$168.99	16.57

Average P/AFFO	15.726
Median P/AFFO	16.01

Company	Intrinsic Value	P/AFFO
CPT	\$95.38	14.49

Current Price	
CPT	\$87.88

## Dividend Discount Model

Year	4yr	3yr	2yr	1yr	Current
Dividend Payout	0.8	0.83	0.83	0.94	1
Yearly Dividend	3.2	3.32	3.32	3.76	4
Growth Rate		3.7%	0.0%	13.3%	6.4%

Growth Rate	4.00% Assumption	Average Growth Rate	5.85%
WACC/Discount Rate	7.17%	Dividend CAGR	5.74%

**DDM Price per share \$131.04**

# Discounted Cash Flow

	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	9/30/2023	NTM	NTM+1	NTM+2	NTM+3	NTM+4	Terminal NTM+5
FFO	469.2	512.8	503.3	567.4	722.5	753.4	779.59	844.5599	967.5454	1079.652	1122.932	1106.807
Recurring CapEx	-72.296	-72.172	-77.525	-73.603	-90.715	-91.167	-95.77	-99.25	-101.07	-97.9	-102.12	-100
Growth		-0.17%	7.42%	-5.06%	23.25%	0.50%	5.05%	3.63%	1.83%	-3.14%	4.31%	-2.08%
Recurring CapEx % of Rev	7.44%	6.88%	7.28%	6.32%	6.33%	5.94%	5.88%	5.70%	5.28%	4.65%	4.58%	4.35%
AFFO	396.904	440.628	425.775	493.797	631.785	662.233	683.8245	745.3099	866.4754	981.752	1020.812	1006.807
PV of CF						PV FFO	723.3948	727.1829	773.0208	800.4058	772.4786	
						PV AFFO	634.5287	691.5817	804.0126	910.9791	947.2231	
						Sum of Future FFO		3796.483				
						Sum of Future AFFO		3988.325				

\*Recurring Capital Expenditures are based on sell-side estimates

Terminal Value	\$20,575.55
FFO(NTM+5)	\$ 1,106.81
P/FFO Multiple	\$ 18.59
PV TV	\$13,133.82
Valuation	
PV of Projected FFO	\$ 3,796.48
PV TV	\$13,133.82
EV	\$16,930.30
Debt	\$ 3,695.89
Cash	\$ 14.60
Equity Value	\$13,249.01
O/S	106.8
<b>Price/Share</b>	<b>\$ 124.05</b>