
Camden Music Row – Nashville, TN

CAMDEN SM

# Investor Presentation

June 2022



Camden Hillcrest – San Diego, CA

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FORWARD-LOOKING STATEMENTS – In addition to historical information, this presentation contains forward-looking statements under the federal securities law. These statements are based on current expectations, estimates, and projections about the industry and markets in which Camden (the "Company") operates, management's beliefs, and assumptions made by management. Forward-looking statements are not guarantees of future performance and involve certain risks and uncertainties which are difficult to predict. Factors which may cause the Company's actual results or performance to differ materially from those contemplated by forward-looking statements are described under the heading "Risk Factors" in Camden's Annual Report on Form 10-K and in other filings with the Securities and Exchange Commission ("SEC"). Forward-looking statements made in this presentation represent management's opinions as of the date of this presentation, and the Company assumes no obligation to update or supplement these statements because of subsequent events.



Camden Old Town Scottsdale – Scottsdale, AZ

# Company Overview

# About Camden

- Publicly traded since 1993
- S&P 500 Company
- Total Market Cap of $20B
- Recognized by FORTUNE Magazine as one of the 100 Best Companies to Work For® in America for 15 consecutive years, recently ranking #26



- Experienced management team with sound business plan and proven history of performance
- Consistent long-term focus and commitment to high-growth markets
- Strong balance sheet with ample liquidity and solid credit metrics
- Well-positioned to capitalize on future opportunities

| | |
|---|---|
| #2 | Houston Chronicle – Top Workplaces in Houston 2021 |
| #2 | FORTUNE – Best Workplaces for Hispanics and Latinos 2021 |
| #7 | PEOPLE – Companies that Care 2021 |
| #29 | GPTW – Best Workplaces in Texas 2021 |
| #32 | FORTUNE – Best Workplaces for Millennials 2021 |
| #49 | FORTUNE – Best Workplaces for Women 2021 |

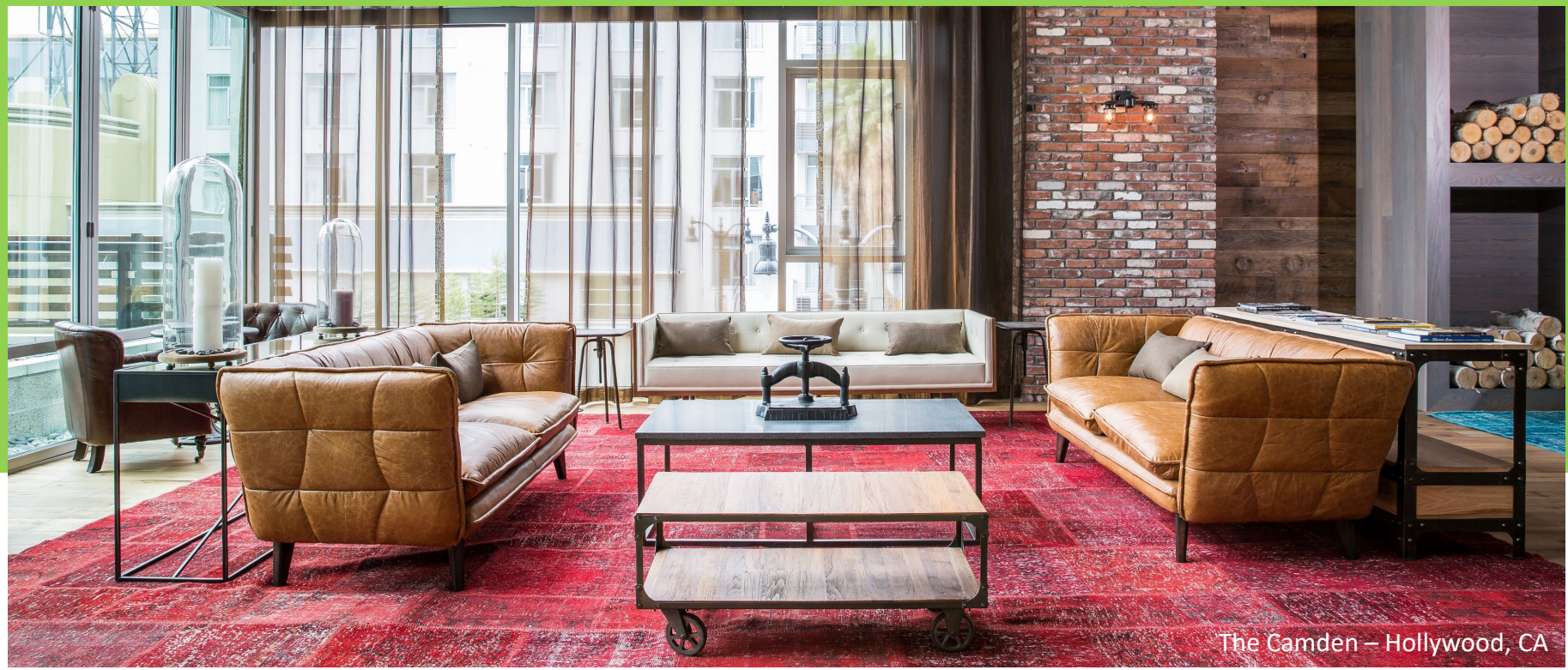
# Camden's Strategy

- Focus on high-growth markets (employment, population, migration)
- Operate a diverse portfolio of assets (geographical, A/B, urban/suburban)
- Recycle capital through acquisitions and dispositions
- Create value through development, repositioning and investments in technology
- Maintain strong balance sheet with low leverage and ample liquidity








The Camden – Hollywood, CA

# 2022 Highlights & Guidance

# 2022 Highlights

- Stabilized one development community for a total cost of $125.3 million
- Acquired three undeveloped land parcels for a total cost of $40.5 million for future development projects
- Sold one apartment community for approximately $71.9 million
- Acquired the remaining 68.7% ownership interests in two discretionary investment Funds which own 22 multifamily communities with 7,247 apartment homes for cash consideration of approximately $1.1 billion, after adjusting for the assumption of $515 million of existing secured mortgage debt
- Issued 2.9 million common shares in a public equity offering for net proceeds of approximately $490.3 million, utilized to reduce borrowings under our $900 million unsecured line of credit
- Joined the S&P 500 index

# Operating Statistics

(Results for 2022 same property pool)

| Same Property Occupancy | 1Q22 | April 2022 | May 2022 | April 2021 | May 2021 |
|---|---|---|---|---|---|
| Occupancy | 97.1% | 96.9% | 96.9% | 96.5% | 96.9% |

| Same Property New Lease and Renewal Data – Date Signed[1] | 1Q22 | April 2022 | May 2022 | April 2021 | May 2021 |
|---|---|---|---|---|---|
| New Lease Rates | 15.8% | 14.9% | 17.5% | 4.5% | 8.7% |
| Renewal Rates | 13.2% | 14.3% | 14.5% | 4.8% | 6.4% |
| Blended Rates | 14.4% | 14.6% | 15.9% | 4.6% | 7.6% |

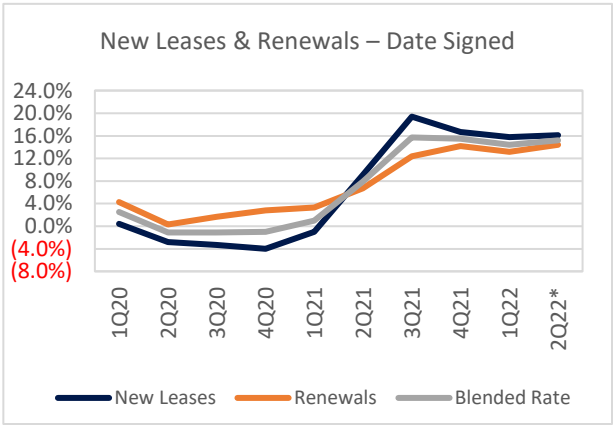
| Same Property New Lease and Renewal Data – Date Effective[2] | 1Q22 | April 2022 | May 2022 | April 2021 | May 2021 |
|---|---|---|---|---|---|
| New Lease Rates | 16.1% | 14.6% | 15.8% | 1.7% | 4.6% |
| Renewal Rates | 14.1% | 13.2% | 13.0% | 3.1% | 3.7% |
| Blended Rates | 15.1% | 13.9% | 14.3% | 2.3% | 4.2% |

(1) Average change in same property new lease and renewal rates vs. expiring lease rates when signed.
(2) Average change in same property new lease and renewal rates vs. expiring lease rates when effective.

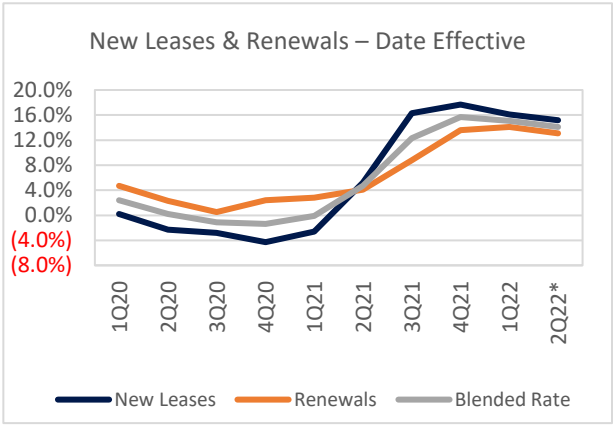
# New Leases & Renewals – Signed & Effective

(Results for 2022 and 2021 reflect current same property pool of 46,548 units; Results for 2020 reflect former same property pool of 45,200 units)

| DATE SIGNED[1][2] | 1Q20 | 2Q20 | 3Q20 | 4Q20 | 1Q21 | 2Q21 | 3Q21 | 4Q21 | 1Q22 | 2Q22* |
|---|---|---|---|---|---|---|---|---|---|---|
| New Lease Rates | 0.4% | (2.8)% | (3.3)% | (4.0)% | (1.0)% | 9.1% | 19.4% | 16.7% | 15.8% | 16.1% |
| Renewal Rates | 4.3% | 0.3% | 1.7% | 2.8% | 3.3% | 6.7% | 12.4% | 14.2% | 13.2% | 14.4% |
| Blended Rates | 2.5% | (1.1)% | (1.1)% | (1.0)% | 1.0% | 7.9% | 15.7% | 15.5% | 14.4% | 15.2% |




| DATE EFFECTIVE[3][4] | 1Q20 | 2Q20 | 3Q20 | 4Q20 | 1Q21 | 2Q21 | 3Q21 | 4Q21 | 1Q22 | 2Q22* |
|---|---|---|---|---|---|---|---|---|---|---|
| New Lease Rates | 0.2% | (2.3)% | (2.8)% | (4.3)% | (2.6%) | 5.2% | 16.3% | 17.7% | 16.1% | 15.2% |
| Renewal Rates | 4.7% | 2.3% | 0.5% | 2.4% | 2.8% | 4.1% | 8.8% | 13.6% | 14.1% | 13.1% |
| Blended Rates | 2.4% | 0.2% | (1.1)% | (1.4)% | (0.1)% | 4.7% | 12.3% | 15.7% | 15.1% | 14.1% |




*Data as of 5/31/22.
(1) Average change in same property new lease and renewal rates vs. expiring lease rates when signed.
(2) Data represents average monthly leases signed during the period.
(3) Average change in same property new lease and renewal rates vs. expiring lease rates when effective.
(4) Data represents average monthly leases effective during the period.

