

CAMDEN PROPERTY TRUST

Form 10-K

February 15, 2013

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 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

(State or other jurisdiction of  
incorporation or organization)

76-6088377

(I.R.S. Employer  
Identification No.)

3 Greenway Plaza, Suite 1300

Houston, Texas

(Address of principal executive offices)

77046

(Zip Code)

Registrant's telephone number, including area code: (713) 354-2500

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

Title of each class

Name of each exchange on which registered

Common Shares of Beneficial Interest, \$.01 par value

New York Stock Exchange

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

None

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

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

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

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

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10-K. ☒

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

Large accelerated filer ☒

Accelerated filer

☐

Non-accelerated filer ☐ (Do not check if a smaller reporting company)

Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in the Rule 12b-2 of the Act). Yes ☐

No ☒

The aggregate market value of voting and non-voting common equity held by non-affiliates of the registrant was \$5,493,647,249 based on a June 30, 2012 share price of \$67.67.

On February 8, 2013, 84,482,957 common shares of the registrant were outstanding, net of treasury shares and shares held in our deferred compensation arrangements.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement in connection with its Annual Meeting of Shareholders to be held May 10, 2013 are incorporated by reference in Part III.

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PART I

Item 1. Business

General

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

Our corporate offices are located at 3 Greenway Plaza, Suite 1300, Houston, Texas 77046 and our telephone number is (713) 354-2500. Our website is located at [www.camdenliving.com](http://www.camdenliving.com). On our website we make available free of charge our annual, quarterly, and current reports, and amendments to such reports, filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission (the “SEC”). We also make available, free of charge on our website, our Guidelines on Governance, Code of Business Conduct and Ethics, Code of Ethical Conduct for Senior Financial Officers, and the charters of each of our Audit, Compensation, Nominating, and Corporate Governance Committees. Copies are also available, without charge, from Investor Relations, 3 Greenway Plaza, Suite 1300, Houston, Texas 77046. References to our website in this report are provided as a convenience and do not constitute, and should not be viewed as, an incorporation by reference of the information contained on, or available through our website, therefore such information should not be considered part of this report. Our annual, quarterly, and current reports, proxy statements, and other information are electronically filed with the SEC. You may read and copy any materials we file with the SEC at the SEC’s Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. Please contact the SEC at 1-800-SEC-0330 for further information about the operation of the SEC’s Public Reference Room. The SEC also maintains a website at [www.sec.gov](http://www.sec.gov) which contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

Financial Information about Segments

We are primarily engaged in the ownership, management, development, acquisition, and construction of multifamily apartment communities. As each of our communities has similar economic characteristics, residents, amenities, and services, our operations have been aggregated into one reportable segment. See our consolidated financial statements and notes included thereto in Item 15 of this Annual Report on Form 10-K for certain information required by Item 1.

Narrative Description of Business

As of December 31, 2012, we owned interests in, operated, or were developing 202 multifamily properties comprising 68,620 apartment homes across the United States. Of these 202 properties, nine properties were under development and when completed will consist of a total of 2,845 apartment homes. In addition, we own land parcels we may develop into multifamily apartment communities.

Operating and Business Strategy

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

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

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

growth expectations.

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

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• Strong economic growth leading to household formation and job growth, which in turn should lead to high demand for our apartments;

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

• High barriers to entry where, because of, among other factors, land scarcity or government regulation, it is difficult or costly to build new apartment properties leading to low supply; and

• High single family home prices making our apartments a more economical housing choice.

Subject to market conditions, we intend to continue to look for opportunities to acquire existing communities, expand our development pipeline, and complete selective dispositions. We have two discretionary investment funds (the “funds”), both of which were closed to future investment as of December 31, 2012.

We intend to continue to focus on strengthening our capital and liquidity positions by generating positive cash flows from operations, maintaining appropriate debt levels and leverage ratios, and controlling overhead costs. We intend to meet our liquidity requirements through cash flows generated from operations, available cash balances, draws on our unsecured credit facility, proceeds from property dispositions, equity issued from our at-the-market share offering program, the use of debt and equity offerings under our automatic shelf registration statement and secured mortgages. Sophisticated Property Management. We believe the depth of our organization enables us to deliver quality services, promote resident satisfaction, and retain residents, thereby reducing our operating expenses. We manage our properties utilizing a staff of professionals and support personnel, including certified property managers, experienced apartment managers and leasing agents, and trained apartment maintenance technicians. Our on-site personnel are trained to deliver high quality services to our residents, and we strive to motivate our on-site employees through incentive compensation arrangements based upon property operational results, rental rate increases, occupancy levels, and level of lease renewals achieved.

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

Investments in Joint Ventures. We have entered into, and may continue in the future to enter into, joint ventures through which we own an indirect economic interest of less than 100% of the community or land owned directly by the joint venture. See Note 8, “Investments in Joint Ventures,” and Note 14, “Commitments and Contingencies,” in the Notes to Consolidated Financial Statements for further discussion of our investments in joint ventures.

### Competition

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

### Employees

At December 31, 2012, we had approximately 1,825 employees, including executive, administrative, and community personnel. Our employee headcount has historically not varied significantly throughout the year.

### Qualification as a Real Estate Investment Trust

As of December 31, 2012, we met the qualification of a REIT under Sections 856-860 of the Internal Revenue Code of 1986, as amended (the “Code”). As a result, we, with the exception of our taxable REIT subsidiaries, will not be subject to federal income tax to the extent we continue to meet certain requirements of the Code.



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### Item 1A. Risk Factors

In addition to the other information contained in this Form 10-K, the following risk factors should be considered carefully in evaluating our business. Our business, financial condition, or results of operations could be materially adversely affected by any of these risks. Additional risks not presently known to us, or which we currently consider immaterial, may also impair our business and operations.

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

Volatility in capital and credit markets, or other unfavorable changes in economic conditions, could adversely impact us.

The capital and credit markets are subject to volatility and disruption, as particularly experienced in the latter half of 2008 through most of 2010, during which spreads on prospective debt financings fluctuated and made it more expensive to borrow money. In the event of renewed market disruption or volatility, we may not be able to obtain new debt financing or refinance our existing debt on favorable terms or at all, which would adversely affect our liquidity, our ability to make distributions to shareholders, acquire and dispose of assets and continue our development pipeline. Other weakened economic conditions, including job losses and high unemployment rates, could adversely affect rental rates and occupancy levels. Unfavorable changes in economic conditions may have a material adverse impact on our cash flows and operating results.

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

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

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

- declines in market rental rates;

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

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

- regional economic downturns which affect one or more of our geographical markets; and

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

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

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

We face risks associated with land holdings and related activities.

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

Difficulties of selling real estate could limit our flexibility.

We intend to continue to evaluate the potential disposition of assets which may no longer meet our investment objectives. When we decide to sell an asset, we may encounter difficulty in finding buyers in a timely manner as real estate investments generally cannot be disposed of quickly, especially when market conditions are poor. These factors may limit our ability to vary our portfolio promptly in response to changes in economic or other conditions and may also limit our ability to utilize sales proceeds as a source of liquidity, which would adversely affect our ability to make

distributions to shareholders or repay debt. In addition, the provisions of the Code relating to REITs limit our ability to earn a gain on the sale of property (unless we own the property

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through a subsidiary which will incur a taxable gain upon sale) if we have held the property less than two years, and this limitation may affect our ability to sell properties without adversely affecting returns to shareholders.

We could be negatively impacted by the condition of Fannie Mae or Freddie Mac.

Fannie Mae and Freddie Mac are a major source of financing for secured multifamily real estate. We and other multifamily companies have utilized Fannie Mae and Freddie Mac to finance growth by purchasing or guaranteeing apartment loans. In February 2011, the Obama administration released a report calling for the winding down of the role Fannie Mae and Freddie Mac play in the mortgage market. A final decision by the government to eliminate Fannie Mae or Freddie Mac, or reduce their role in the mortgage market, may adversely affect interest rates, capital availability, and the development of multifamily communities.

Compliance or failure to comply with laws, including those requiring access to our properties by disabled persons, could result in substantial cost.

The Americans with Disabilities Act (“ADA”), the Fair Housing Amendments Act of 1988 (“FHAA”), and other federal, state, and local laws, rules, and regulations, generally require public accommodations and apartment homes be made accessible to disabled persons. Noncompliance could result in the imposition of fines by the government or the award of damages to private litigants. These laws may require us to modify our existing properties. These laws may also restrict renovations by requiring improved access to such buildings by disabled persons or may require us to add other structural features which increase our construction costs. Legislation or regulations adopted in the future may impose further costs and obligations or restrictions on us with respect to improved access by disabled persons. We may incur unanticipated expenses which may be material to our financial condition or results of operations to comply with ADA, FHAA, and other federal, state, and local laws, or in connection with lawsuits brought by the government or private litigants.

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

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

### **Risks Associated with Our Operations**

Development and construction risks could impact our profitability.

We intend to continue to develop and construct multifamily apartment communities for our portfolio, with annual development starts expected in the range of \$250 to \$400 million. Our development and construction activities may be exposed to a number of risks which may increase our construction costs and decrease our profitability, including the following:

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

Our inability to successfully implement our development and construction strategy could adversely affect our results of operations and our ability to satisfy our financial obligations and pay distributions to shareholders.

One of our wholly-owned subsidiaries is engaged in the business of providing general contracting services under construction contracts entered into between it and third parties (including nonconsolidated subsidiaries). The terms of those construction contracts generally require this subsidiary to estimate the time and costs to complete a project, and to assume the risk these estimates may be greater than anticipated. As a result, profitability on those contracts is

dependent on the ability to accurately predict such factors. The time and costs necessary to complete a project may be affected by a variety of factors, including those listed above, many of which are beyond this subsidiary's control. In addition, the terms of those contracts generally require this subsidiary to warrant its work for a period of time during which it may be required to repair, replace, or rebuild non-conforming work. Further,

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trailing liabilities, based on various legal theories such as claims of negligent construction, may result from such projects, and these trailing liabilities may go on for a number of years depending on the length of the statutes of repose in various jurisdictions.

Our acquisition strategy may not produce the cash flows expected.

We may acquire additional operating properties on a selective basis. Our acquisition activities are subject to a number of risks, including the following:

- we may not be able to successfully integrate acquired properties into our existing operations;
- our estimates of the costs, if any, of repositioning or redeveloping the acquired property may prove inaccurate;
- the expected occupancy and rental rates may differ from the actual results; and
- we may not be able to obtain adequate financing.

With respect to acquisitions of operating properties, we may not be able to identify suitable candidates on terms acceptable to us and may not achieve expected returns or other benefits as a result of integration challenges, such as personnel and technology.

Competition could adversely affect our ability to acquire properties.

We expect other real estate investors, including insurance companies, pension and investment funds, private investors, and other multifamily REITs, will compete with us to acquire additional operating properties. This competition could increase prices for the type of properties we would likely pursue and adversely affect our ability to acquire these properties or the profitability of such properties upon acquisition.

Losses from catastrophes may exceed our insurance coverage.

We carry comprehensive property and liability insurance on our properties, which we believe is of the type and amount customarily obtained on similar real property assets by similar types of owners. We intend to obtain similar coverage for properties we acquire or develop in the future. However, some losses, generally of a catastrophic nature, such as losses from floods, hurricanes, or earthquakes, may be subject to coverage limitations. We exercise our discretion in determining amounts, coverage limits, and deductible provisions of insurance to maintain appropriate insurance on our investments at a reasonable cost and on suitable terms. If we suffer a catastrophic loss, our insurance coverage may not be sufficient to pay the full current market value or current replacement value of our lost investment, as well as the anticipated future revenues from the property. Inflation, changes in building codes and ordinances, environmental considerations, and other factors also may reduce the feasibility of using insurance proceeds to replace a property after it has been damaged or destroyed.

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

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

The risks associated with our discretionary funds, which we manage as the general partner and advisor and which as of December 31, 2012 were closed for future investments, include the following:

- one of our wholly-owned subsidiaries is the general partner of the funds and has unlimited liability for the third party debts, obligations, and liabilities of the funds pursuant to partnership law;
- investors in the funds (other than us), by majority vote, may remove our subsidiary as the general partner of the funds
- with or without cause and the funds' advisory boards, by a majority vote of their members, may remove our subsidiary as the general partner of the funds at any time for cause;
- while we have broad discretion to manage the funds and make investment decisions on behalf of the funds, the investors or the advisory boards must approve certain matters, and as a result we may be unable to cause the funds to

make certain investments or implement certain decisions we consider beneficial;

•our ability to dispose of all or a portion of our investments in the funds is subject to significant restrictions; and

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• we may be liable if the funds fail to comply with various tax or other regulatory matters.

Tax matters, including failure to qualify as a REIT, could have adverse consequences.

We may not continue to qualify as a REIT in the future. The Internal Revenue Service may challenge our qualification as a REIT for prior years and new legislation, regulations, administrative interpretations, or court decisions may change the tax laws or the application of the tax laws with respect to qualification as a REIT or the federal tax consequences of such qualification.

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

• we would be subject to federal income tax on our taxable income at regular corporate rates, including any applicable alternative minimum tax;

• we would be disqualified from treatment as a REIT for the four taxable years following the year in which we failed to qualify, thereby reducing our net income, including any distributions to shareholders, as we would be required to pay significant income taxes for the year or years involved; and

• our ability to expand our business and raise capital would be impaired, which may adversely affect the value of our common shares.

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

We rely on information technology in our operations, and any breach, interruption or security failure of that technology could have a negative impact to our business and/or financial condition.

Information security risks have generally increased in recent years due to the rise in new technologies and the increased sophistication and activities of perpetrators of cyber attacks. A failure in or breach of our operational or information security systems, or those of our third party service providers, as a result of cyber attacks or information security breaches could disrupt our business, result in the disclosure or misuse of confidential or proprietary information, damage our reputation, and/or subject us to possible financial liabilities, any of which could have a negative impact on our financial condition and results of operations.

We depend on our key personnel.

Our success depends in part on our ability to attract and retain the services of executive officers and other personnel. There is substantial competition for qualified personnel in the real estate industry, and the loss of several of our key personnel could have an adverse effect on us.

Litigation risks could affect our business.

As a large publicly-traded owner of multifamily properties, we are at risk of becoming involved in legal proceedings, including consumer, employment, tort, or commercial litigation, which if decided adversely to or settled by us, could result in liability which is material to our financial condition or results of operations.

### Risks Associated with Our Indebtedness and Financing

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

Substantially all of our income is derived from rental and other income from our multifamily communities. As a result, our performance depends in large part on our ability to collect rent from residents, which could be negatively affected by a number of factors, including the following:

• delay in resident lease commencements;

• decline in occupancy;

• failure of residents to make rental payments when due;

• the attractiveness of our properties to residents and potential residents;

• our ability to adequately manage and maintain our communities;

• competition from other available apartments and housing alternatives; and



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• changes in market rents.

Cash flow could be insufficient to meet required payments of principal and interest with respect to debt financing. In order for us to continue to qualify as a REIT we must meet a number of organizational and operational requirements, including a requirement to distribute annual dividends to our shareholders equal to a minimum of 90% of our REIT taxable income, computed without regard to the dividends paid deduction and our net capital gains. This requirement limits the cash available to meet required principal payments on our debt.

We have significant debt, which could have important adverse consequences.

As of December 31, 2012, we had outstanding debt of approximately \$2.5 billion. This indebtedness could have important consequences, including:

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

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

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

We are subject to the risk that indebtedness on our properties or our unsecured indebtedness will not be renewed, repaid, or refinanced when due or the terms of any renewal or refinancing will not be as favorable as the existing terms of such indebtedness. If we are unable to refinance our indebtedness on acceptable terms, or at all, we might be forced to dispose of one or more of the properties on disadvantageous terms, which might result in losses to us. Such losses could have a material adverse effect on us and our ability to make distributions to our shareholders and pay amounts due on our debt. Furthermore, if a property is mortgaged to secure payment of indebtedness and we are unable to meet mortgage payments, the mortgagee could foreclose on the property, appoint a receiver and exercise rights under an assignment of rents and leases, or pursue other remedies, all with a consequent loss of our revenues and asset value. Foreclosures could also create taxable income without accompanying cash proceeds, thereby hindering our ability to meet the REIT distribution requirements of the Code.

Variable rate debt is subject to interest rate risk.

We have mortgage debt with varying interest rates dependent upon various market indexes. In addition, we have a revolving credit facility bearing interest at a variable rate on all amounts drawn on the facility. We may incur additional variable rate debt in the future. Increases in interest rates on variable rate debt would increase our interest expense, unless we make arrangements which hedge the risk of rising interest rates, which would adversely affect net income and cash available for payment of our debt obligations and distributions to shareholders.

Issuances of additional debt may adversely impact our financial condition.

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

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

Moody's, Fitch, and Standard & Poors, the major debt rating agencies, routinely evaluate our debt and have given us ratings of Baa1, BBB+, and BBB, respectively, with stable, stable, and positive outlooks, respectively, on our senior unsecured debt. These ratings are based on a number of factors, which include their assessment of our financial

strength, liquidity, capital structure, asset quality, and sustainability of cash flow and earnings. Due to changes in market conditions, we may not be able to maintain our current credit ratings, which could adversely affect our cost of funds and related margins, liquidity, and access to capital markets.

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### Risks Associated with Our Shares

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

For us to maintain our qualification as a REIT, we must have 100 or more shareholders during the year and not more than 50% in value of our outstanding shares may be owned, directly or indirectly, by five or fewer individuals. As defined for federal income tax purposes, the term “individuals” includes a number of specified entities. To minimize the possibility of us failing to qualify as a REIT under this test, our declaration of trust includes restrictions on transfers of our shares and ownership limits. The ownership limits, as well as our ability to issue other classes of equity securities, may delay, defer, or prevent a change in control. These provisions may also deter tender offers for our common shares which may be attractive to you or limit your opportunity to receive a premium for your shares which might otherwise exist if a third party were attempting to effect a change in control transaction.

Our share price will fluctuate.

The market price and trading volume of our common shares are subject to fluctuation due to general market conditions, the risks discussed in this report and other matters, including the following:

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

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

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

### Item 1B. Unresolved Staff Comments

None.

### Item 2. Properties

#### The Properties

Our properties typically consist of mid-rise buildings or two and three story buildings in a landscaped setting and provide residents with a variety of amenities. Most of the properties have one or more swimming pools and a clubhouse and many have whirlpool spas, weight room facilities, and controlled-access gates. Many of the apartment homes offer additional amenities common to multifamily rental properties.

#### Operating Properties (including properties held through unconsolidated joint ventures)

The 193 operating properties in which we owned interests and operated at December 31, 2012 averaged 937 square feet of living area per apartment home. For the year ended December 31, 2012, no single operating property accounted for greater than 1.6% of our total revenues. Our operating properties had a weighted average occupancy rate of approximately 95% for the years ended December 31, 2012 and 2011, and an average annual rental revenue per apartment home of \$1,045 and \$970 for the years ended December 31, 2012 and 2011, respectively. Resident lease terms generally range from six to fifteen months. 176 of our operating properties have over 200 apartment homes, with the largest having 904 apartment homes. Our operating properties have an average age of 12 years (calculated on the basis of investment dollars). Our operating properties were constructed and placed in service as follows:



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| Year Placed in Service | Number of Operating Properties |
|------------------------|--------------------------------|
| 2006-2012              | 47                             |
| 2001-2005              | 31                             |
| 1996-2000              | 55                             |
| 1991-1995              | 20                             |
| 1986-1990              | 27                             |
| Prior to 1986          | 13                             |

## Property Table

The following table sets forth information with respect to our 193 operating properties at December 31, 2012:

| Property and Location        | OPERATING PROPERTIES         |                                     |                         |                                  |                                                             |
|------------------------------|------------------------------|-------------------------------------|-------------------------|----------------------------------|-------------------------------------------------------------|
|                              | Year<br>Placed<br>In Service | Average Apartment<br>Size (Sq. Ft.) | Number of<br>Apartments | 2012 Average<br>Occupancy<br>(1) | 2012 Average<br>Monthly Rental<br>Rate per<br>Apartment (2) |
| ARIZONA                      |                              |                                     |                         |                                  |                                                             |
| Phoenix                      |                              |                                     |                         |                                  |                                                             |
| Camden Copper Square         | 2000                         | 786                                 | 332                     | 92.8                             | % \$ 884                                                    |
| Camden Fountain Palms (3)    | 1986/1996                    | 1,050                               | 192                     | 90.8                             | 685                                                         |
| Camden Legacy                | 1996                         | 1,067                               | 428                     | 94.0                             | 949                                                         |
| Camden Montierra (4)         | 1999                         | 1,071                               | 249                     | 94.2                             | 1,191                                                       |
| Camden Pecos Ranch (3)       | 2001                         | 924                                 | 272                     | 93.7                             | 849                                                         |
| Camden San Marcos (4)        | 1995                         | 984                                 | 320                     | 93.8                             | 1,050                                                       |
| Camden San Paloma            | 1993/1994                    | 1,042                               | 324                     | 94.1                             | 978                                                         |
| Camden Sierra (3)            | 1997                         | 925                                 | 288                     | 91.5                             | 681                                                         |
| Camden Towne Center (3)      | 1998                         | 871                                 | 240                     | 92.6                             | 676                                                         |
| CALIFORNIA                   |                              |                                     |                         |                                  |                                                             |
| Los Angeles/Orange County    |                              |                                     |                         |                                  |                                                             |
| Camden Crown Valley          | 2001                         | 1,009                               | 380                     | 95.6                             | 1,586                                                       |
| Camden Harbor View           | 2004                         | 975                                 | 538                     | 95.2                             | 1,962                                                       |
| Camden Main & Jamboree (5)   | 2008                         | 1,011                               | 290                     | 96.1                             | 1,806                                                       |
| Camden Martinique            | 1986                         | 794                                 | 714                     | 95.5                             | 1,346                                                       |
| Camden Parkside (3)          | 1972                         | 836                                 | 421                     | 95.6                             | 1,242                                                       |
| Camden Sea Palms             | 1990                         | 891                                 | 138                     | 97.2                             | 1,507                                                       |
| San Diego/Inland Empire      |                              |                                     |                         |                                  |                                                             |
| Camden Landmark (4)          | 2006                         | 982                                 | 469                     | 94.0                             | 1,321                                                       |
| Camden Old Creek             | 2007                         | 1,037                               | 350                     | 94.4                             | 1,608                                                       |
| Camden Sierra at Otay Ranch  | 2003                         | 962                                 | 422                     | 93.4                             | 1,509                                                       |
| Camden Tuscany               | 2003                         | 896                                 | 160                     | 94.7                             | 1,996                                                       |
| Camden Vineyards             | 2002                         | 1,053                               | 264                     | 93.0                             | 1,236                                                       |
| COLORADO                     |                              |                                     |                         |                                  |                                                             |
| Denver                       |                              |                                     |                         |                                  |                                                             |
| Camden Belleview Station (4) | 2009                         | 888                                 | 270                     | 93.0                             | 1,283                                                       |
| Camden Caley                 | 2000                         | 925                                 | 218                     | 95.1                             | 985                                                         |
| Camden Centennial            | 1985                         | 744                                 | 276                     | 94.9                             | 759                                                         |
| Camden Denver West (6)       | 1997                         | 1,015                               | 320                     | 94.9                             | 1,153                                                       |
| Camden Highlands Ridge       | 1996                         | 1,149                               | 342                     | 95.3                             | 1,236                                                       |



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## OPERATING PROPERTIES

| Property and Location     | Year Placed In Service | Average Apartment Size (Sq. Ft.) | Number of Apartments | 2012 Average Occupancy (1) | 2012 Average Monthly Rental Rate per Apartment (2) |
|---------------------------|------------------------|----------------------------------|----------------------|----------------------------|----------------------------------------------------|
| Camden Interlocken        | 1999                   | 1,022                            | 340                  | 96.0                       | % \$ 1,210                                         |
| Camden Lakeway            | 1997                   | 932                              | 451                  | 94.4                       | 984                                                |
| Camden Pinnacle           | 1985                   | 748                              | 224                  | 94.7                       | 786                                                |
| WASHINGTON DC METRO       |                        |                                  |                      |                            |                                                    |
| Camden Ashburn Farms      | 2000                   | 1,062                            | 162                  | 97.4                       | 1,477                                              |
| Camden Clearbrook         | 2007                   | 1,048                            | 297                  | 95.2                       | 1,345                                              |
| Camden College Park (5)   | 2008                   | 942                              | 508                  | 95.1                       | 1,575                                              |
| Camden Dulles Station     | 2009                   | 984                              | 366                  | 96.6                       | 1,624                                              |
| Camden Fair Lakes         | 1999                   | 1,056                            | 530                  | 95.9                       | 1,636                                              |
| Camden Fairfax Corner     | 2006                   | 934                              | 488                  | 96.4                       | 1,669                                              |
| Camden Fallsgrove         | 2004                   | 996                              | 268                  | 95.8                       | 1,673                                              |
| Camden Grand Parc         | 2002                   | 674                              | 105                  | 95.5                       | 2,443                                              |
| Camden Lansdowne          | 2002                   | 1,006                            | 690                  | 95.4                       | 1,420                                              |
| Camden Largo Town Center  | 2000/2007              | 1,027                            | 245                  | 94.3                       | 1,603                                              |
| Camden Monument Place     | 2007                   | 856                              | 368                  | 95.8                       | 1,509                                              |
| Camden Potomac Yard       | 2008                   | 835                              | 378                  | 95.4                       | 1,985                                              |
| Camden Roosevelt          | 2003                   | 856                              | 198                  | 97.1                       | 2,456                                              |
| Camden Russett            | 2000                   | 992                              | 426                  | 93.7                       | 1,379                                              |
| Camden Silo Creek         | 2004                   | 975                              | 284                  | 96.3                       | 1,429                                              |
| Camden Summerfield        | 2008                   | 957                              | 291                  | 93.5                       | 1,573                                              |
| Camden Summerfield II (7) | 2012                   | 936                              | 187                  | 95.0                       | 1,550                                              |
| FLORIDA                   |                        |                                  |                      |                            |                                                    |
| Southeast Florida         |                        |                                  |                      |                            |                                                    |
| Camden Aventura           | 1995                   | 1,108                            | 379                  | 94.2                       | 1,553                                              |
| Camden Brickell           | 2003                   | 937                              | 405                  | 96.3                       | 1,638                                              |
| Camden Doral              | 1999                   | 1,120                            | 260                  | 96.4                       | 1,548                                              |
| Camden Doral Villas       | 2000                   | 1,253                            | 232                  | 93.8                       | 1,678                                              |
| Camden Las Olas           | 2004                   | 1,043                            | 420                  | 95.2                       | 1,741                                              |
| Camden Plantation         | 1997                   | 1,201                            | 502                  | 95.2                       | 1,307                                              |
| Camden Portofino          | 1995                   | 1,112                            | 322                  | 95.6                       | 1,348                                              |
| Orlando                   |                        |                                  |                      |                            |                                                    |
| Camden Club               | 1986                   | 1,077                            | 436                  | 96.2                       | 866                                                |
| Camden Hunter's Creek     | 2000                   | 1,075                            | 270                  | 96.2                       | 1,005                                              |
| Camden Lago Vista         | 2005                   | 955                              | 366                  | 95.0                       | 902                                                |
| Camden LaVina (7)         | 2012                   | 970                              | 420                  | 94.7                       | 1,059                                              |
| Camden Lee Vista          | 2000                   | 937                              | 492                  | 95.6                       | 875                                                |
| Camden Orange Court       | 2008                   | 817                              | 268                  | 96.1                       | 1,118                                              |
| Camden Renaissance        | 1996/1998              | 899                              | 578                  | 94.2                       | 803                                                |
| Camden Reserve            | 1990/1991              | 824                              | 526                  | 95.5                       | 740                                                |
| Camden Town Square (8)    | 2012                   | 986                              | 438                  | Lease-up                   | 840                                                |
| Camden World Gateway      | 2000                   | 979                              | 408                  | 95.3                       | 972                                                |
| Tampa/St. Petersburg      |                        |                                  |                      |                            |                                                    |
| Camden Bay                | 1997/2001              | 943                              | 760                  | 94.3                       | 875                                                |



