

CAMDEN PROPERTY TRUST
Form 10-Q
November 02, 2012

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, 2012

OR

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

For the transition period from _____ to _____

Commission file number: 1-12110

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

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

3 Greenway Plaza, Suite 1300 77046
Houston, Texas (Zip Code)
(Address of principal executive offices)
(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)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes No

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

Large accelerated filer Accelerated filer

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Non-accelerated filer

Smaller Reporting Company

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 26, 2012, 84,115,681 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, 2012	December 31, 2011
Assets		
Real estate assets, at cost		
Land	\$929,289	\$768,016
Buildings and improvements	5,359,707	4,751,654
	6,288,996	5,519,670
Accumulated depreciation	(1,542,530)	(1,432,799)
Net operating real estate assets	4,746,466	4,086,871
Properties under development, including land	280,948	299,870
Investments in joint ventures	46,566	44,844
Properties held for sale	6,373	11,131
Total real estate assets	5,080,353	4,442,716
Accounts receivable – affiliates	28,874	31,035
Other assets, net	96,401	88,089
Cash and cash equivalents	5,590	55,159
Restricted cash	6,742	5,076
Total assets	\$5,217,960	\$4,622,075
Liabilities and equity		
Liabilities		
Notes payable		
Unsecured	\$1,415,354	\$1,380,755
Secured	978,371	1,051,357
Accounts payable and accrued expenses	118,879	93,747
Accrued real estate taxes	43,757	21,883
Distributions payable	49,940	39,364
Other liabilities	78,551	109,276
Total liabilities	2,684,852	2,696,382
Commitments and contingencies		
Perpetual preferred units	—	97,925
Equity		
Common shares of beneficial interest; \$0.01 par value per share; 175,000 and 100,000 shares authorized; 98,974 and 87,377 issued; 95,867 and 84,517 outstanding at September 30, 2012 and December 31, 2011, respectively	959	845
Additional paid-in capital	3,580,528	2,901,024
Distributions in excess of net income attributable to common shareholders	(692,235)	(690,466)
Treasury shares, at cost (11,782 and 12,509 common shares at September 30, 2012 and December 31, 2011, respectively)	(425,756)	(452,003)
Accumulated other comprehensive loss	(660)	(683)
Total common equity	2,462,836	1,758,717
Noncontrolling interests	70,272	69,051
Total equity	2,533,108	1,827,768
Total liabilities and equity	\$5,217,960	\$4,622,075

See Notes to Condensed Consolidated Financial Statements.

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

(in thousands, except per share amounts)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2012	2011	2012	2011
Property revenues				
Rental revenues	\$166,179	\$140,332	\$477,501	\$412,794
Other property revenues	28,025	23,892	79,322	68,605
Total property revenues	194,204	164,224	556,823	481,399
Property expenses				
Property operating and maintenance	54,008	48,731	153,491	138,974
Real estate taxes	19,096	16,892	56,586	51,596
Total property expenses	73,104	65,623	210,077	190,570
Non-property income				
Fee and asset management	3,041	2,646	9,572	6,955
Interest and other income (loss)	3	(108)	(750)	4,749
Income (loss) on deferred compensation plans	(1,781)	(6,096)	3,820	1,233
Total non-property income (loss)	1,263	(3,558)	12,642	12,937
Other expenses				
Property management	5,509	5,050	15,644	15,478
Fee and asset management	1,864	1,330	5,051	4,220
General and administrative	9,303	8,572	27,712	26,392
Interest	25,865	27,354	78,795	85,472
Depreciation and amortization	52,588	43,367	155,579	133,547
Amortization of deferred financing costs	909	1,344	2,721	4,761
Expense (benefit) on deferred compensation plans	(1,781)	(6,096)	3,820	1,233
Total other expenses	94,257	80,921	289,322	271,103
Gain on acquisition of controlling interest in joint ventures	—	—	40,191	—
Gain on sale of properties, including land	—	—	—	4,748
Gain on sale of unconsolidated joint venture interests	—	—	—	1,136
Loss on discontinuation of hedging relationship	—	—	—	(29,791)
Equity in income (loss) of joint ventures	3,688	(556)	4,686	(166)
Income from continuing operations before income taxes	31,794	13,566	114,943	8,590
Income tax expense – current	(334)	(313)	(992)	(1,889)
Income from continuing operations	31,460	13,253	113,951	6,701
Income from discontinued operations	343	1,098	1,262	3,196
Gain on sale of discontinued operations, net of tax	—	—	32,541	—
Net income	31,803	14,351	147,754	9,897
Less income allocated to noncontrolling interests from continuing operations	(1,100)	(752)	(3,009)	(2,089)
Less income, including gain on sale, allocated to noncontrolling interests from discontinued operations	—	(9)	(670)	(29)
Less income allocated to perpetual preferred units	—	(1,750)	(776)	(5,250)
Less write off of original issuance costs of redeemed perpetual preferred units	—	—	(2,075)	—

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Net income attributable to common shareholders	\$30,703	\$11,840	\$141,224	\$2,529
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See Notes to Condensed Consolidated Financial Statements.

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

(in thousands, except per share amounts)	Three Months Ended		Nine Months Ended	
	September 30, 2012	2011	September 30, 2012	2011
Earnings per share – basic				
Income (loss) from continuing operations attributable to common shareholders	\$0.35	\$0.14	\$1.29	\$(0.01)
Income from discontinued operations, including gain on sale, attributable to common shareholders	0.01	0.02	0.40	0.04
Net income attributable to common shareholders	\$0.36	\$0.16	\$1.69	\$0.03
Earnings per share – diluted				
Income (loss) from continuing operations attributable to common shareholders	\$0.35	\$0.14	\$1.27	\$(0.01)
Income from discontinued operations, including gain on sale, attributable to common shareholders	—	0.02	0.39	0.04
Net income attributable to common shareholders	\$0.35	\$0.16	\$1.66	\$0.03
Distributions declared per common share	\$0.56	\$0.49	\$1.68	