# Same Property Occupancy by Market

(Results for 2022 and 2021 reflect current same property pool; Results for 2020 reflect former same property pool)

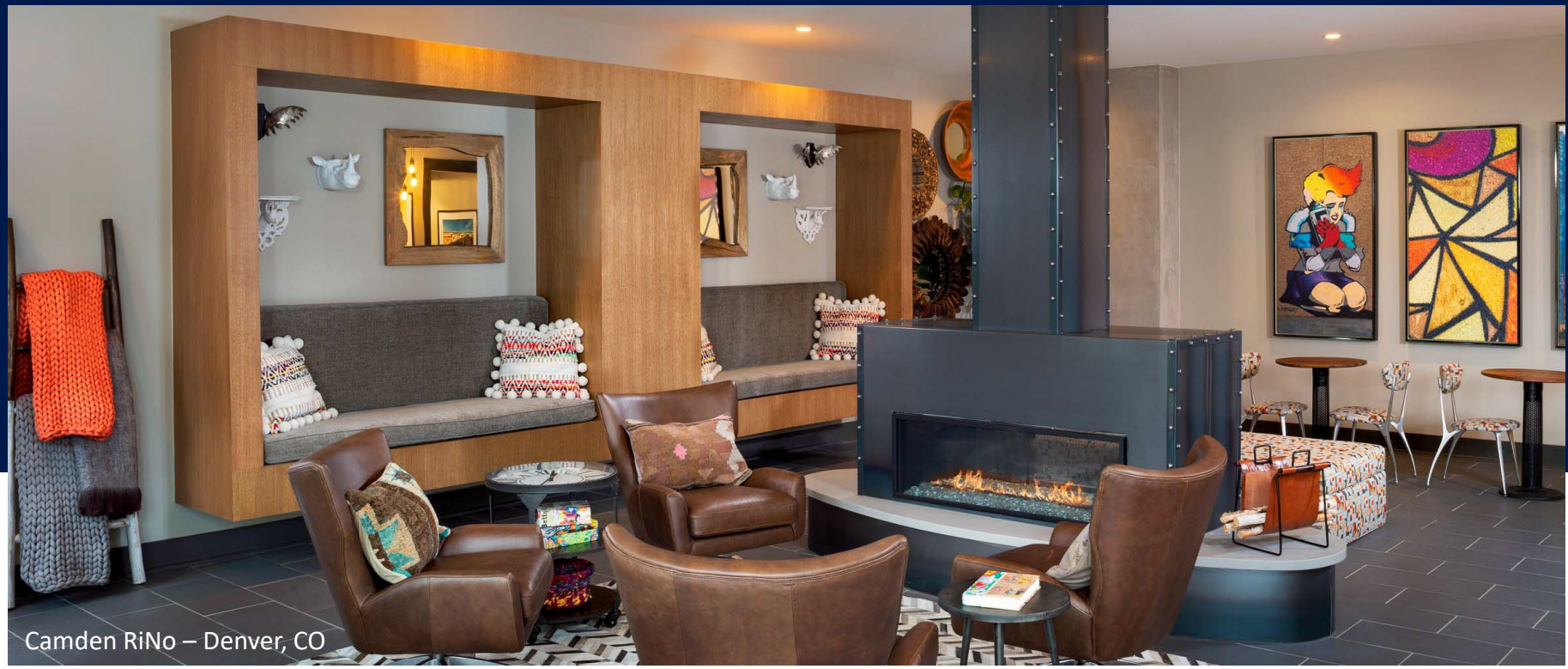
| | 1Q20 | 2Q20 | 3Q20 | 4Q20 | 1Q21 | 2Q21 | 3Q21 | 4Q21 | 1Q22 | 2Q22* |
|---|---|---|---|---|---|---|---|---|---|---|
| Atlanta | 95.6% | 95.6% | 96.0% | 96.2% | 96.6% | 97.4% | 97.4% | 96.8% | 97.0% | 97.1% |
| Austin | 96.1% | 94.9% | 95.6% | 95.0% | 96.0% | 97.2% | 97.4% | 97.3% | 97.2% | 96.9% |
| Charlotte | 96.4% | 94.8% | 95.4% | 95.3% | 95.6% | 96.5% | 96.9% | 96.7% | 96.8% | 96.6% |
| Dallas | 96.2% | 95.2% | 95.1% | 95.2% | 95.8% | 96.5% | 97.5% | 97.5% | 97.2% | 97.0% |
| Denver | 95.5% | 95.5% | 96.0% | 95.8% | 96.1% | 96.4% | 97.0% | 96.4% | 96.5% | 96.6% |
| Houston | 95.6% | 93.4% | 93.0% | 92.0% | 93.1% | 95.4% | 95.8% | 95.8% | 95.9% | 95.6% |
| Los Angeles/Orange County | 95.4% | 94.3% | 95.7% | 96.3% | 96.4% | 97.3% | 97.8% | 98.0% | 97.7% | 97.7% |
| Orlando | 96.3% | 94.9% | 95.4% | 95.4% | 96.0% | 97.7% | 97.5% | 97.7% | 97.8% | 97.9% |
| Phoenix | 96.6% | 94.5% | 95.3% | 96.8% | 97.1% | 96.9% | 97.0% | 97.0% | 96.4% | 95.8% |
| Raleigh | 96.3% | 96.3% | 96.6% | 96.1% | 96.0% | 97.1% | 97.5% | 97.1% | 97.2% | 96.9% |
| San Diego/Inland Empire | 94.3% | 95.4% | 96.3% | 97.0% | 97.4% | 97.4% | 96.9% | 97.4% | 98.0% | 97.7% |
| Southeast Florida | 97.1% | 95.7% | 96.3% | 96.4% | 97.1% | 98.0% | 98.2% | 98.0% | 97.9% | 97.7% |
| Tampa | 96.0% | 95.2% | 95.9% | 96.8% | 97.4% | 97.7% | 98.1% | 97.7% | 97.8% | 98.4% |
| Washington DC Metro | 96.7% | 96.0% | 96.3% | 95.9% | 96.0% | 96.7% | 97.4% | 97.5% | 97.2% | 97.0% |
| **Total** | **96.1%** | **95.1%** | **95.5%** | **95.5%** | **95.9%** | **96.9%** | **97.2%** | **97.1%** | **97.1%** | **96.9%** |

*2Q22 data through 5/31/22.

# 2022 Guidance

(as of 4/28/22)

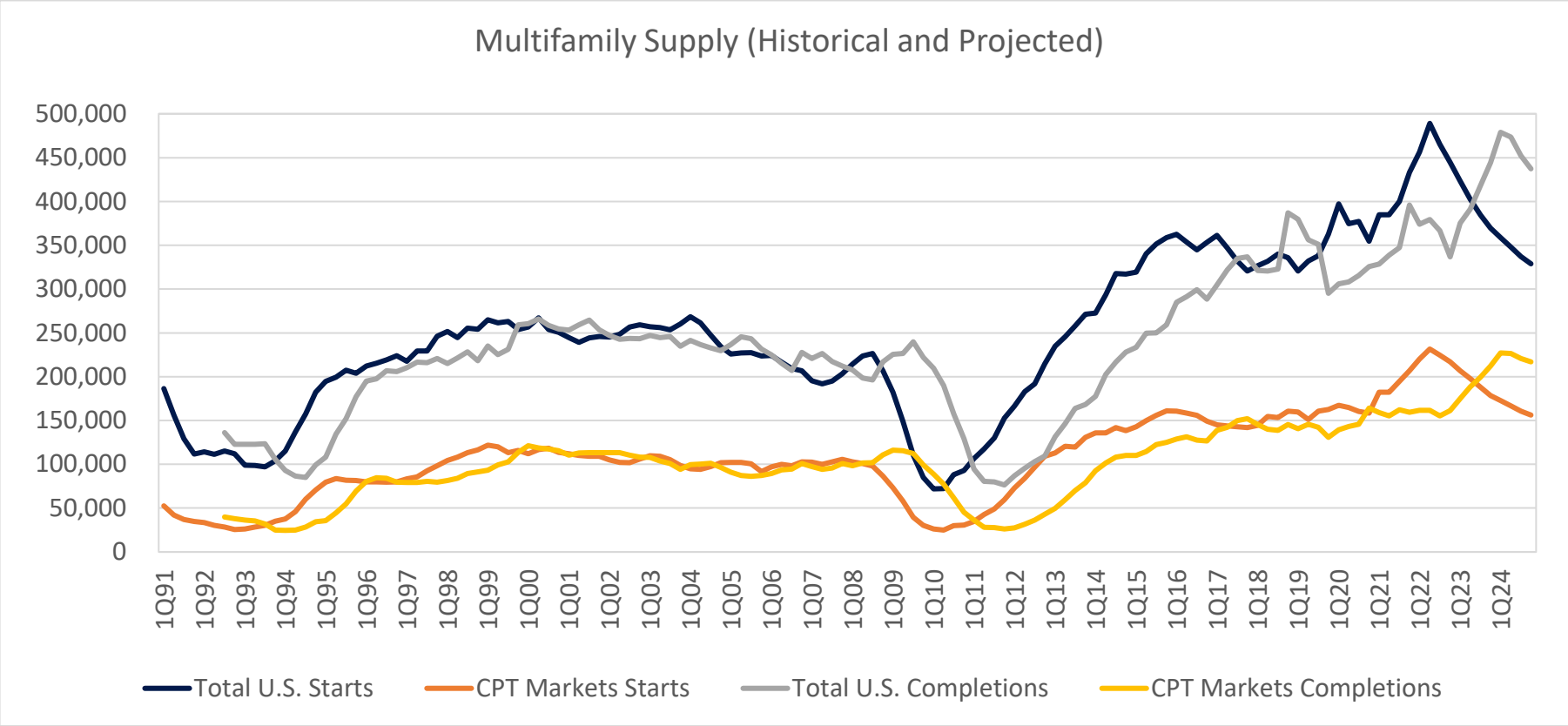
| EARNINGS | LOW | MIDPOINT | HIGH |
|---|---|---|---|
| EPS per share | $1.25 | $1.37 | $1.49 |
| FFO per share | $6.39 | $6.51 | $6.63 |
| | | | |
| **SAME PROPERTY PERFORMANCE** | **LOW** | **MIDPOINT** | **HIGH** |
| Revenue Growth | 9.50% | 10.25% | 11.00% |
| Expense Growth | 3.70% | 4.20% | 4.70% |
| NOI Growth | 12.50% | 13.75% | 15.00% |
| | | | |
| **FUTURE 2022 TRANSACTIONS** | **LOW** | **MIDPOINT** | **HIGH** |
| Acquisitions | $0M | $0M | $0M |
| Dispositions | $100M | $200M | $300M |
| Development Starts | $400M | $500M | $600M |
| | | | |