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## OPERATING PROPERTIES

| Property and Location     | Year Placed In Service | Average Apartment Size (Sq. Ft.) | Number of Apartments | 2012 Average Occupancy (1) | 2012 Average Monthly Rental Rate per Apartment (2) |
|---------------------------|------------------------|----------------------------------|----------------------|----------------------------|----------------------------------------------------|
| Camden Bay Pointe         | 1984                   | 771                              | 368                  | 93.9 %                     | \$ 704                                             |
| Camden Bayside            | 1987/1989              | 748                              | 832                  | 96.0                       | 775                                                |
| Camden Citrus Park        | 1985                   | 704                              | 247                  | 95.1                       | 687                                                |
| Camden Lakes              | 1982/1983              | 732                              | 688                  | 94.4                       | 705                                                |
| Camden Lakeside           | 1986                   | 729                              | 228                  | 95.2                       | 749                                                |
| Camden Live Oaks (9)      | 1990                   | 1,093                            | 770                  | 94.2                       | 782                                                |
| Camden Montague (7)       | 2012                   | 975                              | 192                  | 97.3                       | 827                                                |
| Camden Preserve           | 1996                   | 942                              | 276                  | 95.0                       | 1,073                                              |
| Camden Providence Lakes   | 1996                   | 1,024                            | 260                  | 94.7                       | 910                                                |
| Camden Royal Palms        | 2006                   | 1,017                            | 352                  | 94.4                       | 947                                                |
| Camden Visconti (10)      | 2007                   | 1,125                            | 450                  | 94.9                       | 1,126                                              |
| Camden Westchase Park (7) | 2012                   | 993                              | 348                  | 95.9                       | 887                                                |
| Camden Westshore          | 1986                   | 728                              | 278                  | 95.3                       | 850                                                |
| Camden Woods              | 1986                   | 1,223                            | 444                  | 94.6                       | 853                                                |
| GEORGIA                   |                        |                                  |                      |                            |                                                    |
| Atlanta                   |                        |                                  |                      |                            |                                                    |
| Camden Brookwood          | 2002                   | 912                              | 359                  | 95.7                       | 987                                                |
| Camden Creekstone (4)     | 2002                   | 990                              | 223                  | 94.9                       | 967                                                |
| Camden Deerfield          | 2000                   | 1,187                            | 292                  | 94.8                       | 979                                                |
| Camden Dunwoody           | 1997                   | 1,007                            | 324                  | 95.0                       | 908                                                |
| Camden Midtown Atlanta    | 2001                   | 935                              | 296                  | 95.1                       | 1,019                                              |
| Camden Peachtree City     | 2001                   | 1,027                            | 399                  | 95.9                       | 932                                                |
| Camden Phipps (10)        | 1996                   | 1,018                            | 234                  | 95.4                       | 1,211                                              |
| Camden River              | 1997                   | 1,103                            | 352                  | 95.1                       | 904                                                |
| Camden Shiloh             | 1999/2002              | 1,143                            | 232                  | 95.5                       | 876                                                |
| Camden St. Clair          | 1997                   | 999                              | 336                  | 95.9                       | 934                                                |
| Camden Stockbridge        | 2003                   | 1,009                            | 304                  | 94.2                       | 756                                                |
| NEVADA                    |                        |                                  |                      |                            |                                                    |
| Las Vegas                 |                        |                                  |                      |                            |                                                    |
| Camden Bel Air            | 1988/1995              | 943                              | 528                  | 92.5                       | 713                                                |
| Camden Breeze             | 1989                   | 846                              | 320                  | 93.9                       | 720                                                |
| Camden Canyon             | 1995                   | 987                              | 200                  | 94.4                       | 860                                                |
| Camden Commons            | 1988                   | 936                              | 376                  | 92.4                       | 747                                                |
| Camden Cove               | 1990                   | 898                              | 124                  | 92.7                       | 710                                                |
| Camden Del Mar            | 1995                   | 986                              | 560                  | 95.4                       | 893                                                |
| Camden Fairways           | 1989                   | 896                              | 320                  | 95.4                       | 877                                                |
| Camden Hills              | 1991                   | 439                              | 184                  | 90.3                       | 491                                                |
| Camden Legends            | 1994                   | 792                              | 113                  | 94.9                       | 827                                                |
| Camden Palisades          | 1991                   | 905                              | 624                  | 93.3                       | 723                                                |
| Camden Pines (3)          | 1997                   | 982                              | 315                  | 92.9                       | 792                                                |
| Camden Pointe             | 1996                   | 983                              | 252                  | 94.0                       | 730                                                |
| Camden Summit (3)         | 1995                   | 1,187                            | 234                  | 93.8                       | 1,079                                              |
| Camden Tiara (3)          | 1996                   | 1,043                            | 400                  | 93.9                       | 861                                                |



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## OPERATING PROPERTIES

| Property and Location          | Year Placed In Service | Average Apartment Size (Sq. Ft.) | Number of Apartments | 2012 Average Occupancy (1) | 2012 Average Monthly Rental Rate per Apartment (2) |
|--------------------------------|------------------------|----------------------------------|----------------------|----------------------------|----------------------------------------------------|
| Camden Vintage                 | 1994                   | 978                              | 368                  | 94.0 %                     | \$ 704                                             |
| Oasis Bay (10)                 | 1990                   | 876                              | 128                  | 96.1                       | 745                                                |
| Oasis Crossings (10)           | 1996                   | 983                              | 72                   | 95.3                       | 749                                                |
| Oasis Emerald (10)             | 1988                   | 873                              | 132                  | 92.9                       | 608                                                |
| Oasis Gateway (10)             | 1997                   | 1,146                            | 360                  | 93.6                       | 776                                                |
| Oasis Island (10)              | 1990                   | 901                              | 118                  | 90.3                       | 613                                                |
| Oasis Landing (10)             | 1990                   | 938                              | 144                  | 92.4                       | 671                                                |
| Oasis Meadows (10)             | 1996                   | 1,031                            | 383                  | 90.3                       | 718                                                |
| Oasis Palms (10)               | 1989                   | 880                              | 208                  | 91.8                       | 684                                                |
| Oasis Pearl (10)               | 1989                   | 930                              | 90                   | 91.0                       | 687                                                |
| Oasis Place (10)               | 1992                   | 440                              | 240                  | 87.1                       | 482                                                |
| Oasis Ridge (10)               | 1984                   | 391                              | 477                  | 86.3                       | 413                                                |
| Oasis Sierra (10)              | 1998                   | 923                              | 208                  | 94.2                       | 782                                                |
| Oasis Springs (10)             | 1988                   | 838                              | 304                  | 90.5                       | 576                                                |
| Oasis Vinings (10)             | 1994                   | 1,152                            | 234                  | 91.8                       | 709                                                |
| NORTH CAROLINA                 |                        |                                  |                      |                            |                                                    |
| Charlotte                      |                        |                                  |                      |                            |                                                    |
| Camden Ballantyne              | 1998                   | 1,045                            | 400                  | 95.6                       | 977                                                |
| Camden Cotton Mills            | 2002                   | 905                              | 180                  | 96.2                       | 1,256                                              |
| Camden Dilworth                | 2006                   | 857                              | 145                  | 97.5                       | 1,220                                              |
| Camden Fairview                | 1983                   | 1,036                            | 135                  | 96.4                       | 900                                                |
| Camden Foxcroft                | 1979                   | 940                              | 156                  | 97.7                       | 817                                                |
| Camden Grandview               | 2000                   | 1,057                            | 266                  | 96.3                       | 1,364                                              |
| Camden Habersham               | 1986                   | 773                              | 240                  | 95.7                       | 685                                                |
| Camden Pinehurst               | 1967                   | 1,147                            | 407                  | 96.0                       | 821                                                |
| Camden Sedgebrook              | 1999                   | 972                              | 368                  | 95.9                       | 881                                                |
| Camden Simsbury                | 1985                   | 874                              | 100                  | 96.7                       | 880                                                |
| Camden South End Square        | 2003                   | 882                              | 299                  | 96.3                       | 1,156                                              |
| Camden Stonecrest              | 2001                   | 1,098                            | 306                  | 95.5                       | 1,030                                              |
| Camden Touchstone              | 1986                   | 899                              | 132                  | 97.7                       | 779                                                |
| Raleigh                        |                        |                                  |                      |                            |                                                    |
| Camden Asbury Village (4) (10) | 2009                   | 1,009                            | 350                  | 93.1                       | 926                                                |
| Camden Crest                   | 2001                   | 1,013                            | 438                  | 95.2                       | 814                                                |
| Camden Governor's Village      | 1999                   | 1,046                            | 242                  | 95.0                       | 914                                                |
| Camden Lake Pine               | 1999                   | 1,066                            | 446                  | 94.7                       | 861                                                |
| Camden Manor Park              | 2006                   | 966                              | 484                  | 96.5                       | 895                                                |
| Camden Overlook                | 2001                   | 1,060                            | 320                  | 95.9                       | 954                                                |
| Camden Reunion Park            | 2000/2004              | 972                              | 420                  | 95.1                       | 748                                                |
| Camden Westwood                | 1999                   | 1,027                            | 354                  | 94.7                       | 816                                                |
| TEXAS                          |                        |                                  |                      |                            |                                                    |
| Austin                         |                        |                                  |                      |                            |                                                    |
| Camden Amber Oaks (10)         | 2009                   | 862                              | 348                  | 95.0                       | 863                                                |
| Camden Amber Oaks II (7) (10)  | 2012                   | 910                              | 244                  | 94.7                       | 891                                                |



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## OPERATING PROPERTIES

| Property and Location            | Year Placed In Service | Average Apartment Size (Sq. Ft.) | Number of Apartments | 2012 Average Occupancy (1) | 2012 Average Monthly Rental Rate per Apartment (2) |
|----------------------------------|------------------------|----------------------------------|----------------------|----------------------------|----------------------------------------------------|
| Camden Brushy Creek (10)         | 2008                   | 882                              | 272                  | 95.7 %                     | \$ 865                                             |
| Camden Cedar Hills               | 2008                   | 911                              | 208                  | 95.1                       | 1,024                                              |
| Camden Gaines Ranch              | 1997                   | 955                              | 390                  | 95.3                       | 1,102                                              |
| Camden Huntingdon                | 1995                   | 903                              | 398                  | 95.5                       | 825                                                |
| Camden Ridgecrest                | 1995                   | 855                              | 284                  | 95.0                       | 755                                                |
| Camden Shadow Brook (10)         | 2009                   | 909                              | 496                  | 96.3                       | 912                                                |
| Camden Stoneleigh                | 2001                   | 908                              | 390                  | 95.2                       | 977                                                |
| Corpus Christi                   |                        |                                  |                      |                            |                                                    |
| Camden Breakers                  | 1996                   | 868                              | 288                  | 95.7                       | 1,008                                              |
| Camden Copper Ridge              | 1986                   | 775                              | 344                  | 95.4                       | 735                                                |
| Camden Miramar (11)              | 1994-2011              | 488                              | 855                  | 78.5                       | 1,000                                              |
| Camden South Bay (10)            | 2007                   | 1,055                            | 270                  | 95.0                       | 1,124                                              |
| Dallas/Fort Worth                |                        |                                  |                      |                            |                                                    |
| Camden Addison (3)               | 1996                   | 942                              | 456                  | 96.0                       | 846                                                |
| Camden Belmont (4)               | 2010/2012              | 945                              | 477                  | 93.8                       | 1,350                                              |
| Camden Buckingham                | 1997                   | 919                              | 464                  | 95.7                       | 881                                                |
| Camden Centreport                | 1997                   | 911                              | 268                  | 95.5                       | 858                                                |
| Camden Cimarron                  | 1992                   | 772                              | 286                  | 95.6                       | 884                                                |
| Camden Design District (10)      | 2009                   | 939                              | 355                  | 94.4                       | 1,186                                              |
| Camden Farmers Market            | 2001/2005              | 932                              | 904                  | 94.9                       | 999                                                |
| Camden Gardens                   | 1983                   | 652                              | 256                  | 96.3                       | 605                                                |
| Camden Glen Lakes                | 1979                   | 877                              | 424                  | 95.7                       | 811                                                |
| Camden Henderson (4)             | 2012                   | 967                              | 106                  | 85.1                       | 1,496                                              |
| Camden Legacy Creek              | 1995                   | 831                              | 240                  | 95.6                       | 920                                                |
| Camden Legacy Park               | 1996                   | 871                              | 276                  | 95.2                       | 940                                                |
| Camden Panther Creek (10)        | 2009                   | 946                              | 295                  | 94.6                       | 979                                                |
| Camden Riverwalk (10)            | 2008                   | 982                              | 600                  | 94.9                       | 1,188                                              |
| Camden Springs                   | 1987                   | 713                              | 304                  | 95.2                       | 610                                                |
| Camden Valley Park               | 1986                   | 743                              | 516                  | 95.7                       | 806                                                |
| Houston                          |                        |                                  |                      |                            |                                                    |
| Camden City Centre               | 2007                   | 932                              | 379                  | 96.9                       | 1,426                                              |
| Camden Cypress Creek (10)        | 2009                   | 993                              | 310                  | 95.6                       | 1,087                                              |
| Camden Downs at Cinco Ranch (10) | 2004                   | 1,075                            | 318                  | 96.5                       | 1,082                                              |
| Camden Grand Harbor (10)         | 2008                   | 959                              | 300                  | 96.3                       | 1,017                                              |
| Camden Greenway                  | 1999                   | 861                              | 756                  | 96.1                       | 1,162                                              |
| Camden Heights (10)              | 2004                   | 927                              | 352                  | 97.0                       | 1,292                                              |
| Camden Holly Springs (3)         | 1999                   | 934                              | 548                  | 96.0                       | 985                                                |
| Camden Lakemont (10)             | 2007                   | 904                              | 312                  | 96.5                       | 891                                                |
| Camden Midtown                   | 1999                   | 844                              | 337                  | 96.4                       | 1,412                                              |
| Camden Northpointe (10)          | 2008                   | 940                              | 384                  | 95.3                       | 960                                                |
| Camden Oak Crest                 | 2003                   | 870                              | 364                  | 96.3                       | 897                                                |
| Camden Park (3)                  | 1995                   | 866                              | 288                  | 96.0                       | 846                                                |
| Camden Piney Point (10)          | 2004                   | 919                              | 318                  | 96.3                       | 1,077                                              |



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## OPERATING PROPERTIES

| Property and Location      | Year Placed In Service | Average Apartment Size (Sq. Ft.) | Number of Apartments | 2012 Average Occupancy (1) | 2012 Average Monthly Rental Rate per Apartment (2) |
|----------------------------|------------------------|----------------------------------|----------------------|----------------------------|----------------------------------------------------|
| Camden Plaza               | 2007                   | 915                              | 271                  | 96.5 %                     | \$ 1,383                                           |
| Camden Royal Oaks          | 2006                   | 923                              | 236                  | 88.8                       | 1,182                                              |
| Camden Royal Oaks II (8)   | 2012                   | 1,054                            | 104                  | Lease-up                   | 1,177                                              |
| Camden Spring Creek (10)   | 2004                   | 1,080                            | 304                  | 95.7                       | 1,021                                              |
| Camden Stonebridge         | 1993                   | 845                              | 204                  | 96.8                       | 875                                                |
| Camden Sugar Grove (3)     | 1997                   | 921                              | 380                  | 95.3                       | 908                                                |
| Camden Travis Street       | 2010                   | 819                              | 253                  | 97.4                       | 1,411                                              |
| Camden Vanderbilt          | 1996/1997              | 863                              | 894                  | 97.5                       | 1,236                                              |
| Camden Whispering Oaks     | 2008                   | 934                              | 274                  | 96.7                       | 1,058                                              |
| Camden Woodson Park (10)   | 2008                   | 916                              | 248                  | 96.4                       | 994                                                |
| Camden Yorktown (10)       | 2008                   | 995                              | 306                  | 95.4                       | 985                                                |
| San Antonio                |                        |                                  |                      |                            |                                                    |
| Camden Braun Station (10)  | 2006                   | 827                              | 240                  | 94.4                       | 832                                                |
| Camden Westover Hills (10) | 2010                   | 959                              | 288                  | 95.7                       | 1,060                                              |

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

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

(3) Property formerly owned through a joint venture in which we owned a 20% interest. We acquired the remaining ownership interest in January 2012 from an unaffiliated third party.

(4) Property acquired during 2012—average occupancy calculated from date at which property was acquired.

(5) Property owned through a fully consolidated joint venture in which we own a 99.99% interest. The remaining interest is owned by an unaffiliated third party.

(6) Property formerly owned through a joint venture in which we owned a 50% interest. We acquired the remaining ownership interest in December 2012 from an unaffiliated third party.

(7) Development property stabilized during 2012—average occupancy calculated from date at which occupancy exceeded 90% through December 31, 2012.

(8) Property under lease-up at December 31, 2012.

(9) Property was included in properties held for sale at December 31, 2012. We sold this property in January 2013.

(10) Property owned through one of our joint ventures in which we own a 20% interest. The remaining interest is owned by an unaffiliated third party.

(11) Miramar is a student housing project for Texas A&M at Corpus Christi. Average occupancy includes summer months which are normally subject to high vacancies.

## Item 3. Legal Proceedings

For discussion regarding legal proceedings, see Note 14, "Commitments and Contingencies," in the Notes to Consolidated Financial Statements.

## Item 4. Mine Safety Disclosures

None.

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## PART II

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

The high and low closing prices per share of our common shares, as reported on the New York Stock Exchange composite tape under the symbol "CPT," and distributions per share declared for the quarters indicated are as follows:

|                | High    | Low     | Distributions |
|----------------|---------|---------|---------------|
| 2012 Quarters: |         |         |               |
| First          | \$65.75 | \$59.61 | \$0.56        |
| Second         | 68.84   | 63.09   | 0.56          |
| Third          | 71.59   | 64.49   | 0.56          |
| Fourth         | 68.21   | 62.70   | 0.56          |
| 2011 Quarters: |         |         |               |
| First          | \$59.17 | \$53.47 | \$0.49        |
| Second         | 65.26   | 56.40   | 0.49          |
| Third          | 69.32   | 55.26   | 0.49          |
| Fourth         | 62.35   | 53.09   | 0.49          |

In the first quarter of 2013, the Company's Board of Trust Managers increased the quarterly dividend rate from \$0.56 to \$0.63 per common share. Future dividend payments are paid at the discretion of the Board of Trust Managers and depend on cash flows generated from operations, the Company's financial condition and capital requirements, distribution requirements under the REIT provisions of the Internal Revenue Code of 1986, as amended, and other factors which may be deemed relevant by our Board of Trust Managers. Assuming dividend distributions for the remainder of 2013 are similar to those declared for the first quarter 2013, the annualized dividend rate for 2013 would be \$2.52.

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This graph assumes the investment of \$100 on December 31, 2007 and quarterly reinvestment of dividends. (Source: SNL Financial LC)

| Index                    | Years Ended December 31, |        |        |        |        |
|--------------------------|--------------------------|--------|--------|--------|--------|
|                          | 2008                     | 2009   | 2010   | 2011   | 2012   |
| Camden Property Trust    | 69.91                    | 101.34 | 134.26 | 160.11 | 181.58 |
| FTSE NAREIT Equity       | 62.27                    | 79.70  | 101.99 | 110.45 | 130.39 |
| S&P 500                  | 63.00                    | 79.68  | 91.68  | 93.61  | 108.59 |
| Russell 2000             | 66.21                    | 84.20  | 106.82 | 102.36 | 119.09 |
| MSCI US REIT (RMS) Index | 62.03                    | 79.78  | 102.50 | 111.41 | 131.20 |

As of February 8, 2013, there were approximately 516 shareholders of record and approximately 23,779 beneficial owners of our common shares.

In March 2010, we announced the creation of an at-the-market (“ATM”) share offering program through which we could, but had no obligation to, sell common shares having an aggregate offering price of up to \$250 million (the “2010 ATM program”), in amounts and at times as we determined, into the existing trading market at current market prices as well as through negotiated transactions. The net proceeds resulting from the 2010 ATM program were used for general corporate purposes, which included repayment of notes payable, the repayment of borrowings under our unsecured line of credit, and funding for development activities. During the year ended December 31, 2010, we issued approximately 4.9 million common shares at an average price of \$48.37 per share for total net consideration of approximately \$231.7 million. During the year ended December 31, 2011, we issued approximately 0.3 million common shares at an average price of \$55.81 per share for total net consideration of approximately

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\$13.8 million. The 2010 ATM program was terminated in the second quarter of 2011, and no further common shares are available for sale under this program.

In May 2011, we created an ATM share offering program through which we could, but had no obligation to, sell common shares having an aggregate offering price of up to \$300 million (the "2011 ATM program"), in amounts and at times as we determined, into the existing trading market at current market prices as well as through negotiated transactions. The net proceeds resulting from the 2011 ATM program were used to redeem all of our outstanding redeemable perpetual preferred units as further discussed in Note 5, "Operating Partnerships," and for other general corporate purposes, which included funding for development activities, financing of acquisitions, repayment of notes payable and borrowings under our \$500 million unsecured line of credit. During the year ended December 31, 2011, we issued approximately 1.5 million common shares at an average price of \$62.98 per share for total net consideration of approximately \$92.8 million. During the year ended December 31, 2012, we issued approximately 2.0 million common shares at an average price of \$66.01 per share for total net consideration of approximately \$128.1 million. The 2011 ATM program was terminated in the second quarter of 2012, and no further common shares are available for sale under this program.

In May 2012, 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 \$300 million (the "2012 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. We intend to use the net proceeds from the 2012 ATM program for general corporate purposes, which may include funding for development activities, financing for acquisitions, the redemption or other repurchase of outstanding debt or equity securities, reducing future borrowings under our \$500 million unsecured line of credit, and the repayment of other indebtedness. During the year ended December 31, 2012, we issued approximately 2.6 million common shares at an average price of \$67.63 per share for total net consideration of approximately \$173.6 million. As of the date of this filing, we had common shares having an aggregate offering price of up to \$123.6 million remaining available for sale under the 2012 ATM program.

We currently have an automatic shelf registration statement which allows us to offer, from time to time, an unlimited amount of common shares, preferred shares, debt securities, or warrants. In January 2012, we issued 6,612,500 common shares in a public equity offering and received approximately \$391.6 million in net proceeds. We utilized a portion of these proceeds to fund the acquisition of the remaining 80% interest we did not own in twelve real estate joint ventures for approximately \$99.5 million and the repayment of approximately \$272.6 million in mortgage debt associated with these joint ventures.

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

In January 2008, our Board of Trust Managers approved an increase of the April 2007 repurchase plan to allow for the repurchase of up to \$500 million of our common equity securities through open market purchases, block purchases, and privately negotiated transactions. Under this program, we have repurchased 4.3 million shares for a total of approximately \$230.2 million from April 2007 through December 31, 2012. The remaining dollar value of our common equity securities authorized to be repurchased under the program was approximately \$269.8 million as of December 31, 2012. There were no repurchases of our equity securities during the years ended December 31, 2012, 2011 and 2010.

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## Item 6. Selected Financial Data

The following table provides selected financial data relating to our historical financial condition and results of operations as of and for each of the years ended December 31, 2008 through 2012. This data should be read in conjunction with Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements and related notes. Prior year amounts have been reclassified for discontinued operations.

## COMPARATIVE SUMMARY OF SELECTED FINANCIAL AND PROPERTY DATA

| (in thousands, except per share amounts and property data)                              | Year Ended December 31, |             |             |             |             |
|-----------------------------------------------------------------------------------------|-------------------------|-------------|-------------|-------------|-------------|
|                                                                                         | 2012                    | 2011        | 2010        | 2009        | 2008        |
| <b>Operating Data (a)</b>                                                               |                         |             |             |             |             |
| Total property revenues                                                                 | \$727,908               | \$621,074   | \$568,072   | \$567,957   | \$567,335   |
| Total property expenses                                                                 | 269,669                 | 240,128     | 226,778     | 221,451     | 214,228     |
| Total non-property income (loss)                                                        | 16,407                  | 21,395      | 28,337      | 25,443      | (19,540 )   |
| Total other expenses                                                                    | 381,694                 | 358,268     | 358,921     | 361,974     | 316,945     |
| Income (loss) from continuing operations attributable to common shareholders            | 161,665                 | 13,172      | (295 )      | (84,925 )   | (31,146 )   |
| Net income (loss) attributable to common shareholders                                   | 283,390                 | 49,379      | 23,216      | (50,800 )   | 70,973      |
| Income (loss) from continuing operations attributable to common shareholders per share: |                         |             |             |             |             |
| Basic                                                                                   | \$1.90                  | \$0.17      | \$(0.01 )   | \$(1.35 )   | \$(0.57 )   |
| Diluted                                                                                 | 1.88                    | 0.17        | (0.01 )     | (1.35 )     | (0.57 )     |
| Net income (loss) attributable to common shareholders per share:                        |                         |             |             |             |             |
| Basic                                                                                   | \$3.35                  | \$0.67      | \$0.33      | \$(0.80 )   | \$1.28      |
| Diluted                                                                                 | 3.30                    | 0.66        | 0.33        | (0.80 )     | 1.28        |
| Distributions declared per common share                                                 | \$2.24                  | \$1.96      | \$1.80      | \$2.05      | \$2.80      |
| <b>Balance Sheet Data (at end of year)</b>                                              |                         |             |             |             |             |
| Total real estate assets, at cost (b)                                                   | \$6,749,523             | \$5,875,515 | \$5,675,309 | \$5,505,168 | \$5,491,593 |
| Total assets                                                                            | 5,385,172               | 4,622,075   | 4,699,737   | 4,607,999   | 4,730,342   |
| Notes payable                                                                           | 2,510,468               | 2,432,112   | 2,563,754   | 2,625,199   | 2,832,396   |
| Perpetual preferred units                                                               | —                       | 97,925      | 97,925      | 97,925      | 97,925      |
| Equity                                                                                  | 2,626,708               | 1,827,768   | 1,757,373   | 1,609,013   | 1,501,356   |
| <b>Other Data</b>                                                                       |                         |             |             |             |             |
| Cash flows provided by (used in):                                                       |                         |             |             |             |             |
| Operating activities                                                                    | \$324,267               | \$244,834   | \$224,036   | \$217,688   | \$216,958   |
| Investing activities                                                                    | (527,685 )              | (187,364 )  | 35,150      | (69,516 )   | (37,374 )   |
| Financing activities                                                                    | 174,928                 | (172,886 )  | (152,767 )  | (91,423 )   | (173,074 )  |
| Funds from operations – diluted (c)                                                     | 313,337                 | 207,535     | 194,309     | 109,947     | 169,585     |
| <b>Property Data</b>                                                                    |                         |             |             |             |             |
| Number of operating properties (at the end of year) (d)                                 | 193                     | 196         | 186         | 183         | 181         |
| Number of operating apartment homes (at end of year) (d)                                | 65,775                  | 66,997      | 63,316      | 63,286      | 62,903      |
| Number of operating apartment homes (weighted average) (d)(e)                           | 54,194                  | 50,905      | 50,794      | 50,608      | 51,277      |
|                                                                                         | \$1,182                 | \$1,121     | \$1,051     | \$1,065     | \$1,087     |

Weighted average monthly total property revenue  
per apartment home

|                                                 |   |    |   |   |   |
|-------------------------------------------------|---|----|---|---|---|
| Properties under development (at end of period) | 9 | 10 | 2 | 2 | 5 |
|-------------------------------------------------|---|----|---|---|---|

(a) Excludes discontinued operations.

(b) Includes properties held for sale at book value.

Management considers Funds from Operations (“FFO”) to be an appropriate measure of the financial performance of (c) an equity REIT. The National Association of Real Estate Investment Trusts (“NAREIT”) currently defines FFO as net income (computed in accordance with accounting principles generally accepted in the United States of America

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("GAAP")), excluding gains (or losses) associated with the sale of previously depreciated operating properties, real estate depreciation and amortization, impairments of depreciable assets, and adjustments for unconsolidated joint ventures. Our calculation of diluted FFO also assumes conversion of all potentially dilutive securities, including certain non-controlling interests, which are convertible into common shares. We consider FFO to be an appropriate supplemental measure of operating performance because, by excluding gains or losses on dispositions of operating properties and excluding depreciation, FFO can assist in the comparison of the operating performance of a company's real estate between periods or as compared to different companies.

(d) Includes discontinued operations.

(e) Excludes apartment homes owned in joint ventures.

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

The following discussion should be read in conjunction with the consolidated financial statements and notes appearing elsewhere in this report. Historical results and trends which might appear in the consolidated financial statements should not be interpreted as being indicative of future operations.

We consider portions of this report to be "forward-looking" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, both as amended, with respect to our expectations for future periods. Forward-looking statements do not discuss historical fact, but instead include statements related to expectations, projections, intentions, or other items relating to the future; forward-looking statements are not guarantees of future performances, 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 they 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 that 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, could adversely impact us;
- short-term leases expose us to the effects of declining market rents;
- we face risks associated with land holdings and related activities;
- difficulties of selling real estate could limit our flexibility;
- we could be negatively impacted by the condition of Fannie Mae or Freddie Mac;
- compliance or failure to comply with laws, including those requiring access to our properties by disabled persons, could result in substantial cost;
- competition could limit our ability to lease apartments or increase or maintain rental income;
- development and construction risks could impact our profitability;
- our acquisition strategy may not produce the cash flows expected;
- competition could adversely affect our ability to acquire properties;
- losses from catastrophes may exceed our insurance coverage;
- investments through joint ventures and discretionary funds involve risks not present in investments in which we are the sole investor;
- tax matters, including failure to qualify as a REIT, could have adverse consequences;
- we rely on information technology in our operations, and any breach, interruption or security failure of that technology could have a negative impact to our business and/or financial condition;
- we depend on our key personnel;
- litigation risks could affect our business;
- insufficient cash flows could limit our ability to make required payments for debt obligations or pay distributions to shareholders;
- we have significant debt, which could have important adverse consequences;
- we may be unable to renew, repay, or refinance our outstanding debt;
- variable rate debt is subject to interest rate risk;
- we may incur losses on interest rate hedging arrangements;
- issuances of additional debt may adversely impact our financial condition;
- failure to maintain our current credit ratings could adversely affect our cost of funds, related margins, liquidity, and access to capital markets;

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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/or amount of dividend distributions in future periods may vary and be impacted by economic or other considerations.

These forward-looking statements represent our estimates and assumptions as of the date of this report, and we assume no obligation to update or supplement forward-looking statements because of subsequent events.

### Executive Summary

We are primarily engaged in the ownership, management, development, acquisition and construction of multifamily apartment communities. As of December 31, 2012, we owned interests in, operated, or were developing 202 multifamily properties comprising 68,620 apartment homes across the United States as detailed in the following Property Portfolio table. In addition, we own other land parcels we may develop into multifamily apartment communities.

### Property Operations

Our results for the year ended December 31, 2012 reflect an increase in rental revenue as compared to 2011, which we believe was primarily due to a gradually improving economy, favorable demographics, a modest supply of new multifamily housing, and a decrease in home ownership rates which have resulted in increases in realized rental rates and average occupancy levels. Same store revenues increased 6.5% in 2012, following a 5.5% increase in 2011. We believe U.S. economic and employment growth will continue during 2013 and the supply of new multifamily homes, although increasing, will continue to be below historical levels. However, we believe significant risks to the economy remain prevalent, and while there have been increases in employment levels in the majority of our markets, the unemployment rate remains at higher than historical levels. If economic conditions in the United States were to worsen, our operating results could be adversely affected.

### Development Activity

During the year ended December 31, 2012, we completed construction of seven development projects, including one community containing 244 units owned by one of our discretionary funds in which we have a 20% ownership interest. As of December 31, 2012, five of these projects reached stabilization. At December 31, 2012, we had a total of nine development projects under construction containing 2,845 units, including two development projects containing 576 units owned by one of our discretionary funds, with initial occupancy expected within the next 24 months. Excluding the development projects owned by one of our discretionary funds, we have remaining expected costs to complete of approximately \$353.9 million on the seven consolidated projects under construction as of December 31, 2012.

### Acquisitions

During the year ended December 31, 2012, we acquired twenty operating properties in nine transactions totaling approximately \$770.2 million, including the assumption of approximately \$298.8 million in secured debt. Thirteen of these operating properties were owned by former unconsolidated joint ventures in which we acquired the remaining ownership interests. We also acquired approximately 22.6 acres of land in four transactions for approximately \$33.6 million and intend to utilize these land holdings for development of multifamily apartment communities. We funded these acquisitions through cash generated from operations, proceeds from our at-the-market share offering programs ("ATM programs"), proceeds from an equity offering completed in January 2012, proceeds from a debt offering completed in December 2012 and proceeds from property dispositions.

During the year ended December 31, 2012, one of our discretionary funds acquired one operating property and two land holdings totaling 18.7 acres, which it intends to utilize for development of multifamily apartment communities.

### Dispositions

During the year ended December 31, 2012, we sold eleven operating properties consisting of 3,213 units for approximately \$233.2 million and recognized a gain of approximately \$115.1 million on these transactions. During January 2013, we sold one operating property consisting of 770 units.

During the year ended December 31, 2012, two of our unconsolidated joint ventures sold seven operating properties consisting of 2,406 units for approximately \$232.8 million. Our proportionate share of the gains on these transactions was approximately \$17.4 million.



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## Future Outlook

Subject to market conditions, we intend to continue to look for opportunities to expand our development pipeline and acquire existing communities. We continually evaluate our operating property and land development portfolio and plan to continue our practice of selective dispositions as market conditions warrant and opportunities develop. We also intend to continue to strengthen our capital and liquidity positions 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 liquidity requirements through cash flows generated from operations, available cash balances, draws on our unsecured credit facility, proceeds from property dispositions, equity issued from our ATM program, the use of debt and equity offerings under our automatic shelf registration statement and secured mortgages.

As of December 31, 2012, we had approximately \$26.7 million in cash and cash equivalents and no balances outstanding on our \$500 million unsecured line of credit. As of the date of this filing, we had common shares having an aggregate offering price of up to \$123.6 million remaining available for sale under our ATM program. We believe payments on debt maturing in 2013 are manageable at \$229.2 million, which represents approximately 9% of our total outstanding debt and includes scheduled principal amortizations of approximately \$3.4 million. In January 2013, we repaid a \$26.1 million secured conventional mortgage note which was scheduled to mature in April 2013. We believe we are well-positioned with a strong balance sheet and sufficient liquidity to cover near-term debt maturities and new development funding 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:

|                                       | December 31, 2012  |            | December 31, 2011  |            |
|---------------------------------------|--------------------|------------|--------------------|------------|
|                                       | Apartment<br>Homes | Properties | Apartment<br>Homes | Properties |
| Operating Properties                  |                    |            |                    |            |
| Houston, Texas                        | 8,440              | 24         | 9,354              | 26         |
| Las Vegas, Nevada                     | 8,016              | 29         | 8,016              | 29         |
| Tampa, Florida (1)                    | 6,493              | 15         | 5,953              | 13         |
| Dallas, Texas                         | 6,227              | 16         | 5,979              | 15         |
| Washington, D.C. Metro                | 5,791              | 17         | 5,604              | 16         |
| Orlando, Florida                      | 4,202              | 10         | 3,564              | 9          |
| Atlanta, Georgia                      | 3,351              | 11         | 3,546              | 12         |
| Charlotte, North Carolina             | 3,134              | 13         | 3,574              | 15         |
| Raleigh, North Carolina               | 3,054              | 8          | 2,704              | 7          |
| Austin, Texas                         | 3,030              | 9          | 3,222              | 10         |
| Phoenix, Arizona                      | 2,645              | 9          | 2,433              | 8          |
| Southeast Florida                     | 2,520              | 7          | 2,520              | 7          |
| Los Angeles/Orange County, California | 2,481              | 6          | 2,481              | 6          |
| Denver, Colorado                      | 2,441              | 8          | 2,171              | 7          |
| San Diego/Inland Empire, California   | 1,665              | 5          | 1,196              | 4          |
| Other                                 | 2,285              | 6          | 4,680              | 12         |
| Total Operating Properties            | 65,775             | 193        | 66,997             | 196        |

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|                                                   | December 31, 2012  |            | December 31, 2011  |            |
|---------------------------------------------------|--------------------|------------|--------------------|------------|
|                                                   | Apartment<br>Homes | Properties | Apartment<br>Homes | Properties |
| Properties Under Development                      |                    |            |                    |            |
| Washington, D.C. Metro                            | 596                | 2          | 783                | 3          |
| Denver, Colorado                                  | 424                | 1          | —                  | —          |
| Atlanta, Georgia                                  | 379                | 1          | —                  | —          |
| Austin, Texas                                     | 314                | 1          | 244                | 1          |
| Los Angeles/Orange County, California             | 303                | 1          | —                  | —          |
| Orlando, Florida                                  | 300                | 1          | 858                | 2          |
| Houston, Texas                                    | 268                | 1          | 372                | 2          |
| Southeast Florida                                 | 261                | 1          | —                  | —          |
| Tampa, Florida                                    | —                  | —          | 540                | 2          |
| Total Properties Under Development                | 2,845              | 9          | 2,797              | 10         |
| Total Properties                                  | 68,620             | 202        | 69,794             | 206        |
| Less: Unconsolidated Joint Venture Properties (2) |                    |            |                    |            |
| Houston, Texas                                    | 3,152              | 10         | 4,368              | 13         |
| Las Vegas, Nevada                                 | 3,098              | 14         | 4,047              | 17         |
| Austin, Texas                                     | 1,360              | 4          | 1,613              | 5          |
| Dallas, Texas                                     | 1,250              | 3          | 1,706              | 4          |
| Tampa, Florida                                    | 450                | 1          | 450                | 1          |
| Raleigh, North Carolina                           | 350                | 1          | —                  | —          |
| Orlando, Florida                                  | 300                | 1          | —                  | —          |
| Washington, D. C. Metro                           | 276                | 1          | 276                | 1          |
| Atlanta, Georgia                                  | 234                | 1          | 344                | 2          |
| Denver, Colorado                                  | —                  | —          | 320                | 1          |
| Phoenix, Arizona                                  | —                  | —          | 992                | 4          |
| Los Angeles/Orange County, California             | —                  | —          | 421                | 1          |
| Other                                             | 798                | 3          | 2,841              | 8          |
| Total Unconsolidated Joint Venture Properties     | 11,268             | 39         | 17,378             | 57         |
| Total Properties Fully Consolidated               | 57,352             | 163        | 52,416             | 149        |

(1) Includes one property consisting of 770 apartment homes which was included in properties held for sale at December 31, 2012. This property was sold in January 2013.

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

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## Acquisitions

During the year ended December 31, 2012, we completed acquisitions of twenty operating properties and one of our unconsolidated joint ventures completed an acquisition of one operating property as follows:

| Acquisitions of Operating Properties | Location       | Number of<br>Apartment Homes | Date of<br>Acquisition (1) |
|--------------------------------------|----------------|------------------------------|----------------------------|
| Camden Addison                       | Dallas, TX     | 456                          | 1/25/2012                  |
| Camden Holly Springs                 | Houston, TX    | 548                          | 1/25/2012                  |
| Camden Park                          | Houston, TX    | 288                          | 1/25/2012                  |
| Camden Sugar Grove                   | Houston, TX    | 380                          | 1/25/2012                  |
| Camden Parkside                      | Fullerton, CA  | 421                          | 1/25/2012                  |
| Camden Fountain Palms                | Phoenix, AZ    | 192                          | 1/25/2012                  |
| Camden Pecos Ranch                   | Phoenix, AZ    | 272                          | 1/25/2012                  |
| Camden Sierra                        | Phoenix, AZ    | 288                          | 1/25/2012                  |
| Camden Towne Center                  | Phoenix, AZ    | 240                          | 1/25/2012                  |
| Camden Pines                         | Las Vegas, NV  | 315                          | 1/25/2012                  |
| Camden Summit                        | Las Vegas, NV  | 234                          | 1/25/2012                  |
| Camden Tiara                         | Las Vegas, NV  | 400                          | 1/25/2012                  |
| Camden Belmont                       | Dallas, TX     | 477                          | 6/28/2012                  |
| Camden Creekstone                    | Atlanta, GA    | 223                          | 7/12/2012                  |
| Camden Landmark                      | Ontario, CA    | 469                          | 9/27/2012                  |
| Camden Henderson                     | Dallas, TX     | 106                          | 9/28/2012                  |
| Camden Montierra                     | Scottsdale, AZ | 249                          | 12/11/2012                 |
| Camden San Marcos                    | Scottsdale, AZ | 320                          | 12/11/2012                 |
| Camden Belleview Station             | Denver, CO     | 270                          | 12/20/2012                 |
| Camden Denver West                   | Denver, CO     | 320                          | 12/27/2012                 |
| Consolidated total                   |                | 6,468                        |                            |
| Camden Asbury Village (2)            | Raleigh, NC    | 350                          | 1/27/2012                  |

(1) The properties acquired on January 25, 2012 were former unconsolidated joint ventures in which we acquired the remaining 80% ownership interests. The 4,034 apartment homes were previously included in our unconsolidated joint venture property count. The property acquired on December 27, 2012 was also a former unconsolidated joint venture in which we acquired the remaining 50% ownership interest and the 320 apartment homes were previously included in our unconsolidated joint venture property count.

(2) Property owned through an unconsolidated joint venture in which we own a 20% interest.

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During the year ended December 31, 2012, we acquired the remaining non-controlling ownership interest in three fully consolidated joint ventures, consisting of 680 units located in Houston, Texas and Charlotte, North Carolina, for approximately \$16.5 million. The apartment homes were previously included in our consolidated property count.

During the year ended December 31, 2012, we acquired four land tracts and one of our unconsolidated joint ventures acquired two land tracts as follows:

| Location of Land Tract Acquisitions | Acreage | Date of Acquisition |
|-------------------------------------|---------|---------------------|
| Dallas, TX                          | 4.7     | 5/8/2012            |
| Austin, TX                          | 12.0    | 8/23/2012           |
| Plantation, FL                      | 2.4     | 11/1/2012           |
| Charlotte, NC                       | 3.5     | 11/30/2012          |
| Consolidated total                  | 22.6    |                     |

|                       |      |           |
|-----------------------|------|-----------|
| Orange County, FL (1) | 15.0 | 3/22/2012 |
| Charlotte, NC (1)     | 3.7  | 9/28/2012 |
| Unconsolidated total  | 18.7 |           |

(1) Land tract owned through an unconsolidated joint venture in which we own a 20% interest.

Dispositions

During the year ended December 31, 2012, we sold eleven operating properties and two of our unconsolidated joint ventures sold seven operating properties as follows:

| Dispositions of Operating Properties | Location          | Number of Apartment Homes | Date of Disposition |
|--------------------------------------|-------------------|---------------------------|---------------------|
| Camden Vista Valley                  | Phoenix, AZ       | 357                       | 1/12/2012           |
| Camden Landings                      | Orlando, FL       | 220                       | 3/7/2012            |
| Camden Creek                         | Houston, TX       | 456                       | 3/16/2012           |
| Camden Laurel Ridge                  | Austin, TX        | 183                       | 10/12/2012          |
| Camden Steeplechase                  | Houston, TX       | 290                       | 10/23/2012          |
| Camden Sweetwater                    | Lawrenceville, GA | 308                       | 11/29/2012          |
| Camden Valleybrook                   | Philadelphia, PA  | 352                       | 11/30/2012          |
| Camden Forest                        | Charlotte, NC     | 208                       | 12/6/2012           |
| Camden Park Commons                  | Charlotte, NC     | 232                       | 12/6/2012           |
| Camden Baytown                       | Baytown, TX       | 272                       | 12/13/2012          |
| Camden Westview                      | Dallas, TX        | 335                       | 12/18/2012          |
| Consolidated total                   |                   | 3,213                     |                     |

|                           |                 |       |            |
|---------------------------|-----------------|-------|------------|
| Camden South Congress (1) | Austin, TX      | 253   | 8/30/2012  |
| Camden Passage (2)        | Kansas City, MO | 596   | 10/30/2012 |
| Camden Ivy Hall (1)       | Atlanta, GA     | 110   | 11/15/2012 |
| Camden Cedar Lakes (2)    | St. Louis, MO   | 420   | 11/21/2012 |
| Camden Cove West (2)      | St. Louis, MO   | 276   | 11/21/2012 |
| Camden Cross Creek (2)    | St. Louis, MO   | 591   | 11/21/2012 |
| Camden Westchase (2)      | St. Louis, MO   | 160   | 11/21/2012 |
| Unconsolidated total      |                 | 2,406 |            |

(1) Property formerly owned through an unconsolidated joint venture in which we own a 20% interest.

(2) Property formerly owned through an unconsolidated joint venture in which we own a 15% interest.

During January 2013, we sold one operating property, Camden Live Oaks, consisting of 770 apartment homes.

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## Stabilized Communities

We generally consider a property stabilized once it reaches 90% occupancy at the beginning of a period. During the year ended December 31, 2012, stabilization was achieved at four recently completed consolidated development properties and one completed development property owned by one of our unconsolidated joint ventures as follows:

| Stabilized Property and Location      | Number of Apartment Homes | Total Cost Incurred | % Occupied at 1/27/13 | Date of Construction Completion | Date of Stabilization |
|---------------------------------------|---------------------------|---------------------|-----------------------|---------------------------------|-----------------------|
| Camden LaVina<br>Orlando, FL          | 420                       | \$55.5              | 93                    | % 1Q12                          | 3Q12                  |
| Camden Summerfield II<br>Landover, MD | 187                       | 25.0                | 92                    | % 1Q12                          | 3Q12                  |
| Camden Montague<br>Tampa, FL          | 192                       | 20.1                | 95                    | % 2Q12                          | 3Q12                  |
| Camden Westchase Park<br>Tampa, FL    | 348                       | 48.4                | 97                    | % 3Q12                          | 4Q12                  |
| Consolidated total                    | 1,147                     | \$149.0             |                       |                                 |                       |

## Camden Amber Oaks II (1)

|            |     |        |    |        |      |
|------------|-----|--------|----|--------|------|
| Austin, TX | 244 | \$22.3 | 95 | % 3Q12 | 4Q12 |
|------------|-----|--------|----|--------|------|

(1) Property owned through an unconsolidated joint venture in which we own a 20% interest.

## Development and Lease-Up Properties

At December 31, 2012, we had two consolidated completed properties in lease-up as follows:

| (\$ in millions)<br>Property and Location | Number of Apartment Homes | Cost Incurred | % Leased at 1/27/13 | Date of Construction Completion | Estimated Date of Stabilization |
|-------------------------------------------|---------------------------|---------------|---------------------|---------------------------------|---------------------------------|
| Camden Royal Oaks II<br>Houston, TX       | 104                       | \$13.3        | 81                  | % 1Q12                          | 3Q13                            |
| Camden Town Square<br>Orlando, FL         | 438                       | 58.7          | 72                  | % 4Q12                          | 3Q13                            |
| Consolidated total                        | 542                       | \$72.0        |                     |                                 |                                 |

Our consolidated balance sheet at December 31, 2012 included approximately \$334.5 million related to properties under development and land. Of this amount, approximately \$196.1 million related to our projects currently under development. In addition, we had approximately \$138.4 million primarily invested in land held for future development, which included approximately \$85.9 million related to projects we expect to begin constructing during the next two years, and approximately \$52.5 million invested in land tracts for which we may develop in the future.

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Communities Under Construction. At December 31, 2012, we had seven consolidated properties and one of our unconsolidated joint ventures had two properties in various stages of construction as follows:

| (\$ in millions)<br>Property and Location  | Number of<br>Apartment<br>Homes | Estimated<br>Cost | Cost<br>Incurred | Included in<br>Properties<br>Under<br>Development | Estimated<br>Date of<br>Construction<br>Completion | Estimated<br>Date of<br>Stabilization |
|--------------------------------------------|---------------------------------|-------------------|------------------|---------------------------------------------------|----------------------------------------------------|---------------------------------------|
| Camden City Centre II<br>Houston, TX       | 268                             | \$36.0            | \$28.8           | \$28.8                                            | 2Q13                                               | 3Q14                                  |
| Camden NOMA<br>Washington, DC              | 320                             | 110.0             | 71.6             | 71.6                                              | 2Q14                                               | 2Q15                                  |
| Camden Lamar Heights<br>Austin, TX         | 314                             | 47.0              | 10.5             | 10.5                                              | 2Q14                                               | 3Q15                                  |
| Camden Flatirons<br>Denver, CO             | 424                             | 78.0              | 20.4             | 20.4                                              | 4Q14                                               | 4Q16                                  |
| Camden Glendale<br>Glendale, CA            | 303                             | 115.0             | 33.8             | 33.8                                              | 3Q15                                               | 1Q16                                  |
| Camden Boca Raton<br>Boca Raton, FL        | 261                             | 54.0              | 7.7              | 7.7                                               | 4Q14                                               | 1Q16                                  |
| Camden Paces<br>Atlanta, GA                | 379                             | 110.0             | 23.3             | 23.3                                              | 1Q15                                               | 1Q17                                  |
| Consolidated total                         | 2,269                           | \$550.0           | \$196.1          | \$196.1                                           |                                                    |                                       |
| Camden South Capitol (1)<br>Washington, DC | 276                             | \$88.0            | \$70.0           | \$70.0                                            | 4Q13                                               | 3Q14                                  |
| Camden Waterford Lakes (1)<br>Orlando, FL  | 300                             | 40.0              | 6.5              | 6.5                                               | 3Q14                                               | 4Q15                                  |
| Unconsolidated total                       | 576                             | \$128.0           | \$76.5           | \$76.5                                            |                                                    |                                       |

(1) Property owned through an unconsolidated joint venture in which we own a 20% interest.

Development Pipeline Communities. At December 31, 2012, we had the following communities undergoing development activities:

| (\$ in millions)<br>Property and Location | Projected Homes | Total Estimated Cost<br>(1) | Cost to Date |
|-------------------------------------------|-----------------|-----------------------------|--------------|
| Camden La Frontera<br>Austin, TX          | 300             | \$32.0                      | \$4.8        |
| Camden Victory Park<br>Dallas, TX         | 425             | 70.0                        | 14.7         |
| Camden Hollywood<br>Los Angeles, CA       | 299             | 125.0                       | 18.7         |
| Camden Centro<br>Charlotte, NC            | 324             | 56.0                        | 8.6          |
| Camden Lincoln Station<br>Denver, CO      | 275             | 48.0                        | 5.2          |
| Camden Atlantic<br>Plantation, FL         | 286             | 62.0                        | 9.4          |
| Camden McGowen Station<br>Houston, TX     | 251             | 40.0                        | 7.1          |
| Camden Buckhead                           |                 |                             |              |

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|             |       |         |        |
|-------------|-------|---------|--------|
| Atlanta, GA | 390   | 70.0    | 17.4   |
| Total       | 2,550 | \$503.0 | \$85.9 |

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

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Land Holdings. At December 31, 2012, we had the following land tracts:

| (\$ in millions) |         |              |
|------------------|---------|--------------|
| Location         | Acreage | Cost to Date |
| Washington, DC   | 0.9     | \$ 17.3      |
| Atlanta, GA      | 5.0     | 10.1         |
| Dallas, TX       | 7.2     | 8.6          |
| Houston, TX      | 13.2    | 6.9          |
| Las Vegas, NV    | 19.6    | 4.2          |
| Other            | 4.8     | 5.4          |
| Total            | 50.7    | \$ 52.5      |

## Geographic Diversification

At December 31, 2012 and 2011, our real estate assets by various markets, excluding depreciation, investments in joint ventures and properties held for sale, were as follows:

| (in thousands)                        | 2012         |       | 2011           |       |   |
|---------------------------------------|--------------|-------|----------------|-------|---|
| Washington, D.C. Metro                | \$ 1,276,153 | 19.1  | % \$ 1,234,401 | 21.2  | % |
| Los Angeles/Orange County, California | 621,480      | 9.3   | 452,451        | 7.8   |   |
| Houston, Texas                        | 546,761      | 8.2   | 452,830        | 7.8   |   |
| Southeast Florida                     | 482,213      | 7.2   | 462,384        | 8.0   |   |
| Dallas, Texas                         | 447,539      | 6.7   | 302,299        | 5.2   |   |
| Orlando, Florida                      | 445,112      | 6.7   | 422,811        | 7.3   |   |
| Tampa, Florida                        | 412,010      | 6.2   | 436,922        | 7.5   |   |
| Las Vegas, Nevada                     | 411,270      | 6.2   | 315,330        | 5.4   |   |
| Atlanta, Georgia                      | 384,658      | 5.8   | 369,107        | 6.3   |   |
| Charlotte, North Carolina             | 330,849      | 5.0   | 331,518        | 5.7   |   |
| Denver, Colorado                      | 322,534      | 4.8   | 193,285        | 3.3   |   |
| Phoenix, Arizona                      | 278,671      | 4.2   | 98,698         | 1.7   |   |
| Raleigh, North Carolina               | 248,458      | 3.7   | 243,114        | 4.2   |   |
| San Diego/Inland Empire, California   | 230,515      | 3.4   | 228,582        | 3.9   |   |
| Austin, Texas                         | 161,841      | 2.4   | 156,833        | 2.7   |   |
| Other                                 | 73,850       | 1.1   | 118,975        | 2.0   |   |
| Total                                 | \$ 6,673,914 | 100.0 | % \$ 5,819,540 | 100.0 | % |

## Results of Operations

Changes in revenues and expenses related to our operating properties from period to period are due primarily to the performance of stabilized properties in the portfolio, the lease-up of newly constructed properties, acquisitions, and dispositions. Where appropriate, comparisons of income and expense for communities included in continuing operations are made on a dollars-per-weighted average apartment home basis in order to adjust for such changes in the number of apartment homes owned during each period. Selected weighted averages for the years ended December 31 are as follows:

| (\$ in thousands)                                                    | 2012     | 2011     | 2010     |   |
|----------------------------------------------------------------------|----------|----------|----------|---|
| Average monthly property revenue per apartment home                  | \$ 1,182 | \$ 1,121 | \$ 1,051 |   |
| Annualized total property expenses per apartment home                | \$ 5,256 | \$ 5,201 | \$ 5,036 |   |
| Weighted average number of operating apartment homes owned 100%      | 51,308   | 46,167   | 45,030   |   |
| Weighted average occupancy of operating apartment homes owned 100% * | 95.2     | % 94.7   | % 93.8   | % |

\* The student housing community is excluded from this calculation.

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## Property-level operating results

The following tables present the property-level revenues and property-level expenses, excluding discontinued operations, for the year ended December 31, 2012 as compared to 2011 and for the year ended December 31, 2011 as compared to 2010:

| (\$ in thousands)                    | Apartment<br>Homes<br>at 12/31/12 | Year Ended<br>December 31, |           | Change    |        |   |
|--------------------------------------|-----------------------------------|----------------------------|-----------|-----------|--------|---|
|                                      |                                   | 2012                       | 2011      | \$        | %      |   |
| Property revenues:                   |                                   |                            |           |           |        |   |
| Same store communities               | 44,774                            | \$636,904                  | \$598,003 | \$38,901  | 6.5    | % |
| Non-same store communities           | 8,997                             | 82,733                     | 18,028    | 64,705    | 358.9  |   |
| Development and lease-up communities | 2,811                             | 2,161                      | 1         | 2,160     | *      |   |
| Other                                | —                                 | 6,110                      | 5,042     | 1,068     | 21.2   |   |
| Total property revenues              | 56,582                            | \$727,908                  | \$621,074 | \$106,834 | 17.2   | % |
| Property expenses:                   |                                   |                            |           |           |        |   |
| Same store communities               | 44,774                            | \$234,391                  | \$229,434 | \$4,957   | 2.2    | % |
| Non-same store communities           | 8,997                             | 31,208                     | 6,537     | 24,671    | 377.4  |   |
| Development and lease-up communities | 2,811                             | 1,035                      | —         | 1,035     | *      |   |
| Other                                | —                                 | 3,035                      | 4,157     | (1,122)   | (27.0) | ) |
| Total property expenses              | 56,582                            | \$269,669                  | \$240,128 | \$29,541  | 12.3   | % |

\* Not a meaningful percentage.