Camden RiNo – Denver, CO

# Multifamily Fundamentals

# Multifamily Supply

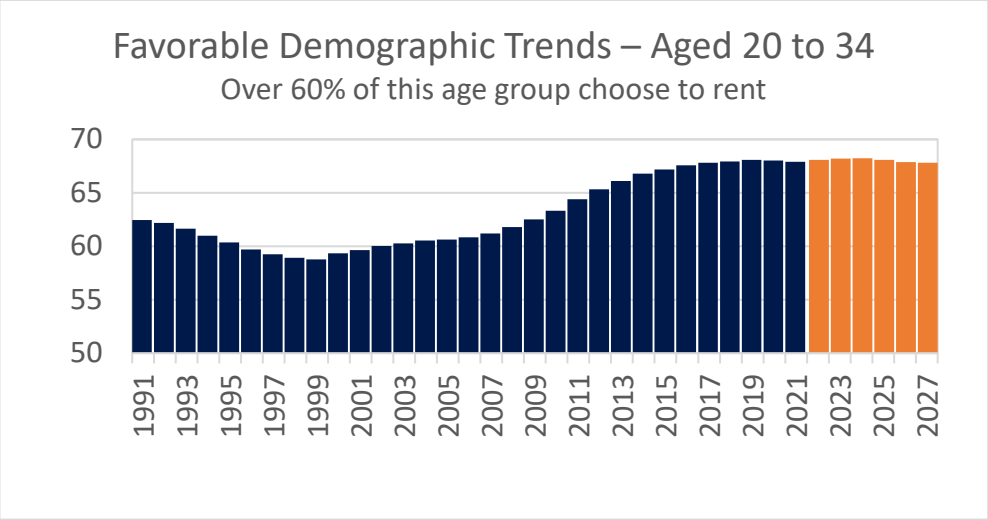
- Starts should remain elevated until 2023.
- Completions expected to peak in 2024.

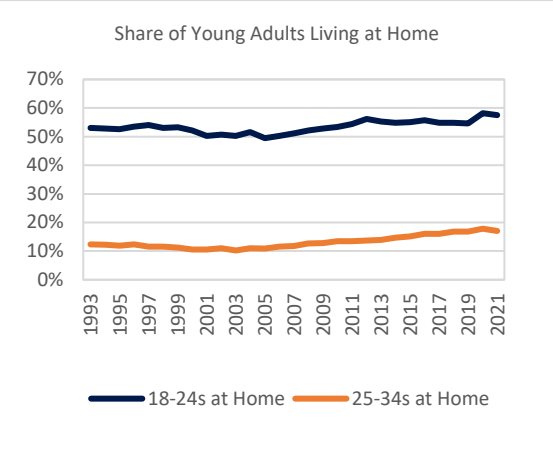


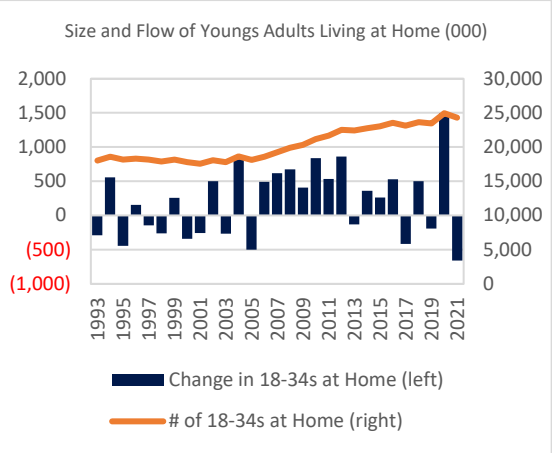

Source: Witten Advisors

# Strong Demand for Multifamily Rental Housing

- Young adults currently number almost 68 million and will remain a steady source of demand in the near term
- Pent-up demand from young adults living at home or with roommates

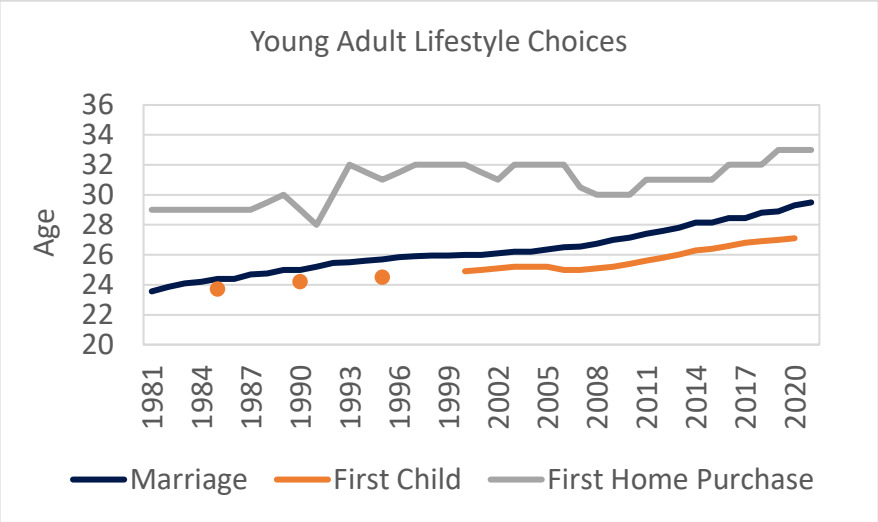


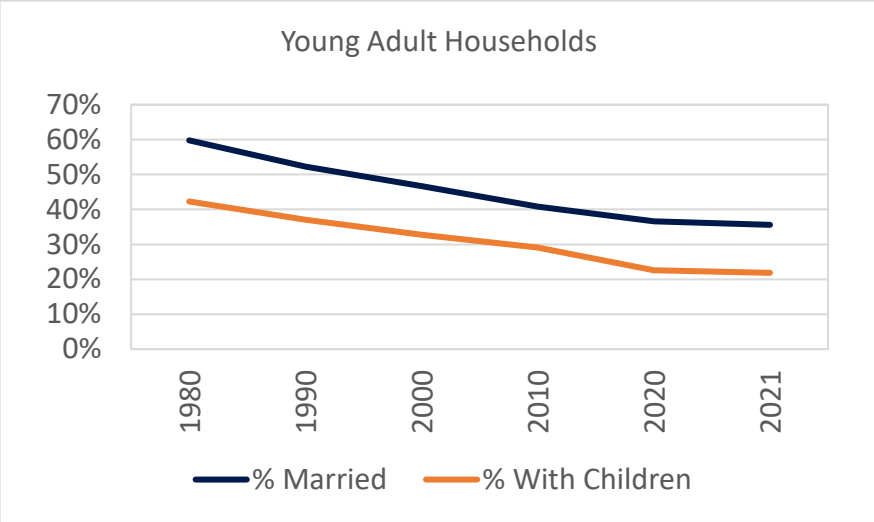




Source: Witten Advisors

# Young Adults Making Lifestyle Decisions Later



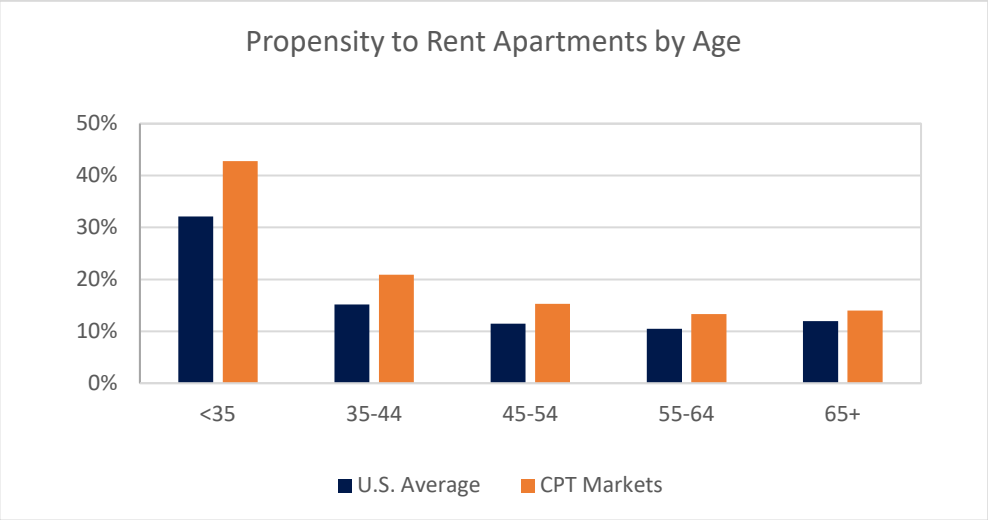

- Young adults choosing to marry and have children later in life, delaying homeownership decisions