Same store communities are communities we owned and were stabilized as of January 1, 2011, excluding communities under major redevelopment. Non-same store communities are stabilized communities we have acquired or developed after January 1, 2011 or communities which underwent major redevelopment after January 1, 2011. Development and lease-up communities are non-stabilized communities we have acquired or developed after January 1, 2011, excluding communities under major redevelopment. Other includes results from non-multifamily rental properties, above/below market lease amortization related to acquired communities, and expenses primarily relating to land holdings not under active development. Properties held for sale are excluded from the above results.

| (\$ in thousands)                    | Apartment<br>Homes<br>at 12/31/11 | Year Ended<br>December 31, |           | Change   |        |   |
|--------------------------------------|-----------------------------------|----------------------------|-----------|----------|--------|---|
|                                      |                                   | 2011                       | 2010      | \$       | %      |   |
| Property revenues:                   |                                   |                            |           |          |        |   |
| Same store communities               | 42,538                            | \$560,423                  | \$530,840 | \$29,583 | 5.6    | % |
| Non-same store communities           | 3,618                             | 54,887                     | 32,967    | 21,920   | 66.5   |   |
| Development and lease-up communities | 2,277                             | 715                        | —         | 715      | *      |   |
| Other                                | —                                 | 5,049                      | 4,265     | 784      | 18.4   |   |
| Total property revenues              | 48,433                            | \$621,074                  | \$568,072 | \$53,002 | 9.3    | % |
| Property expenses:                   |                                   |                            |           |          |        |   |
| Same store communities               | 42,538                            | \$215,374                  | \$208,938 | \$6,436  | 3.1    | % |
| Non-same store communities           | 3,618                             | 20,571                     | 12,922    | 7,649    | 59.2   |   |
| Development and lease-up communities | 2,277                             | 222                        | —         | 222      | *      |   |
| Other                                | —                                 | 3,961                      | 4,918     | (957)    | (19.5) | ) |
| Total property expenses              | 48,433                            | \$240,128                  | \$226,778 | \$13,350 | 5.9    | % |

\* Not a meaningful percentage.

Same store communities are communities we owned and which were stabilized as of January 1, 2010, excluding communities under major redevelopment. Non-same store communities are stabilized communities we have acquired or developed after January 1, 2010 or communities which underwent major redevelopment after January 1, 2010. Development and lease-up communities are non-stabilized communities we have developed or acquired after

January 1, 2010, excluding communities under major redevelopment. Other includes results from non-multifamily rental properties, above/below market lease amortization related to acquired communities, and expenses primarily relating to land holdings not under active development. Properties held for sale are excluded from the above results.

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### Same store analysis:

Same store property revenues for the year ended December 31, 2012 increased approximately \$38.9 million, or 6.5%, from 2011. Same store rental revenues increased approximately \$33.6 million for the year ended December 31, 2012 as compared to 2011, primarily due to a 5.7% increase in average rental rates and a 0.6% increase in average occupancy for our same store portfolio, from 94.7% in 2011 to 95.3% in 2012. During the year ended December 31, 2012, average rental rates on new leases were 3.9% higher than expiring lease rates and average renewal rates were 7.9% higher than expiring lease rates. We believe the increase to rental revenue was due in part to a gradually improving economy, favorable demographics, a modest supply of new multifamily housing, and a decline in home ownership rates. Additionally, there was a \$5.3 million increase in other property revenue during the year ended December 31, 2012 as compared to 2011 primarily due to increases in miscellaneous fees and charges and revenues from ancillary income from our utility rebilling programs.

Same store property revenues for the year ended December 31, 2011 increased approximately \$29.6 million, or 5.6%, from 2010. Same store rental revenues increased approximately \$23.9 million for the year ended December 31, 2011 as compared to 2010, primarily due to a 4.6% increase in average rental rates and a 0.7% increase in average occupancy for our same store portfolio. During the year ended December 31, 2011, average rental rates on new leases were 3.7% higher than expiring lease rates and average renewal rates were 8.0% higher than expiring lease rates. We believe the increase to rental revenue was due in part to the continued decline in home ownership rates and the limited supply of new rental housing. Additionally, there was a \$5.7 million increase in other property revenue during the year ended December 31, 2011 as compared to 2010 primarily due to increases in revenues from our utility rebilling programs and miscellaneous fees and charges.

Property expenses from our same store communities increased approximately \$5.0 million, or 2.2%, for the year ended December 31, 2012 as compared to 2011. The increase was due to a \$1.9 million, or 3%, increase in real estate taxes as a result of higher property valuations and property tax rates at a number of our communities, offset partially by refunds received on successful protests of prior year tax assessments. The increase was also due to a \$3.0 million, or 5.5%, increase in salaries and benefit expenses due to increases in salaries and incentive compensation and higher medical benefit costs. Utility expenses, including costs associated with our utility rebilling programs, increased approximately \$0.2 million during the year ended December 31, 2012 as compared to the same period in 2011. Excluding the expenses associated with our utility rebilling programs, same store property expenses for the year ended December 31, 2012 increased approximately \$4.7 million, or 2.2%, as compared to 2011.

Property expenses from our same store communities increased approximately \$6.4 million, or 3.1%, for the year ended December 31, 2011, as compared to 2010. The increase was primarily due to increases in utility expenses relating to costs associated with our utility rebilling programs, higher water costs, increased salaries and benefits due to increases in annual compensation and higher medical benefit costs, and higher repairs and maintenance expenses. The increase was also due to slightly higher real estate taxes as a result of increasing property valuations and property tax rates at a number of our communities. Excluding the expenses associated with our utility rebilling programs, same store property expenses for 2011 increased approximately \$5.4 million, or 2.8%, from 2010.

### Non-same store and development and lease-up analysis:

Property revenues from non-same store and development and lease-up communities increased approximately \$66.9 million for the year ended December 31, 2012 as compared to 2011 and increased approximately \$22.6 million for the year ended December 31, 2011 as compared to 2010. The increase in 2012 as compared to 2011 was primarily due to approximately \$44.9 million of revenues recognized in 2012 related to twelve joint venture communities we consolidated during January 2012 and one joint venture community we consolidated during December 2012, which were previously accounted for in accordance with the equity method of accounting. The increase in revenues was also due to approximately \$7.8 million in revenues related to the acquisition of seven properties during 2012. The increase for non-same store and development and lease-up communities was also related to four properties in our development pipeline reaching stabilization and the completion and partial lease-up of two properties in our development pipeline during 2012. The increase in 2011 as compared to 2010 was primarily due to approximately \$18.0 million of revenues during 2011 related to three joint venture communities we consolidated during the second half of 2010, which were previously accounted for in accordance with the equity method of accounting. The increase in revenues for 2011 for

non-same store and development and lease-up communities was also due to two properties in our development and re-development pipelines reaching stabilization during the second and third quarters of 2010 and the completion and partial lease-up of two properties in our development pipeline during 2011.

Property expenses from non-same store and development and lease-up communities increased approximately \$25.7 million for the year ended December 31, 2012 as compared to 2011 and increased approximately \$7.9 million for 2011 as compared to 2010. The increase in 2012 as compared to 2011 was primarily due to \$17.9 million of expenses during 2012 relating to twelve joint venture communities we consolidated during January 2012 and one joint venture community we consolidated during December 2012, \$3.1 million of expenses related to the acquisition of seven properties during 2012, and \$3.8 million of expenses related to

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four properties in our development pipeline reaching stabilization, and the partial lease-up of two properties in our development pipeline during 2012. The increase in 2011 as compared to 2010 was primarily due to approximately \$7.1 million of expenses recognized during 2011 related to three joint venture communities we consolidated during the second half of 2010 and the completion and partial lease-up of two properties in our development pipeline during 2011.

### Other property analysis:

Other property revenues increased approximately \$1.1 million for the year ended December 31, 2012 as compared to 2011 and increased \$0.8 million for the year ended December 31, 2011 as compared to 2010. The increase in 2012 was primarily due to revenues of approximately \$1.4 million for the year ended December 31, 2012 from above and below market lease amortization related to our 2012 acquisitions. The increase in 2011 as compared to 2010 was primarily related to increases in rental income from our non-multifamily rental properties.

Other property expenses decreased approximately \$1.1 million for the year ended December 31, 2012 as compared to 2011 and decreased \$1.0 million for the year ended December 31, 2011 as compared to 2010. The decrease in 2012 was primarily related to decreases in property taxes expensed on four land holdings for projects which were approved during 2012 and the second half of 2011 for development activities. As a result, we started capitalizing expenses, including property taxes, on these development projects. The decrease in 2011 as compared to 2010 was primarily related to decreases in property taxes expensed on land holdings for projects which were approved during 2011 and the second half of 2010 for development activities. As a result, we started capitalizing expenses, including property taxes, on these development projects.

### Non-property income

|                                       | Year Ended<br>December 31, |          | Change     |          |   | Year Ended<br>December 31, |          | Change     |         |   |
|---------------------------------------|----------------------------|----------|------------|----------|---|----------------------------|----------|------------|---------|---|
| (\$ in thousands)                     | 2012                       | 2011     | \$         | %        |   | 2011                       | 2010     | \$         | %       |   |
| Fee and asset management              | \$12,345                   | \$9,973  | \$2,372    | 23.8     | % | \$9,973                    | \$8,172  | \$1,801    | 22.0    | % |
| Interest and other income (loss)      | (710 )                     | 4,649    | (5,359 )   | (115.3 ) |   | 4,649                      | 8,584    | (3,935 )   | (45.8 ) |   |
| Income on deferred compensation plans | 4,772                      | 6,773    | (2,001 )   | (29.5 )  |   | 6,773                      | 11,581   | (4,808 )   | (41.5 ) |   |
| Total non-property income             | \$16,407                   | \$21,395 | \$(4,988 ) | (23.3 )  | % | \$21,395                   | \$28,337 | \$(6,942 ) | (24.5 ) | % |

Fee and asset management income increased approximately \$2.4 million for the year ended December 31, 2012 as compared to 2011 and increased approximately \$1.8 million for the year ended December 31, 2011 as compared to 2010. The increase for 2012 was primarily due to an increase in property management, development and construction fees due to acquisitions completed and development communities started by our funds in 2011 and 2012. The increase was partially offset by a decrease in property management fees due to our consolidation of twelve joint venture communities in January 2012, which were previously accounted for in accordance with the equity method of accounting, and the sale of seven operating properties by two of our unconsolidated joint ventures during the third and fourth quarters of 2012.

The increase in fee and asset management income for 2011 as compared to 2010 was primarily related to an increase in property management, development and construction fees due to acquisitions completed and development communities started by our funds during 2011 and the fourth quarter of 2010. The increase was partially offset by a decrease in construction fees due to a reduction in third party construction activities during 2011 as compared to 2010. The increase was further offset by a decrease due to our consolidation of three joint venture communities during the second half of 2010, which were previously accounted for in accordance with the equity method of accounting.

Interest and other income (loss) decreased approximately \$5.4 million for the year ended December 31, 2012 as compared to 2011 and decreased approximately \$3.9 million for the year ended December 31, 2011 as compared to 2010. The decrease during 2012 as compared to 2011 was primarily due to a \$4.3 million gain recognized in 2011 relating to the sale of an available-for-sale investment, and an increase in losses recognized on non-designated hedges of approximately \$0.6 million during the year ended December 31, 2012. The decrease during 2011 as compared to

2010 was primarily due to \$2.7 million recognized in 2010 relating to the expiration of an indemnification provision in an operating joint venture agreement which expired in January 2010, and approximately \$4.2 million recognized in 2010 as a result of the dissolution of a joint venture and purchase by our joint venture partner of the third party debt made by this joint venture from the note holder, which relieved us from our guarantee of our proportionate interest of this debt; we had previously recorded a charge for this guarantee obligation. The decrease in 2011 as compared to 2010 was also due to a decline in interest income on our mezzanine loan portfolio due to lower balances of outstanding mezzanine loans due in part to the conversion of mezzanine loans into additional equity interests in certain of our joint ventures in 2010. These decreases were partially offset by a \$4.3 million gain relating to the sale of an available-for-sale investment recognized in 2011.

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Our deferred compensation plans earned income of approximately \$4.8 million, \$6.8 million and \$11.6 million in 2012, 2011 and 2010, respectively. The changes were related to the performance of the investments held in the deferred compensation plans for participants and were directly offset by the expense related to these plans, as discussed below.

## Other expenses

|                                          | Year Ended<br>December 31, |           | Change   |        |   | Year Ended<br>December 31, |           | Change   |        |    |
|------------------------------------------|----------------------------|-----------|----------|--------|---|----------------------------|-----------|----------|--------|----|
| (\$ in thousands)                        | 2012                       | 2011      | \$       | %      |   | 2011                       | 2010      | \$       | %      | %  |
| Property management                      | \$21,796                   | \$20,686  | \$1,110  | 5.4    | % | \$20,686                   | \$19,982  | \$704    | 3.5    | %  |
| Fee and asset management                 | 6,631                      | 5,935     | 696      | 11.7   |   | 5,935                      | 4,841     | 1,094    | 22.6   |    |
| General and administrative               | 37,528                     | 35,456    | 2,072    | 5.8    |   | 35,456                     | 30,762    | 4,694    | 15.3   |    |
| Interest                                 | 104,282                    | 112,414   | (8,132)  | (7.2)  | ) | 112,414                    | 125,893   | (13,479) | (10.7) | )  |
| Depreciation and amortization            | 203,077                    | 171,127   | 31,950   | 18.7   |   | 171,127                    | 161,760   | 9,367    | 5.8    |    |
| Amortization of deferred financing costs | 3,608                      | 5,877     | (2,269)  | (38.6) | ) | 5,877                      | 4,102     | 1,775    | 43.3   |    |
| Expense on deferred compensation plans   | 4,772                      | 6,773     | (2,001)  | (29.5) | ) | 6,773                      | 11,581    | (4,808)  | (41.5) | )  |
| Total other expenses                     | \$381,694                  | \$358,268 | \$23,426 | 6.5    | % | \$358,268                  | \$358,921 | \$(653)  | (0.2)  | %) |

Property management expense, which represents regional supervision and accounting costs related to property operations, increased approximately \$1.1 million for the year ended December 31, 2012 as compared to 2011 and increased approximately \$0.7 million for the year ended December 31, 2011 as compared to 2010. The increases as compared to the prior year periods were primarily due to higher salaries, benefits and incentive compensation for our property management personnel. The increase in 2012 as compared to 2011 was partially offset by a decrease in administrative costs. Property management expenses were 3.0%, 3.3%, and 3.5% of total property revenues for the years ended December 31, 2012, 2011, and 2010, respectively.

Fee and asset management expense, which represents expenses related to third party construction projects and property management of our joint ventures, increased approximately \$0.7 million for the year ended December 31, 2012 as compared to 2011 and increased approximately \$1.1 million for the year ended December 31, 2011 as compared to 2010. The increase in 2012 as compared to 2011 primarily related to an increase in expenses related to the management of acquisitions completed and development communities started by our funds during 2011 and 2012. The increase was partially offset by a decrease in expenses resulting from our consolidation of twelve joint venture communities in January 2012, which were previously accounted for in accordance with the equity method of accounting, and the sale of seven operating properties by two of our unconsolidated joint ventures during the third and fourth quarters of 2012.

The increase in fee and asset management expense for 2011 as compared to 2010 was primarily related to an increase in expenses related to the management of acquisitions completed and development communities started by our funds during 2011 and the fourth quarter of 2010. The increase was partially offset by a decrease in expenses resulting from our consolidation of three joint venture communities during the second half of 2010, which were previously accounted for in accordance with the equity method of accounting.

General and administrative expenses increased approximately \$2.1 million during the year ended December 31, 2012 as compared to 2011 and increased approximately \$4.7 million during the year ended December 31, 2011 as compared to 2010. General and administrative expenses were 5.1%, 5.6% and 5.3% of total revenues, excluding income on deferred compensation plans, for the years ended December 31, 2012, 2011 and 2010, respectively. The increase in 2012 as compared to 2011 was primarily due to increases in salaries, benefits and incentive compensation expenses of

approximately \$2.4 million and an increase in professional fees of approximately \$1.5 million primarily relating to higher consulting costs, legal expenses and audit costs. The increase was also due to an increase in expensed costs related to our acquisitions completed in 2012 of approximately \$0.6 million. These increases were offset by approximately \$2.1 million in one-time bonuses awarded to all non-executive employees in the first quarter of 2011. The increase in general and administrative expenses for the year ended December 31, 2011 as compared to 2010 was primarily due to approximately \$2.1 million in one-time bonuses awarded to all non-executive employees in the first quarter of 2011 mentioned above and increases in salaries, benefits and incentive compensation of approximately \$3.2 million, offset partially by approximately \$0.5 million decrease in other discretionary expenses.

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Interest expense decreased approximately \$8.1 million for the year ended December 31, 2012 as compared to 2011 and decreased approximately \$13.5 million for the year ended December 31, 2011 as compared to 2010. The decrease in interest expense in 2012 as compared to 2011 was primarily due to the repayment of our \$500 million term loan in June 2011, the retirement of two unsecured notes payable during the first half of 2011, the retirement of four secured notes payable and one unsecured note payable during 2012, and higher capitalized interest of approximately \$3.7 million as compared to 2011 due to higher average balances in our development pipeline. These decreases were partially offset by an increase in interest expense related to our issuance in June 2011 of \$500 million senior unsecured notes payable and our issuance in December 2012 of \$350 million senior unsecured notes payable. The decrease in interest expense in 2011 as compared to 2010 was primarily due to the repayment of our \$500 million term loan in June 2011, the retirement of four unsecured notes payable during 2010, the retirement of two unsecured notes payable during 2011, and higher capitalized interest of approximately \$3.1 million as compared to 2010 primarily due to higher average balances in our development pipeline. These decreases were partially offset by additional interest expense related to the issuance in June 2011 of \$500 million in senior unsecured notes payable and the increase in secured notes payable relating to debt assumed in connection with the consolidation of two joint venture communities during the second half of 2010, which were previously accounted for using the equity method of accounting.

Depreciation and amortization expense increased approximately \$32.0 million during the year ended December 31, 2012 as compared to 2011 and increased approximately \$9.4 million during the year ended December 31, 2011 as compared to 2010. The increase in 2012 was primarily due to the consolidation of twelve joint venture communities in January 2012, which were previously accounted for using the equity method of accounting and the acquisition of seven operating properties during 2012. The increases were also due to the completion of units in our development pipeline and an increase in capital improvements placed in service throughout 2011 and 2012. The increase in 2011 as compared to 2010 was primarily due to depreciation on capital improvements placed in service throughout 2011 and 2010. The increase was also due to the consolidation of three joint venture communities during the second half of 2010, which were previously accounted for using the equity method of accounting.

Amortization of deferred financing costs decreased approximately \$2.3 million during the year ended December 31, 2012 as compared to 2011 and increased approximately \$1.8 million during the year ended December 31, 2011 as compared to 2010. The decrease for 2012 was due to lower amortization of financing costs as a result of an amendment to our \$500 million credit facility in September 2011 which extended the maturity date three years. The decrease was also due to lower amortization and the write-off of approximately \$0.5 million of unamortized loan costs associated with the repayment of the \$500 million term loan in June 2011. This decrease was partially offset by higher amortization of financing costs associated with the issuance in June 2011 of \$500 million senior unsecured notes payable. The increase for 2011 as compared to 2010 was due to the amortization of additional financing costs incurred on our \$500 million unsecured credit facility we entered into in August 2010 and on our issuance in June 2011 of \$500 million senior unsecured notes payable. The increase was also due to the write-off of approximately \$0.5 million of unamortized loan costs associated with the \$500 million term loan we repaid in June 2011.

Our deferred compensation plans incurred expenses of approximately \$4.8 million, \$6.8 million and \$11.6 million in 2012, 2011 and 2010, respectively. The changes were related to the performance of the investments held in the deferred compensation plans for plan participants and were directly offset by the income related to these plans, as discussed above.

## Other

|                                                               | Year Ended<br>December 31, |       | Change   | Year Ended<br>December 31, |      | Change |
|---------------------------------------------------------------|----------------------------|-------|----------|----------------------------|------|--------|
| (\$ in thousands)                                             | 2012                       | 2011  | \$       | 2011                       | 2010 | \$     |
| Gain on acquisition of controlling interest in joint ventures | \$57,418                   | \$—   | \$57,418 | \$—                        | \$—  | \$—    |
| Gain on sale of properties, including land                    | —                          | 4,748 | (4,748 ) | 4,748                      | 236  | 4,512  |
|                                                               | —                          | 1,136 | (1,136 ) | 1,136                      | —    | 1,136  |

Gain on sale of unconsolidated joint venture  
interests

|                                                  |           |          |           |          |                 |
|--------------------------------------------------|-----------|----------|-----------|----------|-----------------|
| Loss on discontinuation of hedging relationship— | (29,791 ) | 29,791   | (29,791 ) | —        | (29,791 )       |
| Impairment provision on technology<br>investment | —         | —        | —         | (1,000 ) | 1,000           |
| Equity in income (loss) of joint ventures        | 20,175    | 5,679    | 14,496    | 5,679    | (839 ) 6,518    |
| Income tax expense – current                     | (1,208 )  | (2,220 ) | 1,012     | (2,220 ) | (1,581 ) (639 ) |

As of December 31, 2011, we held a 20% ownership interest in twelve unconsolidated joint ventures which owned twelve apartment communities containing 4,034 apartment homes located in Dallas, Houston, Las Vegas, Phoenix, and Southern California. In January 2012, we acquired the remaining 80% ownership interests in these joint ventures resulting in these entities being wholly-owned. In December 2012, we acquired the remaining 50% ownership interest in another unconsolidated joint venture which owned one apartment community, containing 320 apartment homes located in Denver, Colorado. We previously accounted for

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these 13 joint ventures under the equity method of accounting. Our acquisitions of these remaining ownership interests resulted in a gain of approximately \$57.4 million, which represented the difference between the fair market value of our previously owned equity interests and the cost basis in our investment on the date of acquisition.

Gain on sale of properties, including land, totaled approximately \$4.7 million and \$0.2 million for the years ended December 31, 2011 and 2010, respectively. The gain in 2011 was due to a sale of one of our land development properties located in Washington, DC in April 2011 to one of the funds and the sale of one of our development properties located in Austin, Texas to this fund in June 2011. The gain in 2010 was due to a gain on the sale of a land parcel in Houston, Texas to an unaffiliated third party.

Gain on sale of unconsolidated joint venture interests totaled approximately \$1.1 million for the year ended December 31, 2011 due to the sale of our ownership interests in three unconsolidated joint ventures in March 2011. The loss on discontinuation of hedging relationship during the year ended December 31, 2011 was due to the discontinuation of a cash flow hedge associated with the repayment of our \$500 million term loan in June 2011. During the fourth quarter of 2010, we wrote-off a \$1.0 million investment associated with a technology investment which we determined was no longer recoverable.

Equity in income (loss) of joint ventures increased approximately \$14.5 million for the year ended December 31, 2012 as compared to 2011, and increased approximately \$6.5 million for the year ended December 31, 2011 as compared to 2010. The increase in 2012 as compared to 2011 was primarily due to a \$17.4 million gain relating to our proportionate share of the gain on the sale of seven operating properties by two of our unconsolidated joint ventures in 2012. The increase was also due to an increase in earnings recognized in 2012 relating to 18 acquisitions of operating properties completed by the funds during 2011. These increases were partially offset by the acquisition and consolidation by us of twelve operating joint ventures in January 2012 which were previously accounted for in accordance with the equity method of accounting. These increases were further offset by a \$6.4 million gain relating to our proportionate share of the gain on sale of four operating properties by one of our unconsolidated joint ventures during the fourth quarter of 2011.

The increase in 2011 as compared to 2010 was primarily due to a \$6.4 million gain related to our proportionate share of the gain on sale of four operating properties by one of our unconsolidated joint ventures during the fourth quarter of 2011. The increase was also due to two development properties held by our joint ventures which were sold in March 2011. These two development properties reached stabilization in late 2010 and early 2011 and we recognized our proportionate interest in losses in 2010 during the lease-up phase of operations. These increases were partially offset by our proportionate interest in overall losses recognized by the funds relating to acquisitions of operating properties during 2010 and 2011, which resulted in additional amortization expense for in-place leases over the underlying lease term.

We had current income tax expense of approximately \$1.2 million, \$2.2 million, and \$1.6 million for the tax years ended December 31, 2012, 2011, and 2010, respectively. The decrease in income tax expense during 2012 as compared to 2011 and the increase in income tax expense during 2011 as compared to 2010 was due to approximately \$1.0 million associated with income taxes from the gain recognized on the sale of our available-for-sale investment during the first quarter of 2011 by a taxable REIT subsidiary. The increase in 2011 as compared to 2010 was partially offset by a decrease in taxable income related to our third party construction activities conducted in a taxable REIT subsidiary.

### Funds from Operations (“FFO”)

Management considers FFO to be an appropriate measure of the financial performance of an equity REIT. The National Association of Real Estate Investment Trusts (“NAREIT”) currently defines FFO as net income (computed in accordance with accounting principles generally accepted in the United States of America (“GAAP”)), excluding gains (or losses) associated with previously depreciated operating properties, real estate depreciation and amortization, impairments of depreciable assets, and adjustments for unconsolidated joint ventures. Our calculation of diluted FFO also assumes conversion of all potentially dilutive securities, including certain non-controlling interests, which are convertible into common shares. We consider FFO to be an appropriate supplemental measure of operating performance because, by excluding gains or losses on dispositions of operating properties, and depreciation, FFO can assist in the comparison of the operating performance of a company’s real estate investments between periods or as

compared to different companies.

To facilitate a clear understanding of our consolidated historical operating results, we believe FFO should be examined in conjunction with net income attributable to common shareholders as presented in the consolidated statements of income and comprehensive income and data included elsewhere in this report. FFO is not defined by GAAP and should not be considered as an alternative to net income attributable to common shareholders as an indication of our operating performance. Additionally, FFO as disclosed by other REITs may not be comparable to our calculation.

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

| (in thousands)                                                               | 2012      | 2011      | 2010      |
|------------------------------------------------------------------------------|-----------|-----------|-----------|
| Funds from operations                                                        |           |           |           |
| Net income attributable to common shareholders (1)                           | \$283,390 | \$49,379  | \$23,216  |
| Real estate depreciation and amortization, including discontinued operations | 205,437   | 177,187   | 170,660   |
| Adjustments for unconsolidated joint ventures                                | 7,939     | 10,534    | 8,943     |
| Gain on acquisition of controlling interests in joint ventures               | (57,418)  | ) —       | —         |
| Gain on sale of unconsolidated joint venture properties (2)                  | (17,418)  | ) (6,394  | ) —       |
| Gain on sale of unconsolidated joint venture interests                       | —         | (1,136    | ) —       |
| Gain on sale of properties and discontinued operations, net of tax           | (115,068  | ) (24,621 | ) (9,614  |
| Income allocated to non-controlling interests                                | 6,475     | 2,586     | 1,104     |
| Funds from operations – diluted                                              | \$313,337 | \$207,535 | \$194,309 |
| Weighted average shares – basic                                              | 83,772    | 72,756    | 68,608    |
| Incremental shares issuable from assumed conversion of:                      |           |           |           |
| Common share options and share awards granted                                | 647       | 706       | 348       |
| Common units                                                                 | 2,200     | 2,466     | 2,596     |
| Weighted average shares – diluted                                            | 86,619    | 75,928    | 71,552    |

(1) Includes a \$29.8 million charge related to a loss on discontinuation of a hedging relationship for the year ended December 31, 2011.

The gain in 2012 represents our proportionate share of the gain on sale of seven operating properties sold during (2)2012 by two of our unconsolidated joint ventures. The gain in 2011 represents our proportionate share of the gain on sale of four operating properties sold by an unconsolidated joint venture during 2011.

#### 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 4.0, 3.2, and 2.6 times for the years ended December 31, 2012, 2011, and 2010, respectively. This ratio is a method for calculating the amount of operating cash flows available to cover interest expense and is calculated by dividing interest expense for the period into the sum of property revenues and expenses, non-property income, other expenses, income from discontinued operations after adding back depreciation, amortization, and interest expense from both continuing and discontinued operations. At December 31, 2012, 2011, and 2010, approximately 76.5%, 71.7%, and 71.1%, respectively, of our properties (based on invested capital) were unencumbered. Our weighted average maturity of debt was approximately 7.0 years at December 31, 2012.

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

Our primary source of liquidity is cash flow generated from operations. Other sources include available cash balances, the availability under our unsecured credit facility and other short-term borrowings, proceeds from dispositions, equity

issued from our ATM program, the use of debt and equity offerings under our automatic shelf registration statement and secured mortgages.

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We believe our liquidity and financial condition are sufficient to meet all of our reasonably anticipated cash needs during 2013 including:

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

Factors which could increase or decrease our future liquidity include but are not limited to volatility in capital and credit markets, sources of financing, our ability to complete asset purchases or sales, the effect our debt level and changes in credit ratings could have on our costs of funds and our ability to access capital markets.

### Cash Flows

Certain sources and uses of cash, such as the level of discretionary capital expenditures, and repurchases of debt and common shares, are within our control and are adjusted as necessary based upon, among other factors, market conditions. The following is a discussion of our cash flows for the years ended December 31, 2012 and 2011.

Net cash provided by operating activities was approximately \$324.3 million during the year ended December 31, 2012 as compared to approximately \$244.8 million during the year ended December 31, 2011. The increase was primarily due to growth in property revenues directly attributable to increased rental and occupancy rates from our same store communities and the growth in non-same store communities as we consolidated twelve joint ventures in the first quarter of 2012 and one unconsolidated joint venture in December 2012. The increase in non-same store revenues also related to acquisitions of seven operating properties completed in 2012. This increase in revenues was partially offset by the increase in property expenses from our same store and non-same store communities related to the above noted activity. See further discussions of our 2012 operations as compared to 2011 in our “Results of Operations.”

Net cash used by investing activities during the year ended December 31, 2012 totaled approximately \$527.7 million as compared to approximately \$187.4 million during the year ended December 31, 2011. Cash outflows for property development and capital improvements were approximately \$290.7 million during 2012 as compared to approximately \$227.8 million during 2011 due primarily to an increase in construction and development activity in 2012 as compared to 2011. The property development and capital improvements during 2012 included expenditures for new development, including land, of approximately \$169.6 million, capitalized interest, real estate taxes, and other capitalized indirect costs of approximately \$20.3 million, approximately \$37.7 million related to redevelopment expenditures, and approximately \$63.0 million of other capital expenditures. The property development and capital improvements during 2011 included expenditures for new development, including land, of approximately \$145.3 million, capitalized interest, real estate taxes, and other capitalized indirect costs of approximately \$14.2 million, approximately \$14.5 million related to redevelopment expenditures, and approximately \$53.7 million of other capital expenditures.

Additional cash outflows used in investing activities during the year ended December 31, 2012 related to acquisitions of seven operating properties and the controlling interests in thirteen former joint ventures, net of cash acquired totaling approximately \$465.4 million. During 2012, we also used approximately \$7.0 million for investments in joint ventures relating to acquisitions of an operating property and two land development properties by one of our funds, in which we own a 20% interest. During 2011, cash outflows for investments in joint ventures were approximately \$46.0 million due to eighteen acquisitions of operating properties completed by our funds. During the year ended December 31, 2012, cash outflows were partially offset by proceeds of approximately \$226.9 million from the sale of eleven operating properties. Cash outflows were further offset by distributions of investments from joint ventures of approximately \$17.4 million during the year ended December 31, 2012, which included \$14.2 million in distributions of investments from two unconsolidated joint ventures relating to the sale of seven operating properties in the third and fourth quarters of 2012. Distributions of investments from joint ventures received during the year ended December 31, 2011 was approximately \$6.0 million. During 2011, cash outflows were partially offset by proceeds of approximately \$19.3 million from the sale of our interests in three unconsolidated joint ventures in March 2011, approximately \$19.1 million from the sale of two land development properties to one of our joint ventures, and

approximately \$38.2 million from the sale of two operating properties to unaffiliated third parties. These outflows were further offset by proceeds received from the sale of our available-for-sale investment of \$4.5 million during February 2011, and payments received on notes receivable from affiliates of approximately \$3.3 million. Net cash provided by financing activities totaled approximately \$174.9 million during the year ended December 31, 2012 as compared to \$172.9 million used during the year ended December 31, 2011. During 2012, we received net proceeds of approximately \$693.4 million from the issuance of 11.2 million shares from our ATM programs and through an equity offering

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completed in January 2012. Cash inflows during 2012 also included proceeds of approximately \$346.3 million relating to issuance of \$350 million unsecured notes payable completed in December 2012 and proceeds of approximately \$13.0 million from common share options exercised during the period. The inflow during 2012 was partially offset by approximately \$272.6 million used to repay the mortgage debt of twelve former joint ventures we acquired in January 2012, and \$295.0 million used to repay maturing secured and unsecured notes payable. Cash inflows during this period were also offset by approximately \$100.0 million used to redeem our perpetual preferred units and approximately \$189.0 million used for distributions paid to common shareholders, perpetual preferred unit holders, and non-controlling interest holders. During 2011 we used approximately \$627.6 million to repay our outstanding \$500 million term loan and maturing secured and unsecured notes. We also used approximately \$152.2 million during this period for distributions paid to common shareholders, perpetual preferred unit holders, and non-controlling interest holders. The cash outflows were partially offset by net proceeds of approximately \$495.7 million provided from the issuance of two series of unsecured notes completed in June 2011, net proceeds of approximately \$106.6 million from the issuance of 1.7 million common shares under our ATM programs, and net proceeds of approximately \$11.4 million provided from common share options exercised during the period.

### Financial Flexibility

We have a \$500 million unsecured credit facility which matures in September 2015 with an option to extend at our election to September 2016. Additionally, we have the option to increase this credit facility to \$750 million by either adding additional banks to the credit facility or obtaining the agreement of the existing banks in the credit facility to increase their commitments. The interest rate is based upon LIBOR plus a margin which is subject to change as our credit ratings change. Advances under the line of credit 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 \$250 million or the remaining amount available under the line of credit. The line of credit is subject to customary financial covenants and limitations. We are in compliance with all such financial covenants and limitations.

Our line of credit provides us with the ability to issue up to \$100 million in letters of credit. While our issuance of letters of credit does not increase our borrowings outstanding under our line of credit, it does reduce the amount available. At December 31, 2012, we had no balances outstanding on our \$500 million unsecured line of credit. However, we had outstanding letters of credit totaling approximately \$11.0 million, leaving approximately \$489.0 million available under our unsecured line of credit. As an alternative to our unsecured line of credit, from time to time, we may borrow using an unsecured overnight borrowing facility. Our use of short-term borrowings does not decrease the amount available under our unsecured line of credit.

We currently have an automatic shelf registration statement with the SEC which allows us to offer, from time to time, an unlimited amount of common shares, preferred shares, debt securities, or warrants. On May 11, 2012, the shareholders of the Company approved an amendment to our Amended and Restated Declaration of Trust to increase our total number of authorized shares from 110.0 million to 185.0 million shares of beneficial interest, consisting of 175.0 million common shares and 10.0 million preferred shares.

In May 2012, we created an ATM program through which we can, but have no obligation to, sell common shares having an aggregate offering price of up to \$300 million (the “2012 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. We intend to use the net proceeds from the 2012 ATM program for general corporate purposes, which may include funding for development activities, financing for acquisitions, the redemption or other repurchase of outstanding debt or equity securities, reducing future borrowings under our \$500 million unsecured line of credit, and the repayment of other indebtedness. As of the date of this filing, we had common shares having an aggregate offering price of up to \$123.6 million remaining available for sale under the 2012 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 Poors, which are currently Baa1, BBB+ and BBB, respectively, with stable, stable and positive outlooks, respectively, as well as 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 line of credit. During 2013, approximately \$229.2 million of debt, including scheduled principal amortizations of approximately \$3.4 million, is scheduled to mature. In January 2013, we repaid a \$26.1 million secured third party note payable which was scheduled to mature in April 2013. See Note 9, "Notes Payable," in the Notes to Consolidated Financial Statements for further discussion of scheduled maturities.

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We intend to incur approximately \$353.9 million of additional expected costs to complete our consolidated communities under construction. Of this amount, we expect approximately \$200.7 million will be incurred during 2013 and the remainder of the costs to be incurred during 2014. Additionally, we also expect to incur between approximately \$50 million and \$60 million of additional redevelopment expenditures and \$60 million and \$64 million of additional other capital expenditures during 2013.

We intend to meet our near-term liquidity requirements through cash flows generated from operations, available cash balances, draws on our unsecured credit facility, and proceeds from property dispositions. We continually evaluate our operating property and land development portfolio and plan to continue our practice of selective dispositions as market conditions warrant and opportunities develop. We also intend to meet our near-term liquidity requirements through equity issued from our ATM program, the use of debt and equity offerings under our automatic shelf registration statement and secured mortgages.

In order for us to continue to qualify as a REIT, we are required to distribute annual dividends to our shareholders equal to a minimum of 90% of our REIT taxable income, computed without regard to the dividends paid deduction and our net capital gains. In December 2012, we announced our Board of Trust Managers had declared a dividend distribution of \$0.56 per share to our common shareholders of record as of December 17, 2012. The dividend was subsequently paid on January 17, 2013. We paid equivalent amounts per unit to holders of common operating partnership units. When aggregated with previous 2012 dividends, this distribution to common shareholders and holders of common operating partnership units equates to an annual dividend rate of \$2.24 per share or unit for the year ended December 31, 2012.

In the first quarter of 2013, the Company's Board of Trust Managers increased the quarterly dividend rate from \$0.56 to \$0.63 per common share. Future dividend payments are paid at the discretion of the Board of Trust Managers and depend on cash flows generated from operations, the Company's financial condition and capital requirements, distribution requirements under the REIT provisions of the Internal Revenue Code of 1986, as amended, and other factors which may be deemed relevant by our Board of Trust Managers. Assuming dividend distributions for the remainder of 2013 are similar to those declared for the first quarter 2013, the annualized dividend rate for 2013 would be \$2.52.

The following table summarizes our known contractual cash obligations as of December 31, 2012:

| (in millions)                      | Total     | 2013    | 2014    | 2015    | 2016   | 2017    | Thereafter |
|------------------------------------|-----------|---------|---------|---------|--------|---------|------------|
| Debt maturities (1)                | \$2,510.5 | \$229.2 | \$35.4  | \$252.0 | \$2.3  | \$249.2 | \$1,742.4  |
| Interest payments (2)              | 719.4     | 112.3   | 101.5   | 93.8    | 89.1   | 81.3    | 241.4      |
| Non-cancelable lease payments      | 7.7       | 2.5     | 2.4     | 1.5     | 0.4    | 0.3     | 0.6        |
| Postretirement benefit obligations | 4.0       | 0.2     | 0.2     | 0.2     | 0.3    | 0.3     | 2.8        |
|                                    | \$3,241.6 | \$344.2 | \$139.5 | \$347.5 | \$92.1 | \$331.1 | \$1,987.2  |

(1) Includes scheduled principal amortizations.

Includes contractual interest payments for our senior unsecured notes and secured notes. The interest payments on (2) certain secured notes with floating interest rates were calculated based on the interest rates in effect as of December 31, 2012 or the most recent practicable date.

#### Off-Balance Sheet Arrangements

The joint ventures in which we have an interest have been funded in part with secured, third party debt. As of December 31, 2012, we have no outstanding guarantees related to loans of our unconsolidated joint ventures.

#### Inflation

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

#### Critical Accounting Policies

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

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**Use of Estimates.** In the application of GAAP, management is required to make estimates and assumptions which affect the reported amounts of assets and liabilities at the date of the financial statements, results of operations during the reporting periods, and related disclosures. Our more significant estimates include estimates supporting our impairment analysis related to the carrying values of our real estate assets, and estimates related to the valuation of our investments in joint ventures. These estimates are based on historical experience and other assumptions believed to be reasonable under the circumstances. Future events rarely develop exactly as forecasted, and the best estimates routinely require adjustment.

**Principles of Consolidation.** We may enter into various joint venture agreements with unrelated third parties to hold or develop real estate assets. We must determine for each of these joint ventures whether to consolidate the entity or account for our investment under the equity or cost basis of accounting. Investments acquired or created are continuously 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) under the remaining consolidation guidance relating to real estate entities. If we are the general partner in a limited partnership, or manager of a limited liability company, we also consider the consolidation guidance relating to the rights of limited partners (non-managing members) to assess whether any rights held by the limited partners overcome the presumption of control by us. We evaluate our accounting for investments on a quarterly basis or when a reconsideration event (as defined by GAAP) with respect to our investments occurs. The analysis required to identify VIEs and primary beneficiaries is complex and requires substantial management judgment. Accordingly, we believe the decisions made to choose an appropriate accounting framework are critical.

**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 exists 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 discounted and undiscounted cash flows, trends, strategic decisions regarding future development plans, and other factors in our assessment of whether impairment conditions exist. When impairment exists, the long-lived asset is adjusted to its fair value. While we believe our estimates of future cash flows are reasonable, different assumptions regarding a number of factors, including market rents, economic conditions, and occupancies could significantly affect these estimates. In estimating fair value, management uses appraisals, management estimates, and discounted cash flow calculations which maximize inputs from a marketplace participant’s perspective.

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

The value of our properties under development depends on market conditions, including estimates of the project start date as well as estimates of demand for multifamily communities. We have reviewed market trends and other marketplace information and have incorporated this information as well as our current outlook into the assumptions we use in our impairment analyses. Due to the judgment and assumptions applied in the impairment analyses, it is possible actual results could differ substantially from those estimated.

We believe the carrying value of our operating real estate assets, properties under development, and land is currently recoverable. However, if market conditions deteriorate or if changes in our development strategy significantly affect any key assumptions used in our fair value estimates, we may need to take material charges in future periods for impairments related to existing assets. Any such material non-cash charges could have an adverse effect on our consolidated financial position and results of operations.

**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 our weighted average interest rate of our unsecured debt. 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 activities necessary to get the underlying real

estate asset ready 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. Upon substantial completion of the apartment homes, the total capitalized development cost for the apartment homes and the associated land is transferred to buildings and improvements and land, respectively. Included in capitalized costs are indirect costs associated with our development and redevelopment activities. The estimates used by management require judgment, and accordingly we believe cost capitalization to be a critical accounting estimate.

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

We are exposed to certain market risks inherent in our operations. These risks generally arise from transactions entered into in the normal course of business. We believe our primary market risk exposure relates to interest rate risk. Derivatives are not entered into for speculative purposes.

The table below provides information about our liabilities sensitive to changes in interest rates as of December 31, 2012 and 2011:

|                    | December 31, 2012          |                                                  |                                         |               |   | December 31, 2011          |                                                  |                                         |               |   |
|--------------------|----------------------------|--------------------------------------------------|-----------------------------------------|---------------|---|----------------------------|--------------------------------------------------|-----------------------------------------|---------------|---|
|                    | Amount<br>(in<br>millions) | Weighted<br>Average<br>Maturity<br>(in<br>years) | Weighted<br>Average<br>Interest<br>Rate | % Of<br>Total |   | Amount<br>(in<br>millions) | Weighted<br>Average<br>Maturity<br>(in<br>years) | Weighted<br>Average<br>Interest<br>Rate | % Of<br>Total |   |
| Fixed rate debt    | \$2,297.8                  | 6.9                                              | 4.8                                     | % 91.5        | % | \$2,186.6                  | 6.7                                              | 5.3                                     | % 89.9        | % |
| Variable rate debt | 212.7                      | 7.5                                              | 1.1                                     | 8.5           |   | 245.5                      | 7.6                                              | 1.1                                     | 10.1          |   |

We have historically used variable rate indebtedness available under our revolving credit facility to initially fund acquisitions and our development pipeline. To the extent we utilize our revolving credit facility and increase our variable rate indebtedness, our exposure to increases in interest rates will also increase.

For fixed rate debt, interest rate changes affect the fair market value but do not impact net income attributable to common shareholders or cash flows. Conversely, for floating rate debt, interest rate changes generally do not affect the fair market value but do impact net income attributable to common shareholders and cash flows, assuming other factors are held constant. Holding other variables constant, a one percentage point variance in interest rates would change the unrealized fair market value of the fixed rate debt by approximately \$140.3 million. The net income attributable to common shareholders and cash flows impact on the next year resulting from a one percentage point variance in interest rates on floating rate debt would be approximately \$2.1 million, holding all other variables constant.

We have entered into, and may enter into in the future, interest rate swaps and caps to protect ourselves against fluctuations in the rates of our floating rate debt. In connection with the repayment of the \$500 million loan in June 2011, we discontinued the hedging relationship on the \$500 million interest rate swap on May 31, 2011. Upon repayment of the loan, which eliminated the probable future variable monthly interest payments being hedged, we recognized a non-cash charge of approximately \$29.8 million which included the accelerated reclassification of amounts previously recorded in accumulated other comprehensive loss related to this swap. This interest rate swap matured in October 2012 and settled. The changes in fair value of this swap were marked to market through earnings in other income and other expense. During 2012, we recorded a net loss of approximately \$0.7 million related to this derivative instrument through the settlement date.

## Item 8. Financial Statements and Supplementary Data

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

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

None.

## Item 9A. Controls and Procedures

Evaluation of disclosure controls and procedures. We carried out an evaluation, under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report pursuant to Securities Exchange Act ("Exchange Act") Rules 13a-15(e) and 15d-15(e). Based on the evaluation, the Chief Executive Officer and Chief Financial Officer concluded the disclosure controls and procedures as of the end of the period covered by this report are effective to ensure information required to be disclosed by us in our Exchange Act filings is recorded, processed, summarized, and reported within the periods specified in the Securities and Exchange Commission's rules and forms and is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

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

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Management's Report on Internal Control over Financial Reporting

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

A process designed by, or under the supervision of, the Company's principal executive and principal financial officers, or persons performing similar functions, and effected by the Company's board of trust managers, management, and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

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

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

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

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2012. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework.

Based on our assessment, management concluded our internal control over financial reporting is effective as of December 31, 2012.

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

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Trust Managers and Shareholders of  
Camden Property Trust  
Houston, Texas

We have audited the internal control over financial reporting of Camden Property Trust and subsidiaries (the “Company”) as of December 31, 2012, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit.

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

A company’s internal control over financial reporting is a process designed by, or under the supervision of, the company’s principal executive and principal financial officers, or persons performing similar functions, and effected by the company’s board of trust managers, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and the board of trust managers of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on the criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended December 31, 2012 of the Company and our report dated February 15, 2013 expressed an unqualified opinion on those financial statements and financial statement schedule.

/s/ DELOITTE & TOUCHE LLP  
Houston, Texas  
February 15, 2013



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## Item 9B. Other Information

None.

## PART III

## Item 10. Directors, Executive Officers, and Corporate Governance

Information with respect to this Item 10 is incorporated by reference from our Proxy Statement, which we expect to file on or about March 22, 2013 in connection with the Annual Meeting of Shareholders to be held May 10, 2013.

## Item 11. Executive Compensation

Information with respect to this Item 11 is incorporated by reference from our Proxy Statement, which we expect to file on or about March 22, 2013 in connection with the Annual Meeting of Shareholders to be held May 10, 2013.

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

Information with respect to this Item 12 is incorporated by reference from our Proxy Statement, which we expect to file on or about March 22, 2013 in connection with the Annual Meeting of Shareholders to be held May 10, 2013 to the extent not set forth below.

The following table gives information about the equity compensation plans as of December 31, 2012.

## Equity Compensation Plan Information

| Plan Category                                              | Number of securities to be issued upon exercise of outstanding options, warrants and rights (a) | Weighted-average exercise price of outstanding options, warrants and rights (b) | Number of securities remaining available for future issuance under equity compensation plans(excluding securities reflected in column (a))(c) |
|------------------------------------------------------------|-------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| Equity compensation plans approved by security holders     | 838,754                                                                                         | \$ 42.36                                                                        | 2,281,762                                                                                                                                     |
| Equity compensation plans not approved by security holders | —                                                                                               | —                                                                               | —                                                                                                                                             |
| Total                                                      | 838,754                                                                                         | \$ 42.36                                                                        | 2,281,762                                                                                                                                     |

Incentive Compensation. During the second quarter of 2011, our Board of Trust Managers adopted, and on May 11, 2011 our shareholders approved, the 2011 Share Incentive Plan of Camden Property Trust (the “2011 Share Plan”). Under the 2011 Share Plan, we may issue up to a total of approximately 9.1 million fungible units (the “Fungible Pool Limit”), which is comprised of approximately 5.8 million new fungible units plus approximately 3.3 million fungible units previously available for issuance under our 2002 share incentive plan based on a 3.45 to 1.0 fungible unit-to full value award conversion ratio. Fungible units represent the baseline for the number of shares available for issuance under the 2011 Share Plan. Different types of awards are counted differently against the Fungible Pool Limit, as follows:

Each share issued or to be issued in connection with an award, other than an option, right or other award which does not deliver the full value at grant of the underlying shares, will be counted against the Fungible Pool Limit as 3.45 fungible pool units;

Options and other awards which do not deliver the full value at grant of the underlying shares and which expire more than five years from date of grant will be counted against the Fungible Pool Limit as one fungible pool unit; and

- Options, rights and other awards which do not deliver the full value at date of grant and expire five years or less from the date of grant will be counted against the Fungible Pool Limit as 0.83 of a fungible pool unit.

As of December 31, 2012, approximately 7.9 million fungible units were available under the 2011 Share Plan, which results in approximately 2.3 million common shares which could be granted pursuant to full value awards based on the 3.45 to 1.0 fungible unit-to-full value award conversion ratio.

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

Information with respect to this Item 13 is incorporated herein by reference from our Proxy Statement, which we expect to file on or about March 22, 2013 in connection with the Annual Meeting of Shareholders to be held May 10, 2013.

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Item 14. Principal Accounting Fees and Services

Information with respect to this Item 14 is incorporated herein by reference from our Proxy Statement, which we expect to file on or about March 22, 2013 in connection with the Annual Meeting of Shareholders to be held May 10, 2013.

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PART IV

Item 15. Exhibits and Financial Statement Schedules

The following documents are filed as part of this report:

(1) Financial Statements:

|                                                                                                                              |            |
|------------------------------------------------------------------------------------------------------------------------------|------------|
| <u>Report of Independent Registered Public Accounting Firm</u>                                                               | <u>F-1</u> |
| <u>Consolidated Balance Sheets as of December 31, 2012 and 2011</u>                                                          | <u>F-2</u> |
| <u>Consolidated Statements of Income and Comprehensive Income for the Years Ended December 31, 2012, 2011, and 2010</u>      | <u>F-3</u> |
| <u>Consolidated Statements of Equity and Perpetual Preferred Units for the Years Ended December 31, 2012, 2011, and 2010</u> | <u>F-5</u> |
| <u>Consolidated Statements of Cash Flows for the Years Ended December 31, 2012, 2011, and 2010</u>                           | <u>F-7</u> |
| <u>Notes to Consolidated Financial Statements</u>                                                                            | <u>F-9</u> |

(2) Financial Statement Schedules:

|                                                                |            |
|----------------------------------------------------------------|------------|
| <u>Schedule III – Real Estate and Accumulated Depreciation</u> | <u>S-1</u> |
|----------------------------------------------------------------|------------|

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

(3) Index to Exhibits:

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

| Exhibit No. | Description                                                                                                                                                                     | Filed Herewith or Incorporated Herein by Reference (1)                           |
|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| 3.1         | Amended and Restated Declaration of Trust of Camden Property Trust                                                                                                              | Exhibit 3.1 to Form 10-K for the year ended December 31, 1993                    |
| 3.2         | Amendment to the Amended and Restated Declaration of Trust of Camden Property Trust                                                                                             | Exhibit 3.1 to Form 10-Q for the quarter ended June 30, 1997                     |
| 3.3         | Amendment to the Amended and Restated Declaration of Trust of Camden Property Trust                                                                                             | Exhibit 3.1 to Form 8-K filed on May 14, 2012                                    |
| 3.4         | Second Amended and Restated Bylaws of Camden Property Trust                                                                                                                     | Exhibit 3.3 to Form 10-K for the year ended December 31, 1997                    |
| 3.5         | Amendment to Second Amended and Restated Bylaws of Camden Property Trust                                                                                                        | Exhibit 99.2 to Form 8-K filed on May 4, 2006                                    |
| 4.1         | Specimen certificate for Common Shares of Beneficial Interest                                                                                                                   | Form S-11 filed on September 15, 1993 (Registration No. 33-68736)                |
| 4.2         | Indenture for Senior Debt Securities dated as of February 11, 2003 between Camden Property Trust and U. S. Bank National Association, as successor to SunTrust Bank, as Trustee | Exhibit 4.1 to Form S-3 filed on February 12, 2003 (Registration No. 333-103119) |

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- 4.3 First Supplemental Indenture dated as of May 4, 2007 between the Company and U.S. Bank National Association, as successor to SunTrust Bank, as trustee Exhibit 4.2 to Form 8-K filed on May 7, 2007
- 4.4 Second Supplemental Indenture dated as of June 3, 2011 between the Company and U.S. Bank National Association, as successor to Sun Trust Bank, as Trustee. Exhibit 4.3 to Form 8-K filed on June 3, 2011

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| Exhibit No. | Description                                                                                                                                                                                  | Filed Herewith or Incorporated Herein by Reference (1)            |
|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|
| 4.5         | Registration Rights Agreement dated as of February 28, 2005 between Camden Property Trust and the holders named therein                                                                      | Form S-4 filed on November 24, 2004 (Registration No. 333-120733) |
| 4.6         | Form of Camden Property Trust 5.375% Note due 2013                                                                                                                                           | Exhibit 4.2 to Form 8-K filed on December 9, 2003                 |
| 4.7         | Form of Camden Property Trust 5.00% Note due 2015                                                                                                                                            | Exhibit 4.2 to Form 8-K filed on June 7, 2005                     |
| 4.8         | Form of Camden Property Trust 5.700% Note due 2017                                                                                                                                           | Exhibit 4.3 to Form 8-K filed on May 7, 2007                      |
| 4.9         | Form of Camden Property Trust 4.625% Note due 2021                                                                                                                                           | Exhibit 4.4 to Form 8-K filed on May 31, 2011                     |
| 4.10        | Form of Camden Property Trust 2.95% Note due 2022                                                                                                                                            | Exhibit 4.4 to Form 8-K filed on December 7, 2012                 |
| 4.11        | Form of Camden Property Trust 4.875% Note due 2023                                                                                                                                           | Exhibit 4.5 to Form 8-K filed on May 31, 2011                     |
| 10.1        | Form of Indemnification Agreement between Camden Property Trust and certain of its trust managers and executive officers                                                                     | Form S-11 filed on July 9, 1993 (Registration No. 33-63588)       |
| 10.2        | Second Amended and Restated Employment Agreement dated July 11, 2003 between Camden Property Trust and Richard J. Campo                                                                      | Exhibit 10.1 to Form 10-Q for the quarter ended June 30, 2003     |
| 10.3        | Second Amended and Restated Employment Agreement dated July 11, 2003 between Camden Property Trust and D. Keith Oden                                                                         | Exhibit 10.2 to Form 10-Q for the quarter ended June 30, 2003     |
| 10.4        | Form of First Amendment to Second Amended and Restated Employment Agreements, effective as of January 1, 2008, between Camden Property Trust and each of Richard J. Campo and D. Keith Oden. | Exhibit 99.1 to Form 8-K filed on November 30, 2007               |
| 10.5        | Second Amendment to Second Amended and Restated Employment Agreement, dated as of March 14, 2008, between Camden Property Trust and D. Keith Oden.                                           | Exhibit 99.1 to Form 8-K filed on March 18, 2008                  |
| 10.6        | Form of Employment Agreement by and between Camden Property Trust and certain senior executive officers                                                                                      | Exhibit 10.13 to Form 10-K for the year ended December 31, 1996   |