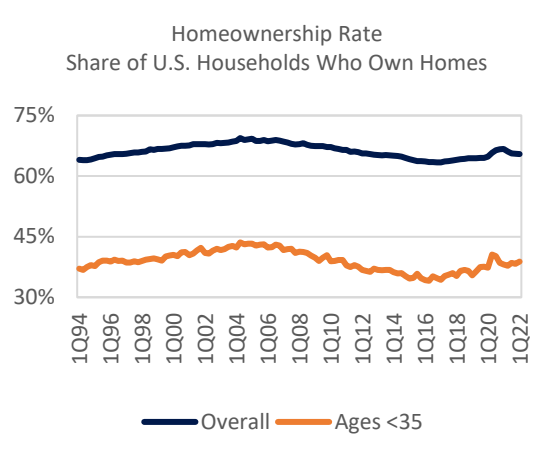
- Percent of young adult households with married adults and/or children has declined

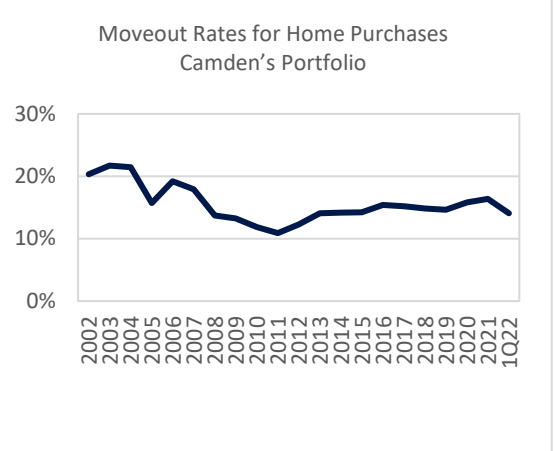
Source: Witten Advisors

# Higher Propensity to Rent

- Many people still choosing to rent rather than buy
- Higher propensity to rent in CPT markets vs. U.S. average
- Homeownership rate overall remains near long-term average of 65%
- Homeownership rate significantly lower for young adults, averaging 39%
- Moveout rates for home purchases remain low at 14.1% in 1Q22 vs. Camden's portfolio peak of 23%




Source: Witten Advisors – seasonally adjusted homeownership rate, pre-1980 not seasonally adjusted; Ages <35 homeownership rate not seasonally adjusted.



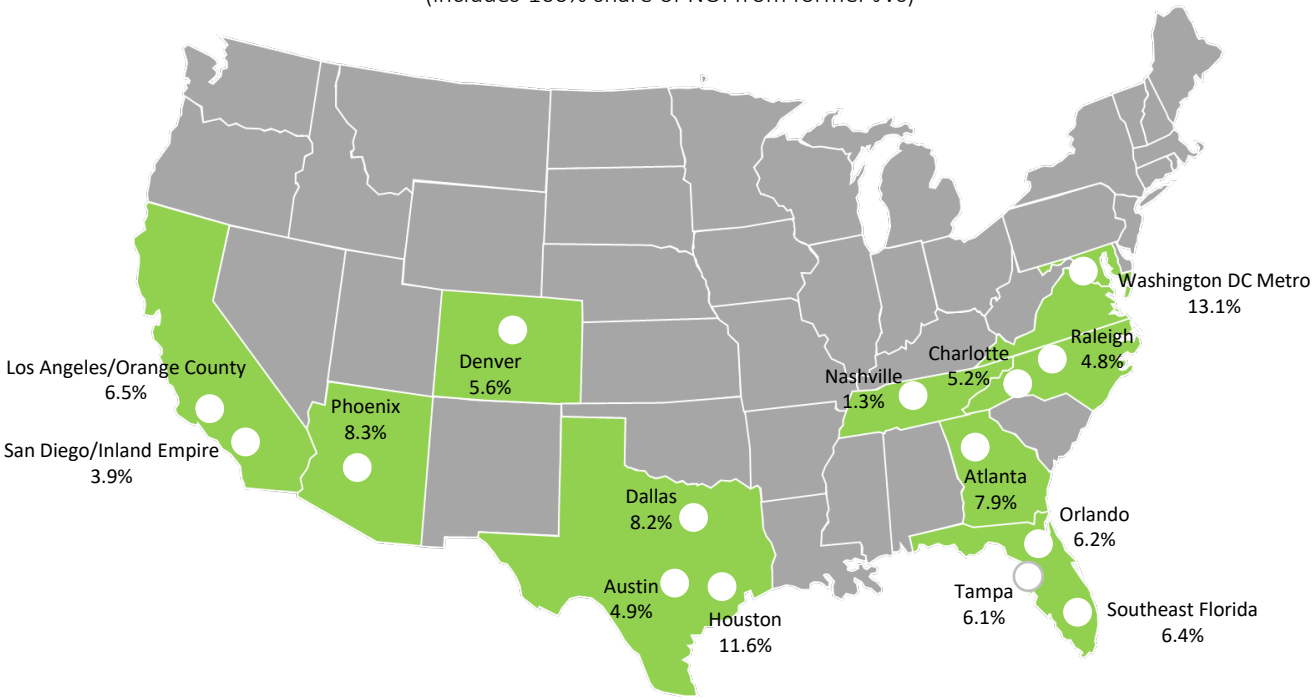
Camden Washingtonian – Gaithersburg, MD

# Camden’s Portfolio

# Portfolio Statistics

(as of 1Q22)

NOI Contribution by Market
(includes 100% share of NOI from former JVs)

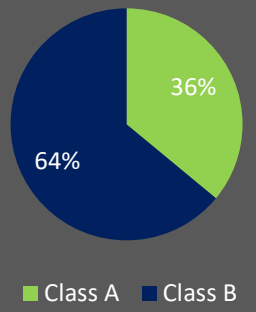



Over 58,000 apartment homes located in 15 major markets in the U.S.

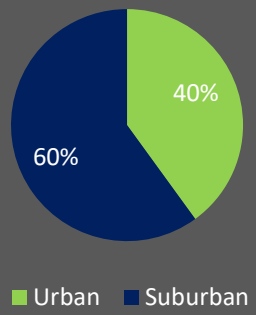
| | | | |
|---|---|---|---|
| Operating Communities 170 | Apartment Homes 58,055 | Portfolio Average Age 14 years | Average Occupancy 97% |
| Average Monthly Rental Rate per Home $1,773 | Average Monthly Revenue per Occupied Home $2,058 | Development Communities 5 | Development Apartment Homes 1,839 |

*Asset Class is based on the age of each asset, its rental rates compared to its submarket and the overall metro market, as well as subjective factors. Location is based on distance from downtown/CBD, zip code, population density, as well as subjective factors.

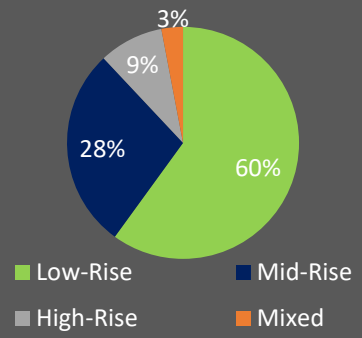
Asset Class*




Location*



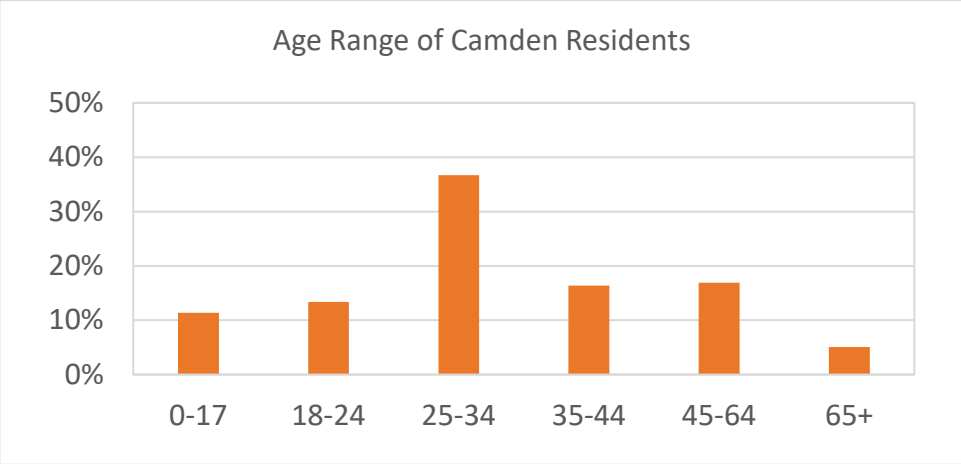

Building Type

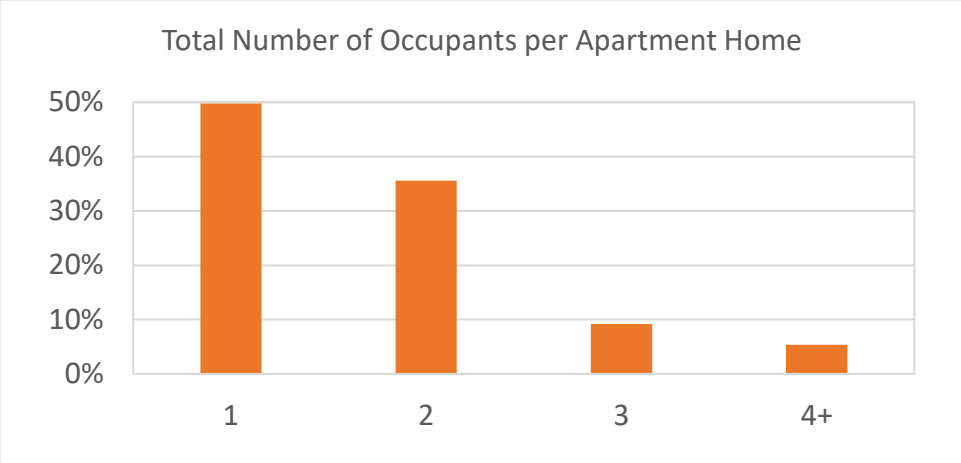


# Camden Resident Profile

(results for total portfolio)

- Median Age
  31 years
- Average Annual Household Income
  ~ $104K
- Average Rent-to-Income Ratio
  20%
- Average Number of Occupants per Apartment Home
  1.7