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|       |                                                                                                                                           |                                                                |
|-------|-------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|
| 10.7  | Form of First Amendment to Employment Agreement, effective as of January 1, 2008, between the Company and Dennis M. Steen                 | Exhibit 99.1 to Form 8-K filed on November 30, 2007            |
| 10.8  | Second Amended and Restated Employment Agreement, dated November 3, 2008, between Camden Property Trust and H. Malcolm Stewart            | Exhibit 99.1 to Form 8-K filed on November 4, 2008             |
| 10.9  | Second Amended and Restated Camden Property Trust Key Employee Share Option Plan (KEYSOP) <sup>TM</sup> , effective as of January 1, 2008 | Exhibit 99.5 to Form 8-K filed on November 30, 2007            |
| 10.10 | Amendment No. 1 to Second Amended and Restated Camden Property Trust Key Employee Share Option Plan, effective as of January 1, 2008      | Exhibit 99.1 to Form 8-K filed on December 8, 2008             |
| 10.11 | Form of Amended and Restated Master Exchange Agreement between Camden Property Trust and certain key employees                            | Exhibit 10.7 to Form 10-K for the year ended December 31, 2003 |
| 10.12 | Form of Amended and Restated Master Exchange Agreement between Camden Property Trust and certain trust managers                           | Exhibit 10.8 to Form 10-K for the year ended December 31, 2003 |

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| Exhibit No. | Description                                                                                                                                                                           | Filed Herewith or Incorporated Herein by Reference (1)                           |
|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| 10.13       | Form of Amended and Restated Master Exchange Agreement between Camden Property Trust and certain key employees                                                                        | Exhibit 10.9 to Form 10-K for the year ended December 31, 2003                   |
| 10.14       | Form of Master Exchange Agreement between Camden Property Trust and certain trust managers                                                                                            | Exhibit 10.10 to Form 10-K for the year ended December 31, 2003                  |
| 10.15       | Form of Amendment No. 1 to Amended and Restated Master Exchange Agreement (Trust Managers) effective November 27, 2007                                                                | Exhibit 10.1 to Form 10-Q filed on July 30, 2010                                 |
| 10.16       | Form of Amendment No. 1 to Amended and Restated Master Exchange Agreement (Key Employees) effective November 27, 2007                                                                 | Exhibit 10.2 to Form 10-Q filed on July 30, 2010                                 |
| 10.17       | Form of Third Amended and Restated Agreement of Limited Partnership of Camden Operating, L.P.                                                                                         | Exhibit 10.1 to Form S-4 filed on February 26, 1997 (Registration No. 333-22411) |
| 10.18       | First Amendment to Third Amended and Restated Agreement of Limited Partnership of Camden Operating, L.P., dated as of February 23, 1999                                               | Exhibit 99.2 to Form 8-K filed on March 10, 1999                                 |
| 10.19       | Form of Second Amendment to Third Amended and Restated Agreement of Limited Partnership of Camden Operating, L.P., dated as of August 13, 1999                                        | Exhibit 10.15 to Form 10-K for the year ended December 31, 1999                  |
| 10.20       | Form of Third Amendment to Third Amended and Restated Agreement of Limited Partnership of Camden Operating, L.P., dated as of September 7, 1999                                       | Exhibit 10.16 to Form 10-K for the year ended December 31, 1999                  |
| 10.21       | Form of Fourth Amendment to Third Amended and Restated Agreement of Limited Partnership of Camden Operating, L.P., dated as of January 7, 2000                                        | Exhibit 10.17 to Form 10-K for the year ended December 31, 1999                  |
| 10.22       | Form of Amendment to Third Amended and Restated Agreement of Limited Partnership of Camden Operating, L.P., dated as of December 1, 2003                                              | Exhibit 10.19 to Form 10-K for the year ended December 31, 2003                  |
| 10.23       | Amended and Restated Limited Liability Company Agreement of Sierra-Nevada Multifamily Investments, LLC, adopted as of June 29, 1998 by Camden Subsidiary, Inc. and TMT-Nevada, L.L.C. | Exhibit 99.1 to Form 8-K filed on July 15, 1998                                  |

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|       |                                                                                                                       |                                                                 |
|-------|-----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|
| 10.24 | Amended and Restated 1993 Share Incentive Plan of Camden Property Trust                                               | Exhibit 10.18 to Form 10-K for the year ended December 31, 1999 |
| 10.25 | Camden Property Trust 1999 Employee Share Purchase Plan                                                               | Exhibit 10.19 to Form 10-K for the year ended December 31, 1999 |
| 10.26 | Amended and Restated 2002 Share Incentive Plan of Camden Property Trust                                               | Exhibit 10.1 to Form 10-Q for the quarter ended March 31, 2002  |
| 10.27 | Amendment to Amended and Restated 2002 Share Incentive Plan of Camden Property Trust                                  | Exhibit 99.1 to Form 8-K filed on May 4, 2006                   |
| 10.28 | Amendment to Amended and Restated 2002 Share Incentive Plan of Camden Property Trust, effective as of January 1, 2008 | Exhibit 99.1 to Form 8-K filed on July 29, 2008                 |
| 10.29 | Camden Property Trust 2011 Share Incentive Plan, effective as of May 11, 2011                                         | Exhibit 99.1 to Form 8-K filed on May 12, 2011                  |
| 10.30 | Amendment No. 1 to 2011 Share Incentive Plan of Camden Property Trust                                                 | Exhibit 99.1 to Form 8-K filed on August 6, 2012                |
| 10.31 | Camden Property Trust Short Term Incentive Plan                                                                       | Exhibit 10.2 to Form 10-Q for the quarter ended March 31, 2002  |
| 10.32 | Amended and Restated Camden Property Trust Non-Qualified Deferred Compensation Plan, effective as of January 1, 2008  | Exhibit 99.6 to Form 8-K filed on November 30, 2007             |

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| Exhibit No. | Description                                                                                                                                                                                                           | Filed Herewith or Incorporated Herein by Reference (1)                                                           |
|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|
| 10.33       | Amendment No. 1 to Amended and Restated Camden Property Trust Non-Qualified Deferred Compensation Plan, effective as of January 1, 2008                                                                               | Exhibit 99.2 to Form 8-K filed on July 29, 2008                                                                  |
| 10.34       | Amendment No. 2 to Amended and Restated Camden Property Trust Non-Qualified Deferred Compensation Plan, effective as of January 1, 2008                                                                               | Exhibit 99.2 to Form 8-K filed on December 8, 2008                                                               |
| 10.35       | Form of Second Amended and Restated Agreement of Limited Partnership of Camden Summit Partnership, L.P. among Camden Summit, Inc., as general partner, and the persons whose names are set forth on Exhibit A thereto | Exhibit 10.4 to Form S-4 filed on November 24, 2004 (Registration No. 333-120733)                                |
| 10.36       | Form of Tax, Asset and Income Support Agreement among Camden Property Trust, Camden Summit, Inc., Camden Summit Partnership, L.P. and each of the limited partners who has executed a signature page thereto          | Exhibit 10.5 to Form S-4 filed on November 24, 2004 (Registration No. 333-120733)                                |
| 10.37       | Employment Agreement dated February 15, 1999, by and among William B. McGuire, Jr., Summit Properties Inc. and Summit Management Company, as restated on August 24, 2001                                              | Exhibit 10.1 to Summit Properties Inc.'s Form 10-Q for the quarter ended September 30, 2001 (File No. 000-12792) |
| 10.38       | Amendment Agreement, dated as of June 19, 2004, among William B. McGuire, Jr., Summit Properties Inc. and Summit Management Company                                                                                   | Exhibit 10.8.2 to Summit Properties Inc.'s Form 10-Q for the quarter ended June 30, 2004 (File No. 001-12792)    |
| 10.39       | Amendment Agreement, dated as of June 19, 2004, among William F. Paulsen, Summit Properties Inc. and Summit Management Company                                                                                        | Exhibit 10.8.2 to Summit Properties Inc.'s Form 10-Q for the quarter ended June 30, 2004 (File No. 001-12792)    |
| 10.40       | Separation Agreement, dated as of February 28, 2005, between Camden Property Trust and William B. McGuire, Jr.                                                                                                        | Exhibit 99.1 to Form 8-K filed on April 28, 2005                                                                 |
| 10.41       | Separation Agreement, dated as of February 28, 2005, between Camden Property Trust and William F. Paulsen                                                                                                             | Exhibit 99.2 to Form 8-K filed on April 28, 2005                                                                 |
| 10.42       | Master Credit Agreement, dated as of September 24, 2008, among CSP Community Owner, LLC, CPT Community Owner, LLC, and Red Mortgage Capital, Inc. (2)                                                                 | Exhibit 10.4 to Form 10-Q filed on July 30, 2010                                                                 |
| 10.43       |                                                                                                                                                                                                                       | Exhibit 10.5 to Form 10-Q filed on July 30, 2010                                                                 |

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Form of Master Credit Facility Agreement, dated as of April 17, 2009, among Summit Russett, LLC, 2009 CPT Community Owner, LLC, 2009 CUSA Community Owner, LLC, 2009 CSP Community Owner LLC, and 2009 COLP Community Owner, LLC, as borrowers, Camden Property Trust, as guarantor, and Red Mortgage Capital, Inc., as lender. (2)

- |       |                                                                                                                         |                                               |
|-------|-------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|
| 10.44 | Distribution Agency Agreement, dated May 18, 2012, between Camden Property Trust and Credit Suisse Securities (USA) LLC | Exhibit 1.1 to Form 8-K filed on May 18, 2012 |
| 10.45 | Distribution Agency Agreement, dated May 18, 2012, between Camden Property Trust and Deutsche Bank Securities Inc.      | Exhibit 1.2 to Form 8-K filed on May 18, 2012 |
| 10.46 | Distribution Agency Agreement, dated May 18, 2012, between Camden Property Trust and Jefferies & Company, Inc.          | Exhibit 1.3 to Form 8-K filed on May 18, 2012 |

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| Exhibit No. | Description                                                                                                                                                                                                                                                                                        | Filed Herewith or Incorporated Herein by Reference (1) |
|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|
| 10.47       | Distribution Agency Agreement, dated May 18, 2012, between Camden Property Trust and Mitsubishi UFJ Securities (USA) Inc.                                                                                                                                                                          | Exhibit 1.4 to Form 8-K filed on May 18, 2012          |
| 10.48       | Distribution Agency Agreement, dated May 18, 2012, between Camden Property Trust and Scotia Capital (USA) Inc.                                                                                                                                                                                     | Exhibit 1.5 to Form 8-K filed on May 18, 2012          |
| 10.49       | Amended and Restated Credit Agreement dated as of September 22, 2011 among Camden Property Trust, each lender from time to time party thereto, Bank of America, N.A., as Administrative Agent, Swing Line Lender and Letter of Credit Issuer, and JP Morgan Chase Bank, N.A., as Syndication Agent | Exhibit 99.1 to Form 8-K filed on September 26, 2011   |
| 12.1        | Statement Regarding Computation of Ratios                                                                                                                                                                                                                                                          | Filed Herewith                                         |
| 21.1        | List of Significant Subsidiaries                                                                                                                                                                                                                                                                   | Filed Herewith                                         |
| 23.1        | Consent of Deloitte & Touche LLP                                                                                                                                                                                                                                                                   | Filed Herewith                                         |
| 24.1        | Powers of Attorney for Richard J. Campo, D. Keith Oden, Scott S. Ingraham, Lewis A. Levey, William B. McGuire, Jr., F. Gardner Parker, William F. Paulsen, Frances Aldrich Sevilla-Secasa, Steven A. Webster, and Kelvin R. Westbrook                                                              | Filed Herewith                                         |
| 31.1        | Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act                                                                                                                                                                                                 | Filed Herewith                                         |
| 31.2        | Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act                                                                                                                                                                                                 | Filed Herewith                                         |
| 32.1        | Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002                                                                                                                                                                             | Filed Herewith                                         |
| 101.INS     | XBRL Instance Document                                                                                                                                                                                                                                                                             | Filed Herewith                                         |
| 101.SCH     | XBRL Taxonomy Extension Schema Document                                                                                                                                                                                                                                                            | Filed Herewith                                         |
| 101.CAL     | XBRL Taxonomy Extension Calculation Linkbase Document                                                                                                                                                                                                                                              | Filed Herewith                                         |
| 101.DEF     | XBRL Taxonomy Extension Definition Linkbase Document                                                                                                                                                                                                                                               | Filed Herewith                                         |

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101.LAB XBRL Taxonomy Extension Label Linkbase Document Filed Herewith

101.PRE XBRL Taxonomy Extension Presentation Linkbase Document Filed Herewith

(1) Unless otherwise indicated, all references to reports or registration statements are to reports or registration statements filed by Camden Property Trust (File No. 1-12110).

(2) Portions of the exhibit have been omitted pursuant to a request for confidential treatment.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Camden Property Trust has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

February 15, 2013

CAMDEN PROPERTY TRUST

By: /s/ Michael P. Gallagher  
Michael P. Gallagher  
Vice President — Chief Accounting Officer

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Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of Camden Property Trust and in the capacities and on the dates indicated.

| Name                                                            | Title                                                                                                   | Date              |
|-----------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|-------------------|
| /s/ Richard J. Campo<br>Richard J. Campo                        | Chairman of the Board of Trust<br>Managers and Chief Executive<br>Officer (Principal Executive Officer) | February 15, 2013 |
| /s/ D. Keith Oden<br>D. Keith Oden                              | President and Trust Manager                                                                             | February 15, 2013 |
| /s/ Dennis M. Steen<br><br>Dennis M. Steen                      | Senior Vice President - Finance and<br><br>Chief Financial Officer (Principal<br>Financial Officer)     | February 15, 2013 |
| /s/ Michael P. Gallagher<br>Michael P. Gallagher                | Vice President - Chief Accounting<br>Officer (Principal Accounting<br>Officer)                          | February 15, 2013 |
| *<br>Scott S. Ingraham                                          | Trust Manager                                                                                           | February 15, 2013 |
| *<br>Lewis A. Levey                                             | Trust Manager                                                                                           | February 15, 2013 |
| *<br>William B. McGuire, Jr.                                    | Trust Manager                                                                                           | February 15, 2013 |
| *<br>F. Gardner Parker                                          | Trust Manager                                                                                           | February 15, 2013 |
| *<br>William F. Paulsen                                         | Trust Manager                                                                                           | February 15, 2013 |
| *<br>Frances Aldrich Sevilla-Sacasa                             | Trust Manager                                                                                           | February 15, 2013 |
| *<br>Steven A. Webster                                          | Trust Manager                                                                                           | February 15, 2013 |
| *<br>Kelvin R. Westbrook                                        | Trust Manager                                                                                           | February 15, 2013 |
| *By: /s/ Dennis M. Steen<br>Dennis M. Steen<br>Attorney-in-fact |                                                                                                         |                   |



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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Trust Managers and Shareholders of  
Camden Property Trust  
Houston, Texas

We have audited the accompanying consolidated balance sheets of Camden Property Trust and subsidiaries (the “Company”) as of December 31, 2012 and 2011, and the related consolidated statements of income and comprehensive income, equity and perpetual preferred units, and cash flows for each of the three years in the period ended December 31, 2012. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Camden Property Trust and subsidiaries as of December 31, 2012 and 2011, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2012, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2012, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 15, 2013 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

Houston, Texas  
February 15, 2013

Table of ContentsCAMDEN PROPERTY TRUST  
CONSOLIDATED BALANCE SHEETS

|                                                                                                                                                                                                              | December 31, |             |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-------------|
| (in thousands, except per share amounts)                                                                                                                                                                     | 2012         | 2011        |
| Assets                                                                                                                                                                                                       |              |             |
| Real estate assets, at cost                                                                                                                                                                                  |              |             |
| Land                                                                                                                                                                                                         | \$949,777    | \$768,016   |
| Buildings and improvements                                                                                                                                                                                   | 5,389,674    | 4,751,654   |
|                                                                                                                                                                                                              | 6,339,451    | 5,519,670   |
| Accumulated depreciation                                                                                                                                                                                     | (1,518,896)  | (1,432,799) |
| Net operating real estate assets                                                                                                                                                                             | 4,820,555    | 4,086,871   |
| Properties under development, including land                                                                                                                                                                 | 334,463      | 299,870     |
| Investments in joint ventures                                                                                                                                                                                | 45,092       | 44,844      |
| Properties held for sale                                                                                                                                                                                     | 30,517       | 11,131      |
| Total real estate assets                                                                                                                                                                                     | 5,230,627    | 4,442,716   |
| Accounts receivable – affiliates                                                                                                                                                                             | 33,625       | 31,035      |
| Other assets, net                                                                                                                                                                                            | 88,260       | 88,089      |
| Cash and cash equivalents                                                                                                                                                                                    | 26,669       | 55,159      |
| Restricted cash                                                                                                                                                                                              | 5,991        | 5,076       |
| Total assets                                                                                                                                                                                                 | \$5,385,172  | \$4,622,075 |
| Liabilities and equity                                                                                                                                                                                       |              |             |
| Liabilities                                                                                                                                                                                                  |              |             |
| Notes payable                                                                                                                                                                                                |              |             |
| Unsecured                                                                                                                                                                                                    | \$1,538,212  | \$1,380,755 |
| Secured                                                                                                                                                                                                      | 972,256      | 1,051,357   |
| Accounts payable and accrued expenses                                                                                                                                                                        | 101,896      | 93,747      |
| Accrued real estate taxes                                                                                                                                                                                    | 28,452       | 21,883      |
| Distributions payable                                                                                                                                                                                        | 49,969       | 39,364      |
| Other liabilities                                                                                                                                                                                            | 67,679       | 109,276     |
| Total liabilities                                                                                                                                                                                            | 2,758,464    | 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; 99,106 and 87,377 issued; 96,201 and 84,517 outstanding at December 31, 2012 and 2011, respectively | 962          | 845         |
| Additional paid-in capital                                                                                                                                                                                   | 3,587,505    | 2,901,024   |
| Distributions in excess of net income attributable to common shareholders                                                                                                                                    | (598,951)    | (690,466)   |
| Treasury shares, at cost (11,771 and 12,509 common shares, at December 31, 2012 and 2011, respectively)                                                                                                      | (425,355)    | (452,003)   |
| Accumulated other comprehensive loss                                                                                                                                                                         | (1,062)      | (683)       |
| Total common equity                                                                                                                                                                                          | 2,563,099    | 1,758,717   |
| Non-controlling interests                                                                                                                                                                                    | 63,609       | 69,051      |
| Total equity                                                                                                                                                                                                 | 2,626,708    | 1,827,768   |
| Total liabilities and equity                                                                                                                                                                                 | \$5,385,172  | \$4,622,075 |
| See Notes to Consolidated Financial Statements.                                                                                                                                                              |              |             |



Table of ContentsCAMDEN PROPERTY TRUST  
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

| (in thousands, except per share amounts)                                                                 | Year Ended December 31, |           | 2010      |
|----------------------------------------------------------------------------------------------------------|-------------------------|-----------|-----------|
|                                                                                                          | 2012                    | 2011      |           |
| Property revenues                                                                                        |                         |           |           |
| Rental revenues                                                                                          | \$626,127               | \$533,937 | \$488,895 |
| Other property revenues                                                                                  | 101,781                 | 87,137    | 79,177    |
| Total property revenues                                                                                  | 727,908                 | 621,074   | 568,072   |
| Property expenses                                                                                        |                         |           |           |
| Property operating and maintenance                                                                       | 196,811                 | 175,000   | 163,628   |
| Real estate taxes                                                                                        | 72,858                  | 65,128    | 63,150    |
| Total property expenses                                                                                  | 269,669                 | 240,128   | 226,778   |
| Non-property income                                                                                      |                         |           |           |
| Fee and asset management                                                                                 | 12,345                  | 9,973     | 8,172     |
| Interest and other income (loss)                                                                         | (710)                   | ) 4,649   | 8,584     |
| Income on deferred compensation plans                                                                    | 4,772                   | 6,773     | 11,581    |
| Total non-property income                                                                                | 16,407                  | 21,395    | 28,337    |
| Other expenses                                                                                           |                         |           |           |
| Property management                                                                                      | 21,796                  | 20,686    | 19,982    |
| Fee and asset management                                                                                 | 6,631                   | 5,935     | 4,841     |
| General and administrative                                                                               | 37,528                  | 35,456    | 30,762    |
| Interest                                                                                                 | 104,282                 | 112,414   | 125,893   |
| Depreciation and amortization                                                                            | 203,077                 | 171,127   | 161,760   |
| Amortization of deferred financing costs                                                                 | 3,608                   | 5,877     | 4,102     |
| Expense on deferred compensation plans                                                                   | 4,772                   | 6,773     | 11,581    |
| Total other expenses                                                                                     | 381,694                 | 358,268   | 358,921   |
| Gain on acquisition of controlling interest in joint ventures                                            | 57,418                  | —         | —         |
| Gain on sale of properties, including land                                                               | —                       | 4,748     | 236       |
| Gain on sale of unconsolidated joint venture interests                                                   | —                       | 1,136     | —         |
| Loss on discontinuation of hedging relationship                                                          | —                       | (29,791)  | ) —       |
| Impairment provision on technology investment                                                            | —                       | —         | (1,000)   |
| Equity in income (loss) of joint ventures                                                                | 20,175                  | 5,679     | (839)     |
| Income from continuing operations before income taxes                                                    | 170,545                 | 25,845    | 9,107     |
| Income tax expense – current                                                                             | (1,208)                 | ) (2,220) | ) (1,581) |
| Income from continuing operations                                                                        | 169,337                 | 23,625    | 7,526     |
| Income from discontinued operations                                                                      | 9,495                   | 11,715    | 14,002    |
| Gain on sale of discontinued operations, net of tax                                                      | 115,068                 | 24,621    | 9,614     |
| Net income                                                                                               | 293,900                 | 59,961    | 31,142    |
| Less income allocated to non-controlling interests from continuing operations                            | (4,821)                 | ) (3,453) | ) (821)   |
| Less income, including gain on sale, allocated to non-controlling interests from discontinued operations | (2,838)                 | ) (129)   | ) (105)   |
| Less income allocated to perpetual preferred units                                                       | (776)                   | ) (7,000) | ) (7,000) |
| Less write off of original issuance costs of redeemed perpetual preferred units                          | (2,075)                 | ) —       | —         |
| Net income attributable to common shareholders                                                           | \$283,390               | \$49,379  | \$23,216  |
| See Notes to Consolidated Financial Statements.                                                          |                         |           |           |



Table of ContentsCAMDEN PROPERTY TRUST  
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (Continued)

| (In thousands, except per share amounts)                                                                 |           | Year Ended December 31, |           |      |
|----------------------------------------------------------------------------------------------------------|-----------|-------------------------|-----------|------|
|                                                                                                          |           | 2012                    | 2011      | 2010 |
| Earnings per share – basic                                                                               |           |                         |           |      |
| Income (loss) from continuing operations attributable to common shareholders                             | \$1.90    | \$0.17                  | \$(0.01)  | )    |
| Income from discontinued operations, including gain on sale, attributable to common shareholders         | 1.45      | 0.50                    | 0.34      |      |
| Net income attributable to common shareholders                                                           | \$3.35    | \$0.67                  | \$0.33    |      |
| Earnings per share – diluted                                                                             |           |                         |           |      |
| Income (loss) from continuing operations attributable to common shareholders                             | \$1.88    | \$0.17                  | \$(0.01)  | )    |
| Income from discontinued operations, including gain on sale, attributable to common shareholders         | 1.42      | 0.49                    | 0.34      |      |
| Net income attributable to common shareholders                                                           | \$3.30    | \$0.66                  | \$0.33    |      |
| Weighted average number of common shares outstanding – basic                                             | 83,772    | 72,756                  | 68,608    |      |
| Weighted average number of common shares outstanding – diluted                                           | 85,556    | 73,462                  | 68,608    |      |
| Net income attributable to common shareholders                                                           |           |                         |           |      |
| Income from continuing operations                                                                        | \$169,337 | \$23,625                | \$7,526   |      |
| Less income allocated to non-controlling interests from continuing operations                            | (4,821)   | ) (3,453                | ) (821    | )    |
| Less income allocated to perpetual preferred units                                                       | (776)     | ) (7,000                | ) (7,000  | )    |
| Less write off original issuance costs of redeemed perpetual preferred units                             | (2,075)   | ) —                     | —         |      |
| Income (loss) from continuing operations attributable to common shareholders                             | 161,665   | 13,172                  | (295)     | )    |
| Income from discontinued operations, including gain on sale                                              | 124,563   | 36,336                  | 23,616    |      |
| Less income, including gain on sale, allocated to non-controlling interests from discontinued operations | (2,838)   | ) (129                  | ) (105    | )    |
| Income from discontinued operations, including gain on sale, attributable to common shareholders         | 121,725   | 36,207                  | 23,511    |      |
| Net income attributable to common shareholders                                                           | \$283,390 | \$49,379                | \$23,216  |      |
| Consolidated Statements of Comprehensive Income                                                          |           |                         |           |      |
| Net income                                                                                               | \$293,900 | \$59,961                | \$31,142  |      |
| Other comprehensive income                                                                               |           |                         |           |      |
| Unrealized loss on cash flow hedging activities                                                          | —         | (2,692                  | ) (19,059 | )    |
| Reclassification of net losses on cash flow hedging activities                                           | —         | 39,657                  | 23,385    |      |
| Unrealized gain on available-for-sale securities, net of tax                                             | —         | —                       | 3,306     |      |
| Reclassification of gain on available-for-sale investment to earnings, net of tax                        | —         | (3,306                  | ) —       |      |
| Reclassification of prior service cost and net loss on post retirement obligation                        | 30        | —                       | —         |      |
| Unrealized gain (loss) and unamortized prior service cost on postretirement obligation                   | (409)     | ) (884                  | ) 65      |      |
| Comprehensive income                                                                                     | 293,521   | 92,736                  | 38,839    |      |
|                                                                                                          | (4,821)   | ) (3,453                | ) (821    | )    |

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Less income allocated to non-controlling interests from continuing operations

|                                                                                                          |        |        |        |   |
|----------------------------------------------------------------------------------------------------------|--------|--------|--------|---|
| Less income, including gain on sale, allocated to non-controlling interests from discontinued operations | (2,838 | ) (129 | ) (105 | ) |
|----------------------------------------------------------------------------------------------------------|--------|--------|--------|---|

|                                                    |      |          |          |   |
|----------------------------------------------------|------|----------|----------|---|
| Less income allocated to perpetual preferred units | (776 | ) (7,000 | ) (7,000 | ) |
|----------------------------------------------------|------|----------|----------|---|

|                                                                                 |        |     |   |  |
|---------------------------------------------------------------------------------|--------|-----|---|--|
| Less write off of original issuance costs of redeemed perpetual preferred units | (2,075 | ) — | — |  |
|---------------------------------------------------------------------------------|--------|-----|---|--|

|                                                          |           |          |          |  |
|----------------------------------------------------------|-----------|----------|----------|--|
| Comprehensive income attributable to common shareholders | \$283,011 | \$82,154 | \$30,913 |  |
|----------------------------------------------------------|-----------|----------|----------|--|

See Notes to Consolidated Financial Statements.