# Focus on High-Growth Markets

## Population Growth

| | Estimated Gain 2022-2024 | |
|---|---|---|
| 1 | Dallas | 260,000 |
| 2 | Phoenix | 259,000 |
| 3 | Atlanta | 244,000 |
| 4 | Houston | 244,000 |
| 5 | Austin | 207,000 |
| 6 | Riverside | 143,000 |
| 7 | Las Vegas | 130,000 |
| 8 | Seattle | 128,000 |
| 9 | Tampa | 115,000 |
| 10 | San Antonio | 114,000 |
| 11 | Fort Worth | 113,000 |
| 12 | Charlotte | 110,000 |
| 13 | Washington DC Metro | 107,000 |
| 14 | Orlando | 103,000 |
| 15 | Raleigh | 101,000 |
| 16 | Nashville | 94,000 |
| 17 | Jacksonville | 81,000 |
| 18 | Denver | 76,000 |
| 19 | Minneapolis | 72,000 |
| 20 | Columbus | 62,000 |

## Employment Growth

| | Estimated Gain 2022-2024 | |
|---|---|---|
| 1 | Dallas | 234,000 |
| 2 | Washington DC Metro | 197,000 |
| 3 | Phoenix | 190,000 |
| 4 | Atlanta | 187,000 |
| 5 | Riverside | 155,000 |
| 6 | New York City | 147,000 |
| 7 | Austin | 140,000 |
| 8 | Seattle | 135,000 |
| 9 | Orlando | 134,000 |
| 10 | Denver | 130,000 |
| 11 | Boston | 126,000 |
| 12 | Tampa | 115,000 |
| 13 | Nashville | 112,000 |
| 14 | Houston | 110,000 |
| 15 | Philadelphia | 107,000 |
| 16 | Charlotte | 102,000 |
| 17 | Minneapolis | 97,000 |
| 18 | Los Angeles | 96,000 |
| 19 | San Antonio | 93,000 |
| 20 | Raleigh | 92,000 |

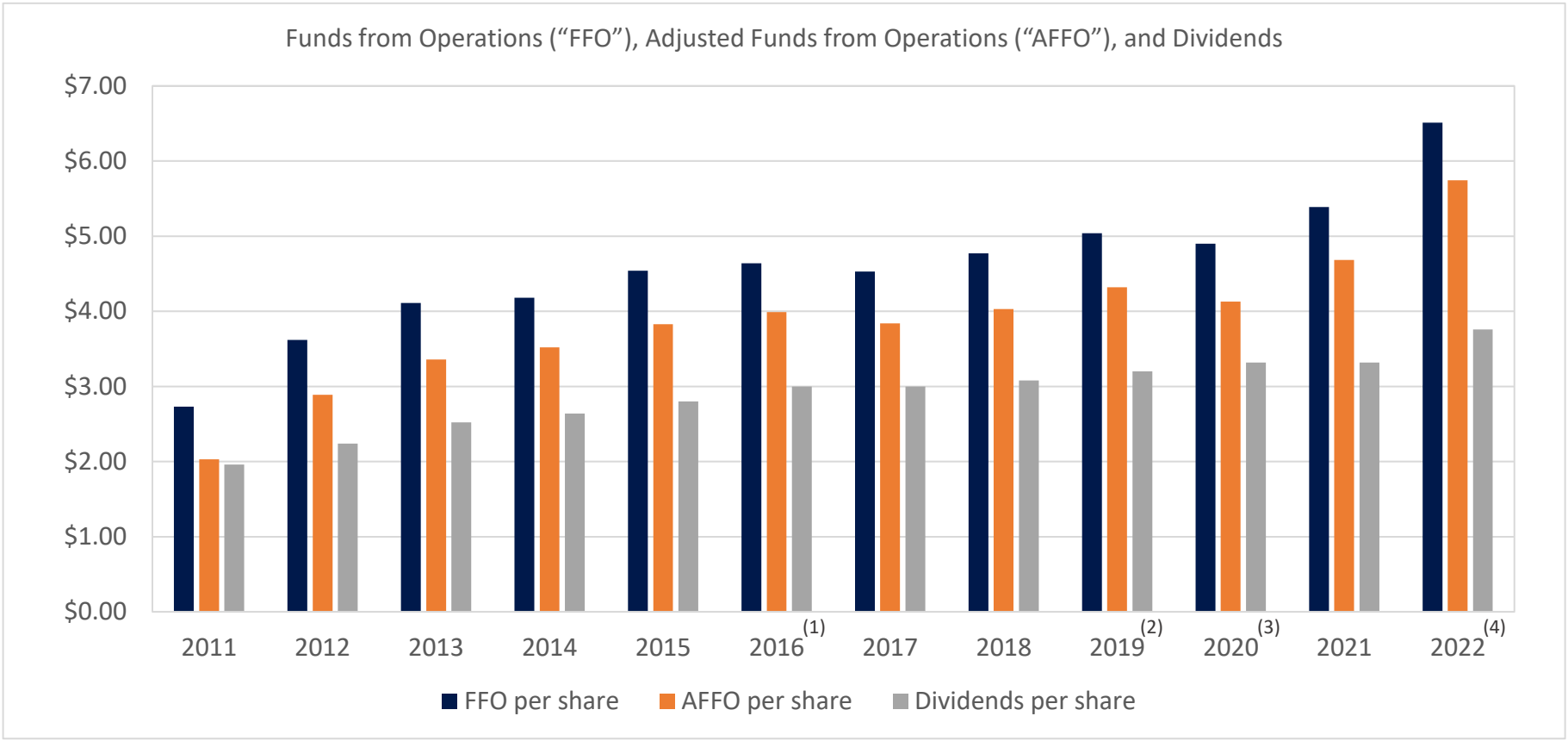
## Total Migration

| | Actual 2020-2021 | |
|---|---|---|
| 1 | Phoenix | 164,000 |
| 2 | Dallas | 114,000 |
| 3 | Austin | 107,000 |
| 4 | Tampa | 91,000 |
| 5 | Atlanta | 83,000 |
| 6 | Las Vegas | 69,000 |
| 7 | Charlotte | 68,000 |
| 8 | Raleigh | 58,000 |
| 9 | Houston | 56,000 |
| 10 | San Antonio | 53,000 |
| | **Estimated 2022-2024** | |
| 1 | Phoenix | 217,000 |
| 2 | Atlanta | 175,000 |
| 3 | Dallas | 169,000 |
| 4 | Austin | 166,000 |
| 5 | Tampa | 131,000 |
| 6 | Houston | 111,000 |
| 7 | Las Vegas | 110,000 |
| 8 | Seattle | 88,000 |
| 9 | Riverside | 86,000 |
| 10 | Charlotte | 85,000 |

Nearly 90% of Camden's NOI is derived from these markets

Source: Witten Advisors; Highlighted represents Camden markets.

# Earnings & Dividend Growth




(1) Excludes special dividend of $4.25 per share paid on 9/30/16.
(2) Includes $0.12 per share charge related to the early redemption and prepayment of debt.
(3) Includes $0.15 per share of pandemic related charges and $0.035 per share non-cash adjustment to retail straight-line rent receivables.
(4) Based on midpoint of 2022 guidance provided on 4/28/22 and announced 1Q22 annualized dividend rate.



Camden Lake Eola – Orlando, FL

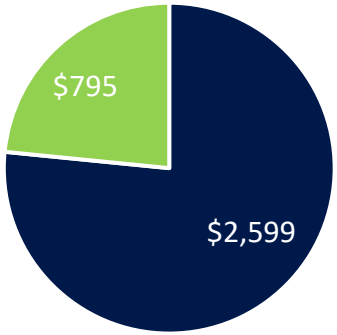
# Real Estate Transactions

# Capital Recycling

($ in millions)

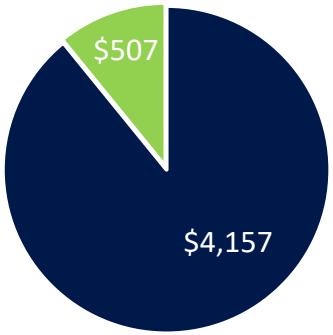
Since 2011 we have significantly improved the quality of our portfolio with minimal cash flow dilution, using disposition proceeds to fund development and acquisitions.

## $3.4B Total Dispositions



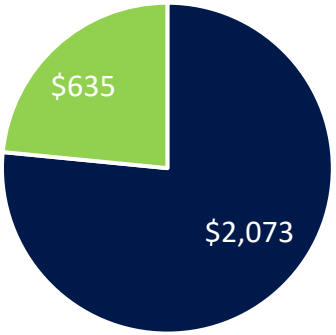

Average Age of 23 years[2]

## $4.7B Total Developments[1]




Average Age of 6 years[3]

## $2.7B Total Acquisitions




Average Age of 4 years[2]

(1) Estimated market value of developments as of 3/31/22.
(2) Average age at time of purchase or sale as of 3/31/22.
(3) Current age of developments as of 3/31/22.

# 2022 Acquisition of Fund Partnership Interests

**Gross Asset Valuation**
$2.1 billion

**Acquired Interest**
68.7%

**Consideration Paid, Net of Assumed Secured Mortgage Debt**
$1.1 billion

**Communities Acquired**
22

**Average Age**
12 years

**Apartment Homes**
7,247

**Average Monthly Rental Rate**
$1,509 per unit

# Development Value Creation

| | Stabilized (2011-2022) | Current Development Communities | Total |
|---|---|---|---|
| Communities | 36 | 6 | 42 |
| Apartment Homes | 10,931 | 1,971 | 12,902 |
| Total Cost | $2.4B | $0.7B | $3.1B |
| Market Value* | $4.7B | $1.0B | $5.7B |
| Value Creation | $2.3B | $0.3B | $2.6B |

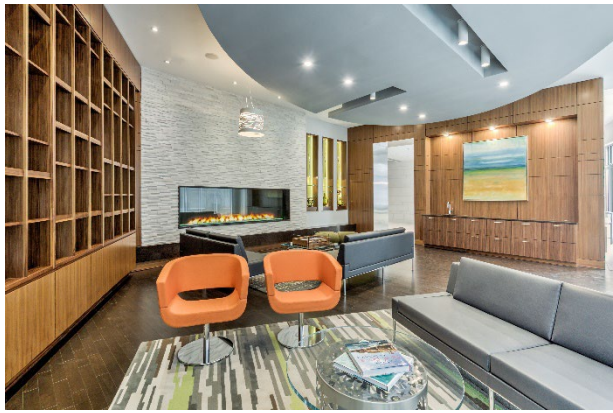
Camden Montague – Tampa, FL • Year Built 2012



Camden Paces – Atlanta, GA • Year Built 2015



Camden Shady Grove – Rockville, MD • Year Built 2018



*Estimated market value of developments assuming current market cap rates ranging from 3.5%-4.0% for new product in our markets.

# Development Communities

| CURRENT DEVELOPMENT COMMUNITIES | | | ESTIMATED | | | | | |
|---|---|---|---|---|---|---|---|---|
| Name | Location | Total Homes | Total Cost ($ in millions) | Construction Start | Initial Occupancy | Construction Completion | Stabilized Operations | % Leased[1] |
| Camden Hillcrest | San Diego, CA | 132 | $91 | 3Q19 | 2Q21 | 4Q21 | 4Q22 | 69% |
| Camden Buckhead | Atlanta, GA | 366 | 164 | 3Q18 | 1Q21 | 2Q22 | 4Q22 | 83% |
| Camden Atlantic | Plantation, FL | 269 | 100 | 3Q20 | 3Q22 | 3Q22 | 4Q23 | |
| Camden Tempe II | Tempe, AZ | 397 | 115 | 3Q20 | 3Q22 | 3Q23 | 1Q25 | |
| Camden NoDa | Charlotte, NC | 387 | 105 | 3Q20 | 1Q23 | 3Q23 | 1Q25 | |
| Camden Durham | Durham, NC | 420 | 145 | 1Q21 | 2Q23 | 2Q24 | 4Q25 | |
| **Total** | | **1,971** | **$720** | | | | | |

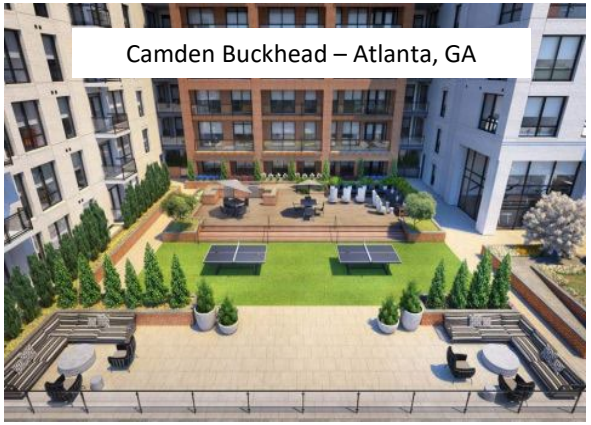
Development pipeline 75% funded with $182M remaining to complete[2]

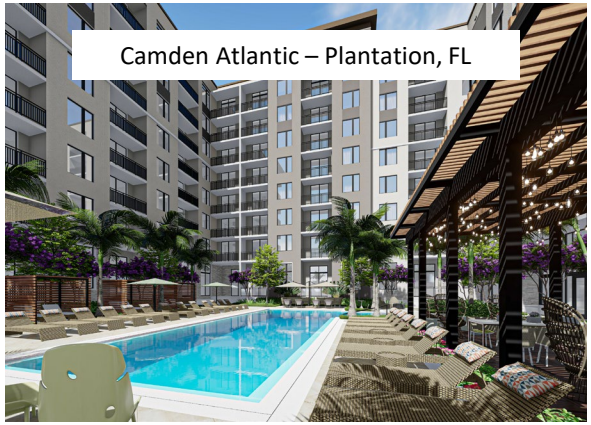
| DEVELOPMENT PIPELINE | | ESTIMATED | |
|---|---|---|---|
| Name | Location | Total Homes | Total Cost ($ in millions) |
| Camden Village District | Raleigh, NC | 369 | $138 |
| Camden Woodmill Creek | The Woodlands, TX | 188 | 60 |
| Camden Pier District II | St. Petersburg, FL | 95 | 50 |
| Camden Arts District | Los Angeles, CA | 354 | 150 |
| Camden Long Meadow Farms | Richmond, TX | 188 | 68 |
| Camden Gulch | Nashville, TN | 480 | 260 |
| Camden Paces III | Atlanta, GA | 350 | 100 |
| Camden Baker | Denver, CO | 435 | 165 |
| Camden Highland Village II | Houston, TX | 300 | 100 |
| Camden Downtown II | Houston, TX | 271 | 145 |
| **Total** | | **3,030** | **$1,236** |

(1) As of 5/31/22.
(2) As of 3/31/22.

# Current Development Communities


Camden Hillcrest – San Diego, CA


Camden Buckhead – Atlanta, GA


Camden Atlantic – Plantation, FL


Camden Tempe II – Tempe, AZ


Camden NoDa – Charlotte, NC

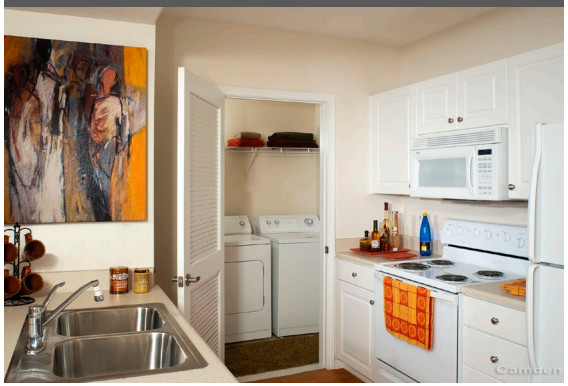

Camden Durham – Durham, NC

# Repositioning Program

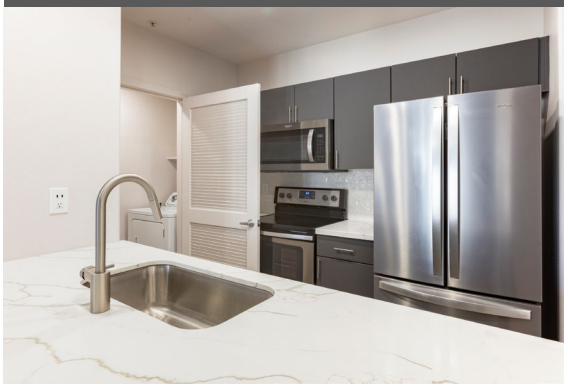
(results for total portfolio includes former JVs)

- Select well-located 15- to 20-year-old communities
- Update kitchen and bath areas, appliances, flooring, fixtures, lighting, etc.
- $542 million spent to date through 1Q22
- Nearly 38,000 apartment homes completed to date
- Average cost of $14,400 per home
- Average rental rate increase ~ $129 per month
- Target 10% cash-on-cash return

before – kitchen



after – kitchen

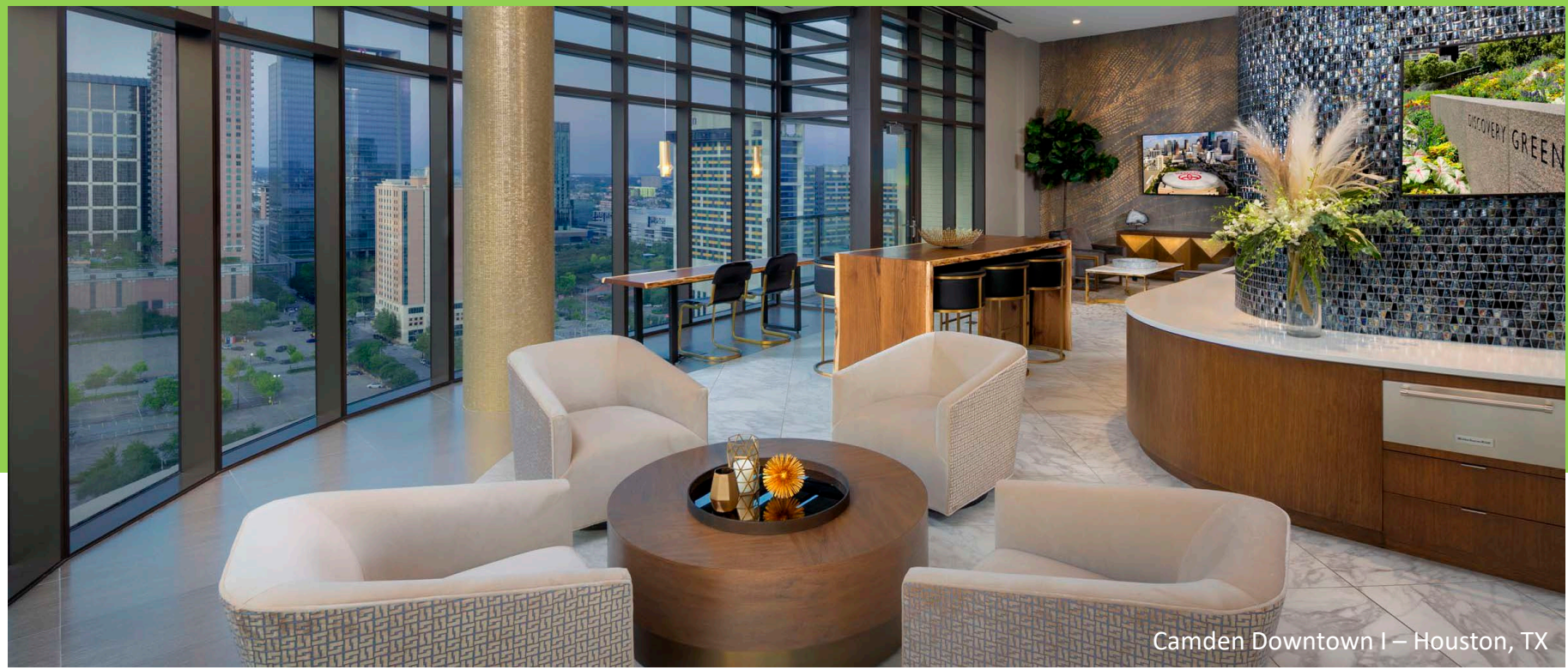


before – living area



after – living area





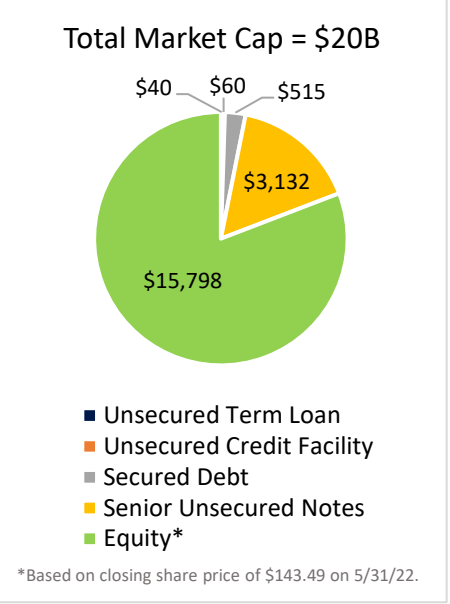
Camden Downtown I – Houston, TX

# Capital Structure & Liquidity

# Strong Capital Structure

($ in millions – as of 5/31/22)