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Table of ContentsCAMDEN PROPERTY TRUST  
CONSOLIDATED STATEMENTS OF EQUITY AND PERPETUAL PREFERRED UNITS

| (in thousands,<br>except per share<br>amounts)                                      | Common<br>shares<br>of<br>beneficial<br>interest | Common Shareholders<br>Additional<br>paid-in capital | Distributions<br>in excess of<br>net income | Notes<br>receivable<br>secured by<br>common<br>shares | Treasury<br>shares, at cost | Accumulated<br>other<br>comprehensive<br>loss | Non-control-<br>ling interests | Total<br>equity | Perpetual<br>preferred<br>units |
|-------------------------------------------------------------------------------------|--------------------------------------------------|------------------------------------------------------|---------------------------------------------|-------------------------------------------------------|-----------------------------|-----------------------------------------------|--------------------------------|-----------------|---------------------------------|
| Equity,<br>December 31,<br>2009                                                     | \$ 770                                           | \$ 2,525,656                                         | \$ (492,571)                                | \$ (101)                                              | \$ (462,188)                | \$ (41,155)                                   | \$ 78,602                      | \$ 1,609,013    | \$ 97,925                       |
| Net income                                                                          |                                                  |                                                      | 23,216                                      |                                                       |                             |                                               | 926                            | 24,142          | 7,000                           |
| Other<br>comprehensive<br>income                                                    |                                                  |                                                      |                                             |                                                       |                             | 7,697                                         |                                | 7,697           |                                 |
| Common shares<br>issued (4,868<br>shares)                                           | 49                                               | 231,602                                              |                                             |                                                       |                             |                                               |                                | 231,651         |                                 |
| Net share awards                                                                    | 4                                                | 11,609                                               |                                             |                                                       |                             |                                               |                                | 11,613          |                                 |
| Employee share<br>purchase plan                                                     |                                                  | 232                                                  |                                             |                                                       | 933                         |                                               |                                | 1,165           |                                 |
| Repayment of<br>employee notes<br>receivable, net                                   |                                                  |                                                      |                                             | 101                                                   |                             |                                               |                                | 101             |                                 |
| Common share<br>options exercised<br>(41 shares)                                    |                                                  | 2,997                                                |                                             |                                                       |                             |                                               |                                | 2,997           |                                 |
| Conversions and<br>redemptions of<br>operating<br>partnership units<br>(279 shares) | 3                                                | 3,525                                                |                                             |                                                       |                             |                                               | (3,553)                        | (25)            |                                 |
| Cash<br>distributions<br>declared to<br>perpetual<br>preferred units                |                                                  |                                                      |                                             |                                                       |                             |                                               |                                |                 | (7,000)                         |
| Cash<br>distributions<br>declared to<br>equity holders<br>(\$1.80 per share)        |                                                  |                                                      | (125,962)                                   |                                                       |                             |                                               | (5,046)                        | (131,008)       |                                 |
| Other                                                                               | (2)                                              | 4                                                    |                                             |                                                       |                             |                                               | 25                             | 27              |                                 |
| Equity,<br>December 31,<br>2010                                                     | \$ 824                                           | \$ 2,775,625                                         | \$ (595,317)                                | \$ —                                                  | \$ (461,255)                | \$ (33,458)                                   | \$ 70,954                      | \$ 1,757,373    | \$ 97,925                       |
| Net income                                                                          |                                                  |                                                      | 49,379                                      |                                                       |                             | 32,775                                        | 3,582                          | 52,961          | 7,000                           |
|                                                                                     |                                                  |                                                      |                                             |                                                       |                             |                                               |                                | 32,775          |                                 |

|                                                                        |        |              |              |       |              |          |           |              |           |  |
|------------------------------------------------------------------------|--------|--------------|--------------|-------|--------------|----------|-----------|--------------|-----------|--|
| Other comprehensive income                                             |        |              |              |       |              |          |           |              |           |  |
| Common shares issued (1,751 shares)                                    | 18     | 106,553      |              |       |              |          |           | 106,571      |           |  |
| Net share awards                                                       | 3      | 12,592       |              | 812   |              |          |           | 13,407       |           |  |
| Employee share purchase plan                                           |        | 446          |              | 1,334 |              |          |           | 1,780        |           |  |
| Common share options exercised (68 shares)                             |        | 5,216        |              | 7,106 |              |          |           | 12,322       |           |  |
| Conversions and redemptions of operating partnership units (66 shares) | 1      | 591          |              |       |              | (592)    |           |              |           |  |
| Cash distributions declared to perpetual preferred units               |        |              |              |       |              |          |           |              | (7,000)   |  |
| Cash distributions declared to equity holders (\$1.96 per share)       |        |              | (144,528)    |       |              | (4,893)  |           | (149,421)    |           |  |
| Other Equity,                                                          | (1)    | 1            |              |       |              |          |           |              |           |  |
| December 31, 2011                                                      | \$ 845 | \$ 2,901,024 | \$ (690,466) | \$ —  | \$ (452,003) | \$ (683) | \$ 69,051 | \$ 1,827,768 | \$ 97,925 |  |
| See Notes to Consolidated Financial Statements.                        |        |              |              |       |              |          |           |              |           |  |

Table of ContentsCAMDEN PROPERTY TRUST  
CONSOLIDATED STATEMENTS OF EQUITY AND PERPETUAL PREFERRED UNITS (Continued)

| (in thousands, except<br>per share amounts)                               | Common Shareholders                              |                               |                                             | Treasury<br>shares, at cost | Accumulated<br>other<br>comprehensive<br>loss | Non-controlling<br>interests | Total<br>equity | Perpetual<br>preferred units |
|---------------------------------------------------------------------------|--------------------------------------------------|-------------------------------|---------------------------------------------|-----------------------------|-----------------------------------------------|------------------------------|-----------------|------------------------------|
|                                                                           | Common<br>shares<br>of<br>beneficial<br>interest | Additional<br>paid-in capital | Distributions<br>in excess of<br>net income |                             |                                               |                              |                 |                              |
| Equity,<br>December 31, 2011                                              | \$845                                            | \$2,901,024                   | \$(690,466)                                 | \$(452,003)                 | \$(683)                                       | \$69,051                     | \$1,827,768     | \$97,925                     |
| Net income                                                                |                                                  |                               | 283,390                                     |                             |                                               | 7,659                        | 291,049         | 2,851                        |
| Other comprehensive<br>income                                             |                                                  |                               |                                             |                             | (379)                                         |                              | (379)           |                              |
| Common shares<br>issued (11,192<br>shares)                                | 112                                              | 693,243                       |                                             |                             |                                               |                              | 693,355         |                              |
| Net share awards                                                          |                                                  | 1,008                         |                                             | 14,138                      |                                               |                              | 15,146          |                              |
| Employee share<br>purchase plan                                           |                                                  | 617                           |                                             | 717                         |                                               |                              | 1,334           |                              |
| Common share<br>options exercised                                         |                                                  | 2,173                         |                                             | 11,793                      |                                               |                              | 13,966          |                              |
| Conversions of<br>operating partnership 6<br>units (558 shares)           |                                                  | 8,988                         |                                             |                             |                                               | (9,143)                      | (149)           |                              |
| Cash distributions<br>declared to perpetual<br>preferred units            |                                                  |                               |                                             |                             |                                               |                              |                 | (776)                        |
| Cash distributions<br>declared to equity<br>holders (\$2.24 per<br>share) |                                                  |                               | (191,875)                                   |                             |                                               | (7,025)                      | (198,900)       |                              |
| Redemption of<br>perpetual preferred<br>units                             |                                                  |                               |                                             |                             |                                               |                              |                 | (100,000)                    |
| Purchase of<br>non-controlling<br>interests                               |                                                  | (19,549)                      |                                             |                             |                                               | 3,067                        | (16,482)        |                              |
| Other                                                                     | (1)                                              | 1                             |                                             |                             |                                               |                              |                 |                              |
| Equity,<br>December 31, 2012                                              | \$962                                            | \$3,587,505                   | \$(598,951)                                 | \$(425,355)                 | \$(1,062)                                     | \$63,609                     | \$2,626,708     | \$—                          |

See Notes to Consolidated Financial Statements.

Table of ContentsCAMDEN PROPERTY TRUST  
CONSOLIDATED STATEMENTS OF CASH FLOWS

| (in thousands)                                                                               | Year Ended December 31, |              |               |
|----------------------------------------------------------------------------------------------|-------------------------|--------------|---------------|
|                                                                                              | 2012                    | 2011         | 2010          |
| Cash flows from operating activities                                                         |                         |              |               |
| Net income                                                                                   | \$293,900               | \$59,961     | \$31,142      |
| Adjustments to reconcile net income to net cash from operating activities:                   |                         |              |               |
| Depreciation and amortization, including discontinued operations                             | 209,872                 | 181,791      | 174,465       |
| Gain on acquisition of controlling interest in joint ventures                                | (57,418)                | ) —          | —             |
| Gain on sale of discontinued operations, net of tax                                          | (115,068)               | ) (24,621    | ) (9,614 )    |
| Gain on sale of properties, including land                                                   | —                       | (4,748       | ) (236 )      |
| Gain on sale of unconsolidated joint venture interests                                       | —                       | (1,136       | ) —           |
| Gain on sale of available-for-sale investment                                                | —                       | (4,301       | ) —           |
| Loss on discontinuation of hedging relationship                                              | —                       | 29,791       | —             |
| Impairment provision on technology investment                                                | —                       | —            | 1,000         |
| Distributions of income from joint ventures                                                  | 6,321                   | 5,329        | 6,524         |
| Equity in (income) loss of joint ventures                                                    | (20,175                 | ) (5,679     | ) 839         |
| Share-based compensation                                                                     | 13,086                  | 12,039       | 11,306        |
| Amortization of deferred financing costs                                                     | 3,608                   | 5,877        | 4,102         |
| Net change in operating accounts                                                             | (9,859                  | ) (9,469     | ) 4,508       |
| Net cash from operating activities                                                           | \$324,267               | \$244,834    | \$224,036     |
| Cash flows from investing activities                                                         |                         |              |               |
| Development and capital improvements                                                         | \$(290,728              | ) \$(227,755 | ) \$(63,739 ) |
| Acquisition of operating properties, including joint venture interests, net of cash acquired | (465,400                | ) —          | —             |
| Proceeds from sales of properties, including land and discontinued operations                | 226,869                 | 57,312       | 102,819       |
| Proceeds from sale of joint venture interests                                                | —                       | 19,310       | —             |
| Proceeds from sale of available-for-sale investment                                          | —                       | 4,510        | —             |
| Decrease in notes receivable – affiliates                                                    | —                       | 3,279        | 637           |
| Investments in joint ventures                                                                | (7,006                  | ) (46,037    | ) (6,467 )    |
| Distributions of investments from joint ventures                                             | 17,417                  | 6,005        | 28            |
| Other                                                                                        | (8,837                  | ) (3,988     | ) 1,872       |
| Net cash from investing activities                                                           | \$(527,685              | ) \$(187,364 | ) \$35,150    |
| See Notes to Consolidated Financial Statements.                                              |                         |              |               |

Table of ContentsCAMDEN PROPERTY TRUST  
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

| (in thousands)                                                                                 | Year Ended December 31, |             |                |
|------------------------------------------------------------------------------------------------|-------------------------|-------------|----------------|
|                                                                                                | 2012                    | 2011        | 2010           |
| Cash flows from financing activities                                                           |                         |             |                |
| Borrowings on unsecured line of credit                                                         | \$ 603,000              | \$ 8,000    | \$ 37,000      |
| Repayments on unsecured line of credit                                                         | (603,000)               | ) (8,000    | ) (37,000 )    |
| Repayment of notes payable                                                                     | (567,575)               | ) (627,623  | ) (306,692 )   |
| Proceeds from notes payable                                                                    | 346,308                 | 495,705     | 57,748         |
| Proceeds from issuance of common shares                                                        | 693,355                 | 106,571     | 231,651        |
| Redemption of perpetual preferred units                                                        | (100,000)               | ) —         | —              |
| Distributions to common shareholders, perpetual preferred units, and non-controlling interests | (189,018)               | ) (152,242  | ) (135,626 )   |
| Purchase of non-controlling interests                                                          | (16,482)                | ) —         | —              |
| Payment of deferred financing costs                                                            | (3,737)                 | ) (9,288    | ) (6,564 )     |
| Common share options exercised                                                                 | 13,038                  | 11,397      | 1,435          |
| Net (increase) decrease in accounts receivable – affiliates                                    | (2,586)                 | ) 860       | 4,217          |
| Other                                                                                          | 1,625                   | 1,734       | 1,064          |
| Net cash from financing activities                                                             | \$ 174,928              | \$ (172,886 | ) \$(152,767 ) |
| Net increase (decrease) in cash and cash equivalents                                           | (28,490)                | ) (115,416  | ) 106,419      |
| Cash and cash equivalents, beginning of year                                                   | 55,159                  | 170,575     | 64,156         |
| Cash and cash equivalents, end of year                                                         | \$ 26,669               | \$ 55,159   | \$ 170,575     |
| Supplemental information                                                                       |                         |             |                |
| Cash paid for interest, net of interest capitalized                                            | \$ 106,405              | \$ 114,615  | \$ 128,742     |
| Cash paid for income taxes                                                                     | 1,561                   | 2,664       | 1,169          |
| Supplemental schedule of non-cash investing and financing activities                           |                         |             |                |
| Distributions declared but not paid                                                            | \$ 49,969               | \$ 39,364   | \$ 35,295      |
| Value of shares issued under benefit plans, net of cancellations                               | 20,933                  | 18,629      | 14,401         |
| Conversion of operating partnership units to common shares                                     | 9,143                   | 592         | 3,536          |
| Accrual associated with construction and capital expenditures                                  | 18,993                  | 16,754      | 6,590          |
| Conversion of mezzanine notes to joint venture equity                                          | —                       | —           | 43,279         |
| Change of fair value of available-for-sale investments, net of tax                             | —                       | —           | 3,306          |
| Acquisition of operating properties, including joint venture interests:                        |                         |             |                |
| Real estate assets                                                                             | —                       | —           | 238,885        |
| In-place leases                                                                                | —                       | —           | 4,962          |
| Other assets                                                                                   | —                       | —           | 1,135          |
| Mortgage debt assumed                                                                          | 298,807                 | —           | 188,119        |
| Other liabilities                                                                              | 6,976                   | —           | 3,197          |
| See Notes to Consolidated Financial Statements.                                                |                         |             |                |

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 1. Description of Business

**Business.** Formed on May 25, 1993, Camden Property Trust, a Texas real estate investment trust (“REIT”), is primarily engaged in the ownership, management, development, 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 December 31, 2012, we owned interests in, operated, or were developing 202 multifamily properties comprising 68,620 apartment homes across the United States. Of these 202 properties, nine properties were under development and when completed will consist of a total of 2,845 apartment homes. In addition, we own land parcels we may develop into multifamily apartment communities in the future.

#### 2. Summary of Significant Accounting Policies and Recent Accounting Pronouncements

**Principles of Consolidation.** Our 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 continuously 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) under the remaining consolidation guidance relating to real estate entities. If we are the general partner of a limited partnership, or manager of a limited liability company, we also consider the consolidation guidance relating to the rights of limited partners (non-managing members) to assess whether any rights held by the limited partners overcome the presumption of control by us.

**Allocations of Purchase Price.** Upon acquisition of real estate, we allocate the fair value between 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 allocating these values, we apply methods similar to those used by independent appraisers of income-producing property. Upon the acquisition of a controlling interest of an investment in an unconsolidated joint venture, such joint venture is consolidated and our initial equity investment is remeasured to fair value at the date the controlling interest is acquired; any difference between the carrying value of the previously held equity investment is recognized in earnings at the time of obtaining control. Transaction costs associated with the acquisition of operating real estate assets are expensed. 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 unamortized value of in-place leases and the unamortized value of above or below market leases at December 31, 2012 was approximately \$2.6 million and \$0.7 million, respectively, and are included in other assets and other liabilities in our condensed consolidated balance sheet, respectively. There was no unamortized value of in-place leases or above or below market leases at December 31, 2011. Amortization expense related to the value of in-place leases for the years ended December 31, 2012, 2011 and 2010 was approximately \$13.1 million, \$3.9 million, and \$1.1 million, respectively. We recognized approximately \$1.4 million of revenues related to the value of above or below market leases during the year ended December 31, 2012. There were no revenues related to the value of above or below market leases recognized during the years ended December 31, 2011 and 2010. Estimates of fair value of acquired debt are based upon interest rates available for the issuance of debt with similar terms and remaining maturities.

**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 exists 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 discounted and undiscounted cash flows, trends, strategic decisions regarding future development plans, and other factors in our assessment of whether impairment conditions exist. When impairment exists, the long-lived asset is adjusted to its fair value. While we believe our estimates of future cash flows are reasonable, different assumptions regarding a number of factors, including market rents, economic conditions, and occupancies could significantly affect these estimates. In estimating fair value, management uses appraisals,

management estimates, and discounted cash flow calculations which maximize inputs from a marketplace participant's perspective.

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

The value of our properties under development depends on market conditions, including estimates of the project start date as well as estimates of demand for multifamily communities. We have reviewed market trends and other marketplace information and have incorporated this information as well as our current outlook into the assumptions we use in our impairment analyses. Due to the judgment and assumptions applied in the impairment analyses, it is possible actual results could differ substantially from those estimated.

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We believe the carrying value of our operating real estate assets, properties under development, and land is currently recoverable. However, if market conditions deteriorate or if changes in our development strategy significantly affect any key assumptions used in our fair value estimates, we may need to take material charges in future periods for impairments related to existing assets. Any such material non-cash charges could have an adverse effect on our consolidated financial position and results of operations.

**Cash and Cash Equivalents.** All cash and investments in money market accounts and other highly liquid securities with a maturity of three months or less at the date of purchase are considered to be cash and cash equivalents. We maintain the majority of our cash and cash equivalents at major financial institutions in the United States and deposits with these financial institutions may exceed the amount of insurance provided on such deposits; however, we regularly monitor the financial stability of these financial institutions and believe we are not currently exposed to any significant default risk with respect to these deposits.

**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. 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 activities necessary to get the underlying real estate asset ready 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. Upon substantial completion of the apartment homes, the total capitalized development cost for the apartment homes and the associated land is transferred to buildings and improvements and land, respectively.

As discussed above, carrying charges are principally interest and real estate taxes capitalized as part of properties under development. Capitalized interest was approximately \$12.5 million, \$8.8 million, and \$5.7 million for the years ended December 31, 2012, 2011, and 2010, respectively. Capitalized real estate taxes were approximately \$2.8 million, \$1.4 million, and \$0.8 million for the years ended December 31, 2012, 2011, and 2010, respectively.

Where possible, we stage our construction to allow leasing and occupancy during the construction period, which we believe minimizes the duration of the lease-up period following completion of construction. Our accounting policy related to properties in the development and leasing phase is to expense all operating expenses associated with completed apartment homes. We capitalize renovation and improvement costs we believe extend the economic lives of depreciable property. Capital expenditures subsequent to initial construction are capitalized and depreciated over their estimated useful lives.

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

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

**Discontinued Operations.** A property is classified as a discontinued operation when (i) the operations and cash flows of the property can be clearly distinguished and have been or will be eliminated from our ongoing operations; (ii) the property has either been disposed of or is classified as held for sale; and (iii) we will not have any significant continuing involvement in the operations of the property after the disposal transactions. Significant judgments are involved in determining whether a property meets the criteria for discontinued operations reporting and the period in which these criteria are met. A property is classified as held for sale when (i) management commits to a plan to sell and it is actively marketed; (ii) it is available for immediate sale in its present condition and the sale is expected to be completed within one year; and (iii) it is unlikely significant changes to the plan will be made or the plan will be withdrawn.

The results of operations for properties sold during the period or classified as held for sale at the end of the current period are classified as discontinued operations in the current and prior periods. The property-specific components of earnings classified as discontinued operations include separately identifiable property-specific revenues, expenses, depreciation, and interest expense, if any. The gain or loss resulting from the eventual disposal of the held for sale properties is also classified within discontinued operations. Real estate assets held for sale are measured at the lower of carrying amount or fair value less costs to sell and are presented separately in the accompanying consolidated balance sheets. Subsequent to classification of a property as held for sale, no further depreciation is recorded. Properties sold by our unconsolidated entities are not included in discontinued operations and related gains or losses are reported as a component of equity in income (loss) of joint ventures.

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Gains on sale of real estate are recognized using the full accrual or partial sale methods, as applicable, in accordance with accounting principles generally accepted in the United States of America ("GAAP"), provided various criteria relating to the terms of sale and any subsequent involvement with the real estate sold are satisfied.

**Fair Value.** For financial assets and liabilities recorded at fair value on a recurring basis, fair value is the price we would receive to sell an asset, or pay to transfer a liability, in an orderly transaction with a market participant at the measurement date. 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 Disclosures.** 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 consolidated balance sheets.

**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.

**Financial Instrument Fair Value Disclosures.** In calculating the fair value of our notes payable, interest rate and spread assumptions used in our calculations reflect our 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.

**Non-recurring Fair Value Disclosures.** 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 when they are impaired. The fair value methodologies used to measure long-lived assets are described above at "Asset Impairment." The inputs

associated with the valuation of long-lived assets are generally included in Level 3 of the fair value hierarchy.

**Income Recognition.** Our rental and other property revenue is recorded when due from residents and is recognized monthly as it is earned. Other property revenue consists primarily of utility rebillings and administrative, application, and other transactional fees charged to our residents. Our apartment homes are rented to residents on lease terms generally ranging from six to fifteen months, with monthly payments due in advance. All other sources of income, including interest and fee and asset management

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income, are recognized as earned. Nine of our properties are subject to rent control. Operations of multifamily properties acquired are recorded from the date of acquisition in accordance with the acquisition method of accounting. In management's opinion, due to the number of residents, the types and diversity of submarkets in which our properties operate, and the collection terms, there is no significant concentration of credit risk.

**Insurance.** Our primary lines of insurance coverage are property, general liability, and health and workers' compensation. We believe our insurance coverage adequately insures our properties against the risk of loss attributable to fire, earthquake, hurricane, tornado, flood, and other perils and adequately insures us against other risks. Losses are accrued based upon our estimates of the aggregate liability for claims incurred using certain actuarial assumptions followed in the insurance industry and based on our experience.

**Other Assets, Net.** Other assets in our consolidated financial statements include investments under deferred compensation plans, deferred financing costs, non-real estate leasehold improvements and equipment, prepaid expenses, the value of in-place leases net of related accumulated amortization, available-for-sale investments, and other miscellaneous receivables. Investments under deferred compensation plans are classified as trading securities and are adjusted to fair market value at period end. See further discussion of our investments under deferred compensation plans in Note 11, "Share-based Compensation and Benefit Plans." Deferred financing costs are amortized no longer than the terms of the related debt on the straight-line method, which approximates the effective interest method. Corporate leasehold improvements and equipment are depreciated using the straight-line method over the shorter of the expected useful lives or the lease terms which range from three to ten years. Our available-for-sale investments are carried at fair value with unrealized gains and losses included in accumulated other comprehensive income (loss), a separate component of shareholders' equity.

**Reportable Segments.** Our multifamily communities are geographically diversified throughout the United States, and management evaluates operating performance on an individual property level. As each of our apartment communities has similar economic characteristics, residents, and products and services, our apartment communities have been aggregated into one reportable segment. Our multifamily communities generate rental revenue and other income through the leasing of apartment homes, which comprised approximately 98%, 98%, and 97% of our total property revenues and total non-property income, excluding income on deferred compensation plans, for the years ended December 31, 2012, 2011, and 2010, respectively.

**Restricted Cash.** Restricted cash consists of escrow deposits held by lenders for property taxes, insurance and replacement reserves, cash required to be segregated for the repayment of residents' security deposits, and escrowed amounts related to our development and acquisition activities. Substantially all restricted cash is invested in demand and short-term instruments.

**Share-based Compensation.** Compensation expense associated with share-based awards is recognized in our consolidated statements of income and comprehensive income using the grant-date fair values. Compensation cost for all share-based awards, including options, requires measurement at estimated fair value on the grant date and recognition of compensation expense over the requisite service period for awards expected to vest. The fair value of stock option grants is estimated using the Black-Scholes valuation model. Valuation models require the input of assumptions, including judgments to estimate the expected stock price volatility, expected life, and forfeiture rate. The compensation cost for share-based awards is based on the market value of the shares on the date of grant.

**Use of Estimates.** In the application of GAAP, management is required to make estimates and assumptions which affect the reported amounts of assets and liabilities at the date of the financial statements, results of operations during the reporting periods, and related disclosures. Our more significant estimates include estimates supporting our impairment analysis related to the carrying values of our real estate assets, and estimates related to the valuation of our investments in joint ventures. These estimates are based on historical experience and other assumptions believed to be reasonable under the circumstances. Future events rarely develop exactly as forecasted, and the best estimates routinely require adjustment.

### 3. Share Data

Basic earnings per share are computed using net income attributable to common shareholders and the weighted average number of common shares outstanding. Diluted earnings per share reflect 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 was approximately 2.3 million, 4.0 million, and 5.1 million for the years ended December 31, 2012, 2011, and 2010, 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 calculation as they are anti-dilutive.

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

| (in thousands, except per share amounts)                                                                                          | Year Ended December 31, |          |           |
|-----------------------------------------------------------------------------------------------------------------------------------|-------------------------|----------|-----------|
|                                                                                                                                   | 2012                    | 2011     | 2010      |
| Earnings per share calculation – basic                                                                                            |                         |          |           |
| Income (loss) from continuing operations attributable to common shareholders                                                      | \$161,665               | \$13,172 | \$(295 )  |
| Amount allocated to participating securities                                                                                      | (2,784 )                | (551 )   | (265 )    |
| Income (loss) from continuing operations attributable to common shareholders, net of amount allocated to participating securities | 158,881                 | 12,621   | (560 )    |
| Income from discontinued operations, including gain on sale, attributable to common shareholders                                  | 121,725                 | 36,207   | 23,511    |
| Net income attributable to common shareholders, as adjusted                                                                       | \$280,606               | \$48,828 | \$22,951  |
| Income (loss) from continuing operations attributable to common shareholders, as adjusted – per share                             | \$1.90                  | \$0.17   | \$(0.01 ) |
| Income from discontinued operations, including gain on sale, attributable to common shareholders – per share                      | 1.45                    | 0.50     | 0.34      |
| Net income attributable to common shareholders, as adjusted – per share                                                           | \$3.35                  | \$0.67   | \$0.33    |
| Weighted average number of common shares outstanding – basic                                                                      | 83,772                  | 72,756   | 68,608    |
| Earnings per share calculation – diluted                                                                                          |                         |          |           |
| Income (loss) from continuing operations attributable to common shareholders, net of amount allocated to participating securities | \$158,881               | \$12,621 | \$(560 )  |
| Income allocated to common units from continuing operations                                                                       | 1,984                   | —        | —         |
| Income (loss) from continuing operations attributable to common shareholders, as adjusted                                         | 160,865                 | 12,621   | (560 )    |
| Income from discontinued operations, including gain on sale, attributable to common shareholders                                  | 121,725                 | 36,207   | 23,511    |
| Net income attributable to common shareholders, as adjusted                                                                       | \$282,590               | \$48,828 | \$22,951  |
| Income (loss) from continuing operations attributable to common shareholders, as adjusted – per share                             | \$1.88                  | \$0.17   | \$(0.01 ) |
| Income from discontinued operations, including gain on sale, attributable to common shareholders – per share                      | 1.42                    | 0.49     | 0.34      |
| Net income attributable to common shareholders, as adjusted – per share                                                           | \$3.30                  | \$0.66   | \$0.33    |
| Weighted average number of common shares outstanding – basic                                                                      | 83,772                  | 72,756   | 68,608    |
| Incremental shares issuable from assumed conversion of:                                                                           |                         |          |           |
| Common share options and share awards granted                                                                                     | 647                     | 706      | —         |
| Common units                                                                                                                      | 1,137                   | —        | —         |
| Weighted average number of common shares outstanding – diluted                                                                    | 85,556                  | 73,462   | 68,608    |

#### 4. Common Shares

In March 2010, we announced the creation of an at-the-market (“ATM”) share offering program through which we could, but had no obligation to, sell common shares having an aggregate offering price of up to \$250 million (the “2010 ATM program”), in amounts and at times as we determined, into the existing trading market at current market prices as well as through negotiated transactions. The 2010 ATM program terminated in the second quarter of 2011, and no further common shares are available for sale under the 2010 ATM program.

In May 2011, we created an ATM share offering program through which we could, but had no obligation to, sell common shares having an aggregate offering price of up to \$300 million (the “2011 ATM program”), in amounts and at

times as we determined, into the existing trading market at current market prices as well as through negotiated transactions. The net proceeds resulting from the 2011 ATM program were used to redeem all of our outstanding redeemable perpetual preferred units as further discussed in Note 5, "Operating Partnerships," and for other general corporate purposes, which included funding for development activities, financing of acquisitions, repayment of notes payable and borrowings under our \$500 million unsecured line of credit. The 2011 ATM program terminated in the second quarter of 2012, and no further common shares are available for sale under the 2011 ATM program.

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The following table presents activity under our 2010 and 2011 ATM programs for the periods presented (in thousands, except per share amounts):

|                         | Year Ended December 31, |             |             |
|-------------------------|-------------------------|-------------|-------------|
|                         | 2012                    | 2011        | 2010        |
| Total net consideration | \$128,128.0             | \$106,570.6 | \$231,650.5 |
| Common shares sold      | 1,971.4                 | 1,751.0     | 4,867.7     |
| Average price per share | \$66.01                 | \$61.95     | \$48.37     |

In May 2012, 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 \$300 million (the "2012 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. We intend to use the net proceeds from the 2012 ATM program for general corporate purposes, which may include funding for development activities, financing of acquisitions, the redemption or other repurchase of outstanding debt or equity securities, reducing future borrowings under our \$500 million unsecured line of credit, and the repayment of other indebtedness.