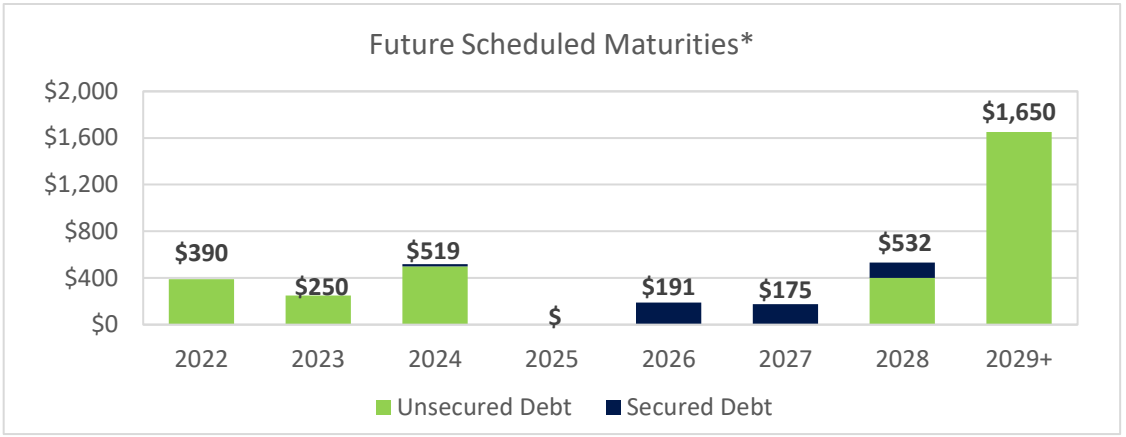
- 3.6% weighted average interest rate on all debt
- 92.4% fixed rate debt
- 86.3% unsecured debt
- 6.6 years weighted average maturity of debt
- 4.4x Net Debt to EBITDA anticipated for 2Q22
- $826M available under $900M unsecured credit facility
- Unencumbered asset pool of approximately $21B



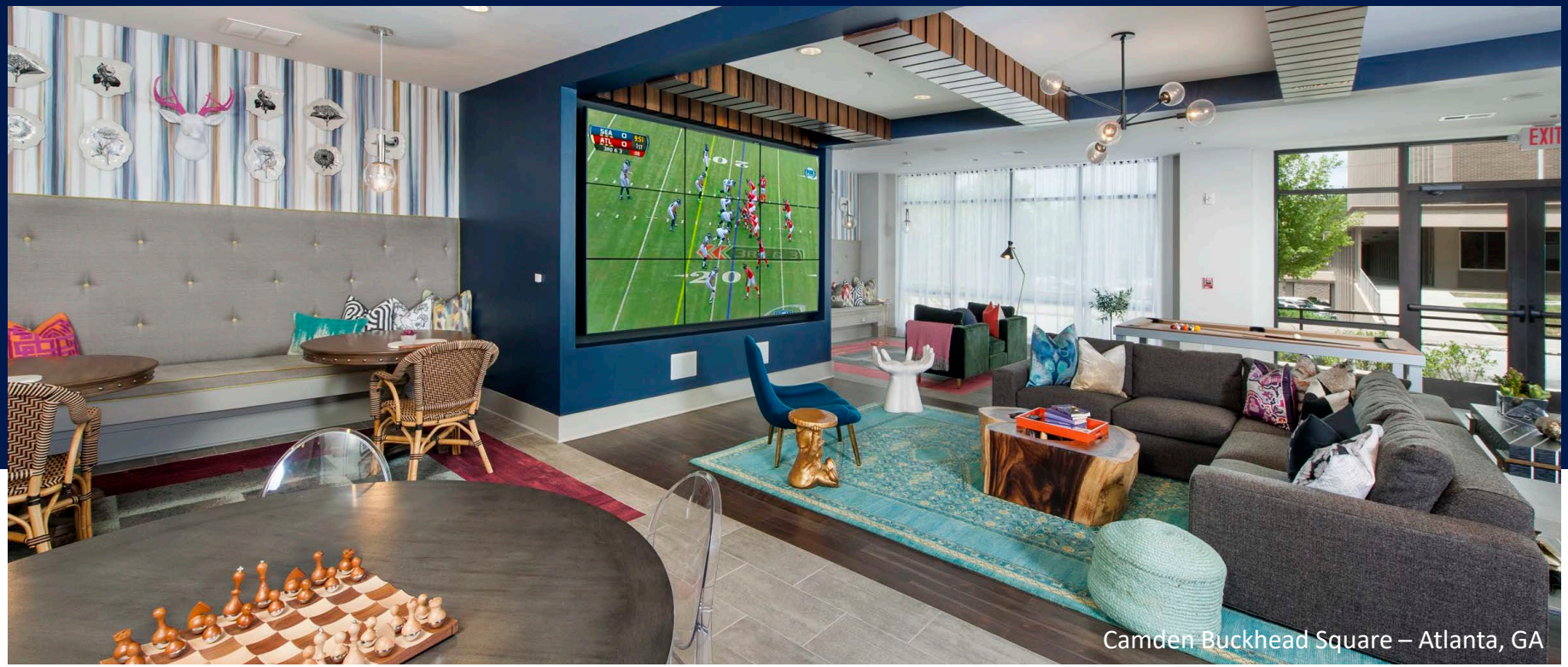

*Based on closing share price of $143.49 on 5/31/22.

## Strong Credit Ratings

| Moody's | Fitch | Standard & Poor's |
|---|---|---|
| A3 Stable | A- Stable | A- Stable |




*Excluding Unsecured Credit Facility.

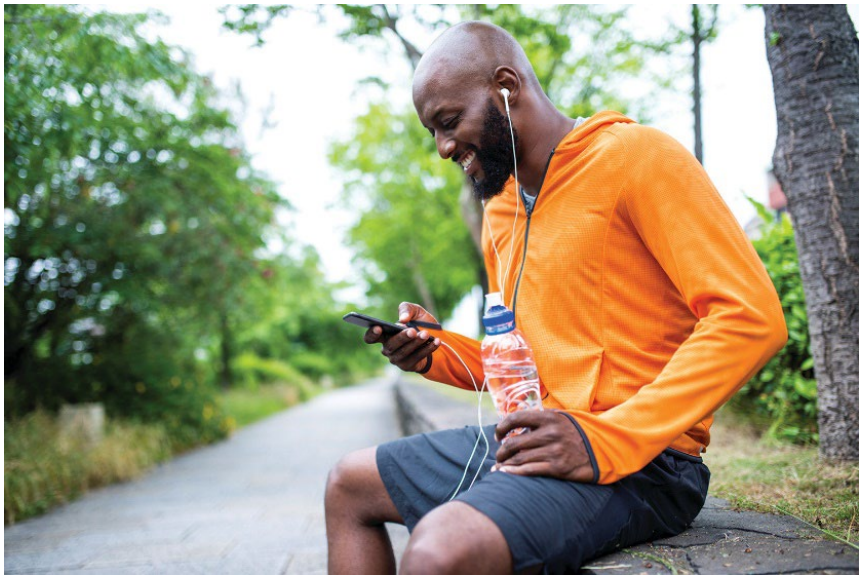


Camden Buckhead Square – Atlanta, GA

# Other Initiatives

# Technology

- Completed the installation of smart access gates and door locks to reduce the use of physical keys, improve customer experience, provide efficiencies for maintenance teams, and facilitate self-guided tours
- Completed the rollout of mobile maintenance and improved self-service online functionality for our residents
- Transforming talent management with Oracle Cloud solution for employee recruiting and human resources platforms
- Improving the sales process with Funnel, a customer-centric Artificial Intelligence (AI) platform that enables customers to efficiently and virtually interact with Camden 24/7 to obtain pricing and other information and to schedule virtual or in-person tours
- Investing in multifamily innovation directly with Funnel and Bilt, helping to shape their offerings and realize a competitive advantage
- Leveraging our Moderne Ventures and Fifth Wall investments to help solve business problems with creative technology solutions
- Evaluating other initiatives to increase revenues, reduce expenses and provide a better living experience for our residents





# Corporate Social Responsibility

Camden’s purpose is to improve the lives of our team members, customers and shareholders, one experience at a time. We are committed to creating long-term value and integrating sustainable practices into all aspects of our business.

Camden’s most recent Corporate Social Responsibility Report is available online in the Investors section of our website at camdenliving.com



# ESG Highlights – Environmental

- Formed energy taskforce to focus on reducing energy usage (electric, gas, water, waste)
- Completed historical utility data collection to facilitate future benchmarking, and established goals and targets
- Performed physical climate risk assessment of portfolio
- Formalized policy regarding green building certifications
- Evaluating renewable energy sources (green plans, utility-scale solar farms, energy credits, solar panels)

21
Green Building Certifications




Over 150 electric vehicles charging stations across our portfolio




Waste removal and recycling services available in over 80% of our communities

| ENERGY | WATER | WASTE | RENEWABLE ENERGY | GHG EMISSIONS |
|---|---|---|---|---|
| Reduce common area energy use by 15% by 2030 | Reduce common area water use by 15% by 2030 | Reduce landfill-bound waste by 15% by 2030 | Procure 15% of electricity for common areas from renewable sources by 2030 | Reduce common area emissions by 15% by 2030 |

# ESG Highlights – Social

- Established DEI committee and appointed Ric Campo as Chair of DEI Committee
- Ric Campo signed the CEO Action for Diversity and Inclusion™ pledge
- Donated to organizations furthering DEI efforts
- Enhanced disclosure of employee demographics and statistics
- Improved communication and disclosure of activities related to resident and community engagement

**Total Employment**
Male 58%
Female 42%
(as of 12/31/21)

**6.2 YRS**
Average Employee Tenure

**11.7 YRS**
Average Management Tenure

FORTUNE 100 BEST COMPANIES TO WORK FOR® 2022

96% of employees say Camden is a GREAT place to work!

CEO ACT!ON FOR DIVERSITY & INCLUSION

Camden LIVING WELL Wellness Program



# ESG Highlights – Governance

- Expanded Proxy Access
- Appointed Ric Campo as Chair of Sustainability Committee
- Added ESG oversight to duties and responsibilities of Camden's Nominating and Corporate Governance Committee
- Completed Materiality Assessment regarding ESG items most important to all Camden stakeholders
- Improved disclosures and updated policies regarding corporate governance
- Updated and enhanced Vendor Code of Conduct

## Board Diversity

African American 10%

Indian American 10%

Hispanic 30%

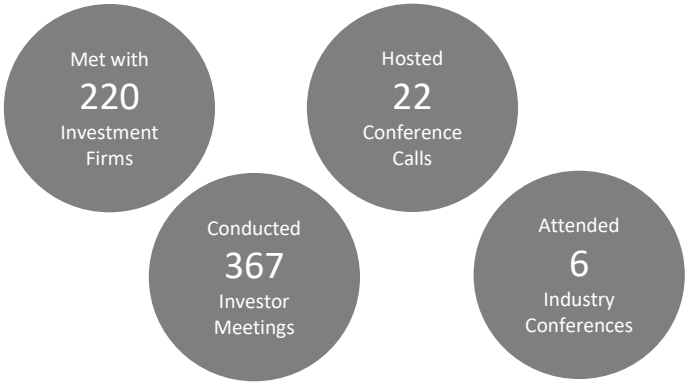
White 50%

30% Female

70% Male

(as of 5/31/22)

**2021 Shareholder Engagement**




CPT LISTED NYSE

GRESB Real Estate Member

Member NMHC National Multifamily Housing Council

NAA National Apartment Association Member

Nareit Real estate working for you®

ULI Urban Land Institute


Camden Central – St. Petersburg, FL

# Appendix

# Non-GAAP Financial Measures Definitions & Reconciliations

This document contains certain non-GAAP financial measures management believes are useful in evaluating an equity REIT's performance. Camden's definitions and calculations of non-GAAP financial measures may differ from those used by other REITs, and thus may not be comparable. The non-GAAP financial measures should not be considered as an alternative to net income as an indication of our operating performance, or to net cash provided by operating activities as a measure of our liquidity.

**FFO**

The National Association of Real Estate Investment Trusts ("NAREIT") currently defines FFO as net income (computed in accordance with accounting principles generally accepted in the United States of America ("GAAP")), excluding 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. A reconciliation of net income attributable to common shareholders to FFO is provided below:

**Adjusted FFO**

In addition to FFO, we compute Adjusted FFO ("AFFO") as a supplemental measure of operating performance. AFFO is calculated utilizing FFO less recurring capital expenditures which are necessary to help preserve the value of and maintain the functionality at our communities. 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. A reconciliation of FFO to AFFO is provided below:

| | Three Months Ended March 31 | |
|---|---|---|
| **FFO/ADJUSTED FFO** | **2022** | **2021** |
| Net income attributable to common shareholders | $80,745 | $31,347 |
| Real estate depreciation and amortization | 110,537 | 90,707 |
| Adjustments for unconsolidated joint ventures | 2,709 | 2,599 |
| Income allocated to non-controlling interests | 2,856 | 1,126 |
| Gain on sale of operating property | (36,372) | - |
| **Funds from operations** | **$160,475** | **$125,779** |
| Less: recurring capitalized expenditures | (14,251) | (12,680) |
| **Adjusted funds from operations** | **$146,224** | **$113,099** |
| Weighted average number of common shares outstanding: | | |
| EPS diluted | 106,152 | 99,621 |
| FFO/AFFO diluted | 107,025 | 101,341 |
| Total earnings per common share – diluted | **$0.76** | **$0.31** |
| Real estate depreciation and amortization | 1.02 | 0.89 |
| Adjustments for unconsolidated joint ventures | 0.03 | 0.03 |
| Income allocated to non-controlling interests | 0.03 | 0.01 |
| Gain on sale of operating property | (0.34) | 0.00 |
| **FFO per common share - diluted** | **$1.50** | **$1.24** |
| Less: recurring capitalized expenditures | (0.13) | (0.12) |
| **AFFO per common share - diluted** | **$1.37** | **$1.12** |

# Non-GAAP Financial Measures Definitions & Reconciliations

**Expected FFO**

Expected FFO is calculated in a method consistent with historical FFO, and is considered an appropriate supplemental measure of expected operating performance when compared to expected earnings per common share (EPS). Guidance excludes gains, if any, on properties not currently held for sale due to the uncertain timing and extent of property dispositions and the resulting gains/losses on sales. A reconciliation of the ranges provided for diluted EPS to expected FFO per diluted share is provided below:

Note: This table contains forward-looking statements. Please see paragraph regarding forward-looking statements earlier in this document.

**Net Operating Income (NOI)**

NOI is defined by the Company as property revenue less property operating and maintenance expenses less real estate taxes. NOI is further detailed in the Components of Property NOI schedules on page 11 of the 1Q22 Earnings Release and Supplemental Financial Information. The Company considers NOI to be an appropriate supplemental measure of operating performance to net income attributable to common shareholders because it reflects the operating performance of our communities without allocation of corporate level property management overhead or general and administrative costs. A reconciliation of net income attributable to common shareholders to net operating income is provide below:

| | 2Q22 Range | | 2022 Range | |
|---|---|---|---|---|
| **EXPECTED FFO** | **Low** | **High** | **Low** | **High** |
| Expected earnings per common share - diluted | $0.09 | $0.13 | $1.25 | $1.49 |
| Expected real estate depreciation and amortization | 1.50 | 1.50 | 5.38 | 5.38 |
| Expected adjustments for unconsolidated joint ventures | - | - | 0.03 | 0.03 |
| Expected income allocated to non-controlling interests | 0.01 | 0.01 | 0.07 | 0.07 |
| Reported (gain) on sale of operating properties | - | - | (0.34) | (0.34) |
| **Expected FFO per share - diluted** | **$1.60** | **$1.64** | **$6.39** | **$6.63** |

| | Three Months Ended March 31 | |
|---|---|---|
| **NET OPERATING INCOME (NOI)** | **2022** | **2021** |
| Net income | $83,601 | $32,473 |
| Less: Fee and asset management income | (2,450) | (2,206) |
| Less: Interest and other income | (2,131) | (332) |
| Less: Income/(loss) on deferred compensation plans | 7,497 | (3,626) |
| Plus: Property management expense | 7,214 | 6,124 |
| Plus: Fee and asset management expense | 1,175 | 1,132 |
| Plus: General and administrative expense | 14,790 | 14,222 |
| Plus: Interest expense | 24,542 | 23,644 |
| Plus: Depreciation and amortization expense | 113,138 | 93,141 |
| Plus: Expense/(benefit) on deferred compensation plans | (7,497) | 3,626 |
| Less Gain on sale of operating property | (36,372) | - |
| Less: Equity in income of joint ventures | (3,048) | (1,914) |
| Plus: Income tax expense | 590 | 352 |
| **NOI** | **$201,049** | **$166,636** |
| | | |
| "Same Property" Communities | $181,278 | $156,996 |
| Non-"Same Property" Communities | 16,677 | 5,286 |
| Development and Lease-Up Communities | 915 | 21 |
| Other | 2,179 | 4,333 |
| **NOI** | **$201,049** | **$166,636** |

# Non-GAAP Financial Measures Definitions & Reconciliations

**Adjusted EBITDA**

Adjusted EBITDA is defined by the Company as earnings before interest, taxes, depreciation and amortization, including net operating income from discontinued operations, excluding equity in (income) loss of joint ventures, (gain) loss on sale of unconsolidated joint venture interests, gain on acquisition of controlling interest in joint ventures, gain on sale of operating properties including land, loss on early retirement of debt, income (loss) allocated to non-controlling interests, as well as the direct Pandemic Related Impact. The Company considers Adjusted EBITDA to be an appropriate supplemental measure of operating performance to net income attributable to common shareholders because it represents income before non-cash depreciation and the cost of debt, and excludes gains or losses from property dispositions. Annualized Adjusted EBITDA is Adjusted EBITDA as reported for the period multiplied by 4 for quarter results. A reconciliation of net income attributable to common shareholders to Adjusted EBITDA is provided below:

**NET DEBT TO ANNUALIZED ADJUSTED EBITDA**

The Company believes Net Debt to Annualized Adjusted EBITDA to be an appropriate supplemental measure of evaluating balance sheet leverage. Net Debt is defined by the Company as the average monthly balance of Total Debt during the period, less the average monthly balance of Cash and Cash Equivalents during the period. The following tables reconcile average Total debt to Net debt and computes the ratio to Adjusted EBITDA for the following periods:

| | Three Months Ended March 31 | |
|---|---|---|
| **ADJUSTED EBITDA** | **2022** | **2021** |
| Net income attributable to common shareholders | $80,745 | $31,347 |
| Plus: Interest expense | 24,542 | 23,644 |
| Plus: Depreciation and amortization expense | 113,138 | 93,141 |
| Plus: Income allocated to non-controlling interests | 2,856 | 1,126 |
| Plus: Income tax expense | 590 | 352 |
| Less: Gain on sale of operating property | (36,372) | - |
| Less: Equity in income of joint ventures | (3,048) | (1,914) |
| **Adjusted EBITDA** | **$182,451** | **$147,696** |
| **Annualized Adjusted EBITDA** | **$729,804** | **$590,784** |

| | Average Monthly Balance for Three Months Ended March 31 | |
|---|---|---|
| **NET DEBT TO ANNUALIZED ADJUSTED EBITDA** | **2022** | **2021** |
| Unsecured notes payable | $3,337,661 | $3,167,246 |
| Total debt | 3,337,661 | 3,167,246 |
| Less: Cash and cash equivalents | (690,159) | (289,901) |
| **Net Debt** | **$2,647,502** | **$2,877,345** |

| | Three Months Ended March 31 | |
|---|---|---|
| | **2022** | **2021** |
| Net debt | $2,647,502 | $2,877,345 |
| Annualized Adjusted EBITDA | 729,804 | 590,784 |
| **Net Debt to Annualized Adjusted EBITDA** | 3.6x | 4.9x |


CAMDEN
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