The following table presents activity under our 2012 ATM program for the period presented (in thousands, except per share amounts):

|                         | Year Ended<br>December 31,<br>2012 |
|-------------------------|------------------------------------|
| Total net consideration | \$173,607.5                        |
| Common shares sold      | 2,607.9                            |
| Average price per share | \$67.63                            |

As of the date of this filing, we had common shares having an aggregate offering price of up to \$123.6 million remaining available for sale under the 2012 ATM program.

We currently have an automatic shelf registration statement which allows us to offer, from time to time, an unlimited amount of common shares, preferred shares, debt securities, or warrants. In January 2012, we issued 6,612,500 common shares in a public equity offering and received approximately \$391.6 million in net proceeds. We utilized a portion of these proceeds to fund the acquisition of the 80% interest we did not own in twelve real estate joint ventures that owned twelve apartment communities, containing 4,034 apartment homes in Dallas, Houston, Las Vegas, Phoenix and Southern California, becoming sole owner of that portfolio. See Note 7 "Property Acquisitions, Discontinued Operations, Assets Held for Sale and Impairments" for further discussion of this transaction.

On May 11, 2012, the shareholders of the Company approved an amendment to our Amended and Restated Declaration of Trust to increase our total number of authorized shares from 110.0 million to 185.0 million shares of beneficial interest, consisting of 175.0 million common shares and 10.0 million preferred shares. As of December 31, 2012, we had approximately 84.4 million common shares outstanding, net of treasury shares and shares held in our deferred compensation arrangements, and no preferred shares outstanding.

#### 5. Operating Partnerships

At December 31, 2012, approximately 10% of our multifamily apartment homes were held in Camden Operating, L.P ("Camden Operating" or the "operating partnership"). Camden Operating has issued both common and preferred limited partnership units and as of December 31, 2012, we held 92.1% of the common limited partnership units and the sole 1% general partnership interest of the operating partnership. The remaining common limited partnership units, comprising approximately 0.8 million units, are primarily held by former officers, directors, and investors of Paragon Group, Inc., which we acquired in 1997. Each common limited partnership unit is redeemable for one common share of Camden or cash at our election. Holders of common limited partnership units are not entitled to rights as shareholders prior to redemption of their common limited partnership units. No member of our management owns

Camden Operating common limited partnership units, and one of our ten trust managers owns Camden Operating common limited partnership units.

At December 31, 2011, Camden Operating had 4.0 million of 7.0% Series B Cumulative Redeemable Perpetual Preferred Units outstanding. Distributions on the preferred units were payable quarterly in arrears. In February 2012, we redeemed all of these outstanding units at their redemption price of \$25.00 per unit, or an aggregate of \$100.0 million, plus accrued and unpaid

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distributions. In connection with this redemption, the unamortized issuance costs relating to these units of approximately \$2.1 million were expensed in the first quarter of 2012.

As of December 31, 2011, we held the controlling managing member interest in Oasis Martinique, LLC, which owns one property in Orange County, California and is included in our consolidated financial statements. During the first quarter of 2012, the remaining non-managing member interests, comprising approximately 0.3 million units, were converted to approximately 0.2 million of our common shares, resulting in this entity being wholly-owned by us.

At December 31, 2012, approximately 25% of our multifamily apartment homes were held in Camden Summit Partnership, L.P. (the "Camden Summit Partnership"). The Camden Summit Partnership has issued common limited partnership units and as of December 31, 2012, we held 94.3% of the common limited partnership units and the sole 1% general partnership interest of the Camden Summit Partnership. The remaining common limited partnership units, comprising approximately 1.1 million units, are primarily held by former officers, directors, and investors of Summit Properties Inc. ("Summit"), a company we acquired in 2005. Each common limited partnership unit is redeemable for one common share of Camden or cash at our election. Holders of common limited partnership units are not entitled to rights as shareholders prior to redemption of their common limited partnership units. No member of our management owns Camden Summit Partnership common limited partnership units, and two of our ten trust managers own Camden Summit Partnership common limited partnership units.

### 6. 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 REIT taxable income, computed without regard to the dividends paid deduction and our net capital gains. 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, including any applicable alternative minimum tax. 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, margin, franchise, and excise taxes. Taxable income from non-REIT activities managed through taxable REIT subsidiaries is subject to applicable federal, state, and local income and margin taxes. Our operating partnerships are flow-through entities and are not subject to federal income taxes at the entity level.

We have provided for income, franchise, and margin taxes in the consolidated statements of income and comprehensive income for the years ended December 31, 2012, 2011 and 2010. Income taxes for the year ended December 31, 2011 also included approximately \$1.0 million associated with the gain recognized on the sale of an available-for-sale investment. Other income tax expense is related to margin and state income taxes, and federal income tax on certain of our taxable REIT subsidiaries. We have no significant temporary differences or tax credits associated with our taxable REIT subsidiaries.

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The following table reconciles net income to REIT taxable income for the years ended December 31:

| (in thousands)                                                                                           | Year Ended December 31, |             |             |
|----------------------------------------------------------------------------------------------------------|-------------------------|-------------|-------------|
|                                                                                                          | 2012                    | 2011        | 2010        |
| Net income                                                                                               | \$293,900               | \$59,961    | \$31,142    |
| Less income attributable to non-controlling interests from continuing operations                         | (4,821 )                | (3,453 )    | (821 )      |
| Less income, including gain on sale, allocated to non-controlling interests from discontinued operations | (2,838 )                | (129 )      | (105 )      |
| Less income allocated to perpetual preferred units                                                       | (776 )                  | (7,000 )    | (7,000 )    |
| Less write off of original issuance costs of redeemed perpetual preferred units                          | (2,075 )                | —           | —           |
| Net income attributable to common shareholders                                                           | 283,390                 | 49,379      | 23,216      |
| Loss from taxable REIT subsidiaries included above                                                       | 3,323                   | 539         | 2,056       |
| Net income from REIT operations                                                                          | 286,713                 | 49,918      | 25,272      |
| Book depreciation and amortization, including discontinued operations                                    | 213,479                 | 188,042     | 179,662     |
| Tax depreciation and amortization                                                                        | (171,060 )              | (155,636 )  | (158,134 )  |
| Book/tax difference on gains/losses from capital transactions                                            | (63,832 )               | (4,315 )    | 37,798      |
| Other book/tax differences, net                                                                          | (40,961 )               | 8,205       | (10,565 )   |
| REIT taxable income                                                                                      | 224,339                 | 86,214      | 74,033      |
| Dividends paid deduction                                                                                 | (224,339 )              | (143,657 )  | (124,999 )  |
| Dividends paid in excess of taxable income                                                               | \$—                     | \$(57,443 ) | \$(50,966 ) |

(1) The dividends paid deduction includes designated dividends from 2013 of \$33.3 million.

A schedule of per share distributions we paid and reported to our shareholders is set forth in the following table:

|                                                               | Year Ended December 31, |        |        |
|---------------------------------------------------------------|-------------------------|--------|--------|
|                                                               | 2012                    | 2011   | 2010   |
| Common Share Distributions                                    |                         |        |        |
| Ordinary income                                               | \$0.96                  | \$1.08 | \$0.89 |
| Long-term capital gain                                        | 0.64                    | 0.13   | 0.20   |
| Unrecaptured Sec. 1250 gain                                   | 0.64                    | 0.23   | 0.48   |
| Return of capital                                             | —                       | 0.52   | 0.23   |
| Total                                                         | \$2.24                  | \$1.96 | \$1.80 |
| Percentage of distributions representing tax preference items | 5.72 %                  | 2.83 % | 3.91 % |

We have taxable REIT subsidiaries which are subject to federal and state income taxes. At December 31, 2012, our taxable REIT subsidiaries had net operating loss carryforwards (“NOL’s”) of approximately \$30.2 million which expire in years 2019 to 2032. Because NOL’s are subject to certain change of ownership, continuity of business, and separate return year limitations, and because it is unlikely the available NOL’s will be utilized or because we consider any amounts possibly utilized to be immaterial, no benefits related to these NOL’s have been recognized in our consolidated financial statements.

The carrying value of net assets reported in our consolidated financial statements at December 31, 2012 exceeded the tax basis by approximately \$953.7 million.

Income Tax Expense – Current. For the tax years ended December 31, 2012, 2011, and 2010, we had current income tax expense of approximately \$1.2 million, \$2.2 million, and \$1.6 million, respectively. Income tax for the year ended December 31, 2012 was comprised mainly of margin and state income taxes, and federal income tax related to one of our taxable REIT subsidiaries. Income tax expense for the year ended December 31, 2011 included approximately \$1.0 million associated with the gain recognized by one of our taxable REIT subsidiaries on the sale of an available-for-sale investment during 2011, and also is comprised of margin and state income taxes, and federal income

tax related to another one of our taxable REIT subsidiaries. The 2010 income

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tax expense was comprised mainly of margin and state income taxes, and federal income tax related to one of our taxable REIT subsidiaries.

Income Tax Expense – Deferred. For the years ended December 31, 2012, 2011, and 2010, our deferred tax expense was not significant.

The Company and its subsidiaries' income tax returns are subject to examination by federal, state and local tax jurisdictions for years 2009 through 2011. Net income tax loss carry forwards and other tax attributes generated in years prior to 2009 are also subject to challenge in any examination of those tax years. The Company and its subsidiaries are not under any notice of audit from any taxing authority at year end 2012. We believe we have no uncertain tax positions or unrecognized tax benefits requiring disclosure for the periods presented.

#### 7. Property Acquisitions, Discontinued Operations, Assets Held for Sale, and Impairments

Acquisitions. During 2012, we acquired approximately 22.6 acres of land located in Dallas, Texas, Austin, Texas, Plantation, Florida, and Charlotte, North Carolina for approximately \$33.6 million. During 2012, we acquired seven operating properties comprised of 2,114 units located in Dallas, Texas, Atlanta, Georgia, Ontario, California, Scottsdale Arizona, and Denver, Colorado for approximately \$356.0 million.

In December 2012, we acquired the remaining 50% ownership interest in an unconsolidated joint venture, Camden Denver West, which owned one apartment community, containing 320 apartment homes located in Denver, Colorado, for approximately \$15.9 million and assumed a secured note payable of approximately \$26.2 million. As a result of acquiring a controlling interest in the former unconsolidated joint venture, our previously held equity interest was remeasured at fair value, resulting in a gain of approximately \$17.2 million. The equity was remeasured utilizing the consideration paid for the acquired 50% ownership interest.

As of December 31, 2011, we held a 20% ownership interest in twelve unconsolidated joint ventures which owned twelve apartment communities, containing 4,034 apartment homes located in Dallas, Houston, Las Vegas, Phoenix, and Southern California. In January 2012, we acquired the remaining 80% ownership interests in these joint ventures for approximately \$99.5 million and assumed approximately \$272.6 million in mortgage debt associated with these joint ventures, which was subsequently repaid in January 2012. As a result of acquiring a controlling interest in the former unconsolidated joint ventures, our previously held equity interest was remeasured at fair value, resulting in a gain of approximately \$40.2 million. The equity was remeasured utilizing the consideration paid for the acquired 80% ownership interest.

The following table summarizes the fair values of the assets acquired and liabilities assumed for the acquisitions of the thirteen joint ventures and seven operating properties described above as of the respective acquisition/consolidation dates (in millions):

#### Assets acquired:

|                             |          |
|-----------------------------|----------|
| Buildings and improvements  | \$ 622.9 |
| Land                        | 174.6    |
| Cash                        | 3.9      |
| Restricted cash             | 0.7      |
| Intangible and other assets | 16.0     |
| Total assets acquired       | \$ 818.1 |

#### Liabilities assumed:

|                           |          |
|---------------------------|----------|
| Mortgage debt (1)         | \$ 298.8 |
| Other liabilities         | 8.2      |
| Total liabilities assumed | \$ 307.0 |
| Net assets acquired       | \$ 511.1 |

(1) Mortgage debt assumed in the amount of \$272.6 million was subsequently repaid in January 2012 at face value.

The related assets, liabilities, and results of operations for these acquisitions are included in the consolidated financial statements from the respective dates of acquisition. There was no contingent consideration associated with these acquisitions.

The thirteen former joint ventures and the seven operating properties acquired as discussed above contributed revenues of approximately \$52.8 million and property expenses of approximately \$21.0 million, from their respective acquisition dates through December 31, 2012.

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The following unaudited pro forma summary presents consolidated information assuming the acquisitions of the thirteen former joint ventures and seven operating properties described above had occurred on January 1, 2011. The information below for the year ended December 31, 2012 contains pro forma results for the respective portions of the periods prior to the respective acquisition dates and actual results from the respective dates of acquisition through the end of the periods.

| (in thousands)    | Pro Forma Year Ended<br>December 31, |           |
|-------------------|--------------------------------------|-----------|
|                   | 2012                                 | 2011      |
|                   | (unaudited)                          |           |
| Property revenues | \$757,155                            | \$696,630 |
| Property expenses | 280,232                              | 270,639   |
|                   | \$476,923                            | \$425,991 |

During the year ended December 31, 2012, we purchased the remaining non-controlling ownership interest in three fully consolidated joint ventures, comprised of 680 units located in Houston, Texas and Charlotte, North Carolina, for approximately \$16.5 million. The acquisitions of the remaining ownership interest were recorded as equity transactions and, as a result, the carrying balances of the non-controlling interest were eliminated and the remaining difference between the purchase price and carrying balance was recorded as a reduction in additional-paid-in-capital. See Note 16, "Non-controlling interests" for the effect of changes in ownership interests of these joint ventures on the equity attributable to common shareholders.

**Discontinued Operations and Assets Held for Sale.** For the years ended December 31, 2012, 2011 and 2010, income from discontinued operations included the results of operations of eleven operating properties, Camden Vista Valley, Camden Landings, Camden Creek, Camden Laurel Ridge, Camden Steeplechase, Camden Sweetwater, Camden Valleybrook, Camden Park Commons, Camden Forest, Camden Baytown, and Camden Westview, containing 3,213 apartment homes, sold during 2012. For the years ended December 31, 2011 and 2010, income from discontinued operations also included the results of operations of two operating properties, Camden Valley Creek and Camden Valley Ridge, containing 788 apartment homes, sold in December 2011. For the year ended December 31, 2010, income from discontinued operations also included the results of operations of two operating properties, Camden Oasis and Camden Westwind, sold during 2010 through their sale dates.

For the years ended December 31, 2012, 2011 and 2010, income from discontinued operations also included the results of operations of one operating property, Camden Live Oaks, containing 770 apartment homes, classified as held for sale at December 31, 2012. This property was sold in January 2013.

The following is a summary of income from discontinued operations for the years presented below:

| (in thousands)                      | Year Ended December 31, |          |          |
|-------------------------------------|-------------------------|----------|----------|
|                                     | 2012                    | 2011     | 2010     |
| Property revenues                   | \$30,608                | \$44,000 | \$53,106 |
| Property expenses                   | 14,318                  | 21,247   | 25,304   |
|                                     | 16,290                  | 22,753   | 27,802   |
| Depreciation and amortization       | 6,795                   | 11,038   | 13,800   |
| Income from discontinued operations | \$9,495                 | \$11,715 | \$14,002 |

|                                                     |           |          |         |
|-----------------------------------------------------|-----------|----------|---------|
| Gain on sale of discontinued operations, net of tax | \$115,068 | \$24,621 | \$9,614 |
|-----------------------------------------------------|-----------|----------|---------|

Impairment. During the fourth quarter of 2010, we wrote-off a \$1.0 million investment associated with a technology investment which we determined was no longer recoverable. We did not record any impairment charges for the years ended December 31, 2012 or 2011.

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## 8. Investments in Joint Ventures

As of December 31, 2012, our equity investments in unconsolidated joint ventures, which we account for utilizing the equity method of accounting, consisted of four joint ventures, with our ownership percentages ranging from 15% to 20%. We currently provide property management services to each of these joint ventures which own operating properties, and we may provide construction and development services to the joint ventures which own properties under development. The following table summarizes aggregate balance sheet and statement of income data for the unconsolidated joint ventures as of and for the periods presented (in millions):

|                                                  |         | 2012 (1) | 2011      |
|--------------------------------------------------|---------|----------|-----------|
| Total assets                                     |         | \$917.8  | \$1,394.9 |
| Total third party debt                           |         | 712.7    | 1,093.9   |
| Total equity                                     |         | 165.2    | 261.6     |
|                                                  |         |          |           |
|                                                  | 2012    | 2011     | 2010      |
| Total revenues (2)                               | \$131.9 | \$126.6  | \$102.9   |
| Gain on sale of operating properties, net of tax | 49.7    | 17.4     | —         |
| Net income (loss)                                | 50.5    | (3.2     | ) (19.1   |
| Equity in income (loss) (3)                      | 20.2    | 5.7      | (0.8      |

In January 2012, as a result of our purchase of the remaining 80% ownership interest in previously unconsolidated joint ventures, we consolidated twelve joint ventures previously accounted for in accordance with the equity method. In December 2012, as a result of our purchase of the remaining 50% ownership interest in a previously unconsolidated joint venture, we consolidated one joint venture previously accounted for in accordance with the equity method. Refer to Note 7, "Property Acquisitions, Discontinued Operations, and Assets Held for Sale," for further discussion of these acquisitions.

Excludes approximately \$23.3 million, \$37.7 million, and \$34.8 million of revenues for the years ended December 31, 2012, 2011, and 2010, respectively, related to discontinued operations within one of our unconsolidated joint ventures resulting from the sale of four operating properties in the fourth quarter of 2011 and the sale of five operating properties by this joint venture in the fourth quarter of 2012. Discontinued operations also relates to the sale of two operating properties in another unconsolidated joint venture during the third and fourth quarters of 2012.

Equity in income (loss) excludes our ownership interest of fee income from various property management services and interest income from mezzanine loans with our joint ventures.

The joint ventures in which we have a partial interest have been funded in part with secured third party debt. As of December 31, 2012, we had no outstanding guarantees related to loans of our unconsolidated joint ventures.

We may earn fees for property management, construction, development, and other services related to joint ventures in which we own an interest. Fees earned for these services, amounted to approximately \$11.4 million, \$9.3 million, and \$6.2 million for the years ended December 31, 2012, 2011, and 2010, respectively. We eliminate fee income for services provided to these joint ventures to the extent of our ownership.

In January 2012, one of our discretionary investment funds acquired a multifamily property, Camden Asbury Village, consisting of 350 units located in Raleigh, North Carolina. In March 2012, this fund acquired approximately 15.0 acres of land located in Orange County, Florida. In September 2012, this fund acquired approximately 3.7 acres of land located in Charlotte, North Carolina. The fund intends to utilize these land holdings for development of multifamily apartment communities.

In August 2012, one of our funds sold one operating property, Camden South Congress, consisting of 253 units located in Austin, Texas, for approximately \$54.4 million. Our proportionate share of the gain was approximately \$2.9 million, which was reported as a component of equity in income (loss) of joint ventures in the consolidated statements of income and comprehensive income. In November 2012, this same fund sold one operating property, Camden Ivy

Hall, consisting of 110 units located in Atlanta, Georgia, for approximately \$22.8 million. Our proportionate share of the gain was approximately \$1.2 million, which was also reported as a component of equity in income (loss) of joint ventures in the consolidated statements of income and comprehensive income.

In the fourth quarter of 2012, one of our unconsolidated joint ventures sold five operating properties, Camden Passage, Camden Cedar Lakes, Camden Cove West, Camden Cross Creek and Camden Westchase, consisting of 2,043 units located in Kansas City, Missouri and St. Louis, Missouri, for approximately \$155.6 million. Our proportionate share of the gain was

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approximately \$13.3 million, which was reported as a component of equity in income (loss) of joint ventures in the consolidated statements of income and comprehensive income.

## 9. Notes Payable

The following is a summary of our indebtedness:

| (in millions)                                                   | December 31, |           |
|-----------------------------------------------------------------|--------------|-----------|
|                                                                 | 2012         | 2011      |
| Senior unsecured notes                                          |              |           |
| 5.93% Notes, due 2012                                           | \$—          | \$189.6   |
| 5.45% Notes, due 2013                                           | 199.9        | 199.7     |
| 5.08% Notes, due 2015                                           | 249.5        | 249.3     |
| 5.75% Notes, due 2017                                           | 246.3        | 246.2     |
| 4.70% Notes, due 2021                                           | 248.7        | 248.6     |
| 3.07% Notes, due 2022                                           | 346.3        | —         |
| 5.00% Notes, due 2023                                           | 247.5        | 247.3     |
|                                                                 | 1,538.2      | 1,380.7   |
| Secured notes                                                   |              |           |
| 1.02% – 6.00% Conventional Mortgage Notes, due 2013 – 2045      | 934.6        | 1,012.3   |
| 1.37% Tax-exempt Mortgage Note, due 2028                        | 37.7         | 39.1      |
|                                                                 | 972.3        | 1,051.4   |
| Total notes payable                                             | \$2,510.5    | \$2,432.1 |
| Floating rate tax-exempt debt included in secured notes (1.37%) | \$37.7       | \$39.1    |
| Floating rate debt included in secured notes (1.02%)            | 175.0        | 206.4     |
| Value of real estate assets, at cost, subject to secured notes  | 1,584.7      | 1,651.0   |

We have a \$500 million unsecured credit facility which matures in September 2015 with an option to extend at our election to September 2016. Additionally, we have the option to increase this credit facility to \$750 million by either adding additional banks to the credit facility or obtaining the agreement of the existing banks in the credit facility to increase their commitments. The interest rate is based upon LIBOR plus a margin which is subject to change as our credit ratings change. Advances under the line of credit 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 \$250 million or the remaining amount available under the line of credit. The line of credit is subject to customary financial covenants and limitations. We are in compliance with all such financial covenants and limitations.

Our line of credit provides us with the ability to issue up to \$100 million in letters of credit. While our issuance of letters of credit does not increase our borrowings outstanding under our line of credit, it does reduce the amount available. At December 31, 2012, we had no balances outstanding on our \$500 million unsecured line of credit. However, we had outstanding letters of credit totaling approximately \$11.0 million, leaving approximately \$489.0 million available under our unsecured line of credit. As an alternative to our unsecured line of credit, from time to time we may borrow using an unsecured overnight borrowing facility. Our use of short-term borrowings does not decrease the amount available under our unsecured line of credit.

In December 2012, we issued from our existing shelf registration statement \$350 million aggregate principal amount of 2.95% senior unsecured notes due December 2022 (the “2022 Notes”). The 2022 Notes were offered to the public at 98.945% of their face amount with a yield to maturity of 3.07%. We received net proceeds of approximately \$343.7 million, net of underwriting discounts and other offering expenses. Interest on the 2022 Notes is payable semi-annually on June 15 and December 15, beginning June 15, 2013. We may redeem the 2022 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 2022 Notes 90 days or fewer prior to the maturity date, the

redemption price will equal 100% of the principal amount of the 2022 Notes to be redeemed plus accrued and unpaid interest on the amount being redeemed to the redemption date. The 2022 Notes are direct, senior unsecured obligations and rank equally with all of our other unsecured and unsubordinated indebtedness. We used the proceeds from this offering, together with cash on hand, to repay our outstanding balance on our line of credit, and the remainder for general corporate

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purposes, which included property acquisitions and development in the ordinary course of business, capital expenditures and working capital.

At December 31, 2012 and 2011, the weighted average interest rate on our floating rate debt was approximately 1.1%. Our indebtedness had a weighted average maturity of 7.0 years at December 31, 2012. Scheduled repayments on outstanding debt, including scheduled principal amortizations, and the weighted average interest rate on maturing debt at December 31, 2012 were as follows:

| (in millions) | Amount    | Weighted Average Interest Rate |   |
|---------------|-----------|--------------------------------|---|
| 2013          | \$229.2   | 5.4                            | % |
| 2014          | 35.4      | 3.2                            |   |
| 2015          | 252.0     | 5.1                            |   |
| 2016 (1)      | 2.3       | —                              |   |
| 2017          | 249.2     | 5.7                            |   |
| Thereafter    | 1,742.4   | 4.2                            |   |
| Total         | \$2,510.5 | 4.5                            | % |

(1) Includes only scheduled principal amortizations.

In January 2013, we repaid a 4.95% secured conventional mortgage note which was scheduled to mature on April 1, 2013 for approximately \$26.1 million.

#### 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.

**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.** In August 2011, our interest rate swap, with a notional amount of \$16.6 million, matured and settled. As a result of the settlement, we did not have any designated hedges as of December 31, 2011. The effective portion of changes in the fair value of derivatives designated and qualifying as cash flow hedges was recorded through settlement in accumulated other comprehensive income and was subsequently reclassified into earnings in the period the hedged forecasted transaction affected earnings. Through August 2011, this derivative was used to hedge the variable cash flows associated with existing variable rate debt. No portion of designated hedges was ineffective during the years ended December 31, 2011, and 2010. We did not have any designated hedges during the year ended December 31, 2012.

**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 (loss).

In connection with the repayment of a \$500 million term loan on June 6, 2011, we discontinued the hedging relationship on a \$500 million interest rate swap used as a cash flow hedge as of May 31, 2011. Upon repayment of

the loan, which eliminated the probable future variable monthly interest payments that were being hedged, we recognized a non-cash charge of approximately \$29.8 million which included the accelerated reclassification of amounts previously recorded in accumulated other comprehensive loss related to this swap. Subsequent changes in the market value of the interest rate swap, which matured in October 2012, were recorded directly in earnings in interest and other income (loss).

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As of December 31, 2012, we had an interest rate cap with a notional amount of \$175 million, which was not designated as a hedge of interest rate risk.

The table below presents the fair value of our derivative financial instruments as well as their classification in the consolidated balance sheets at December 31 (in millions):

|                                                   | Fair Values of Derivative Instruments |       |              |       |                       |       |                   |        |
|---------------------------------------------------|---------------------------------------|-------|--------------|-------|-----------------------|-------|-------------------|--------|
|                                                   | Asset Derivatives                     |       |              |       | Liability Derivatives |       |                   |        |
|                                                   | 2012                                  |       | 2011         |       | 2012                  |       | 2011              |        |
|                                                   | Balance                               | Fair  | Balance      | Fair  | Balance               | Fair  | Balance           | Fair   |
|                                                   | Sheet                                 | Value | Sheet        | Value | Sheet                 | Value | Sheet             | Value  |
|                                                   | Location                              |       | Location     |       | Location              |       | Location          |        |
| Derivatives not designated as hedging instruments |                                       |       |              |       |                       |       |                   |        |
| Interest Rate Swap                                |                                       |       |              |       | Other Liabilities     | \$—   | Other Liabilities | \$16.6 |
| Interest Rate Cap                                 |                                       |       | Other Assets | \$—   | Other Assets          | \$0.1 |                   |        |

The tables below present the effect of our derivative financial instruments in the consolidated statements of income and comprehensive income for the years ended December 31 (in millions).

### Effect of Derivative Instruments

| Derivatives in Cash Flow Hedging Relationships    | Unrealized (Loss)                                                                  |                                                  | Location of Loss Reclassified from Accumulated OCI Income (Effective Portion) | Amount of Loss from Accumulated OCI Income (Effective Portion) | Location of Loss Recognized in Statements of Income (Discontinuation, Ineffective Portion and Amount Excluded from Effectiveness Testing) | Amount of Loss Recognized in Statements of Income (Discontinuation, Ineffective Portion and Amount Excluded from Effectiveness Testing) |        |                                                 |     |        |     |
|---------------------------------------------------|------------------------------------------------------------------------------------|--------------------------------------------------|-------------------------------------------------------------------------------|----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|--------|-------------------------------------------------|-----|--------|-----|
|                                                   | Recognized in Other Comprehensive Income (“OCI”) on Derivative (Effective Portion) | Income (“OCI”) on Derivative (Effective Portion) |                                                                               |                                                                |                                                                                                                                           | 2012                                                                                                                                    | 2011   |                                                 |     |        |     |
| Interest Rate Swaps (1)                           | \$—                                                                                | \$(2.7)                                          | \$(19.1)                                                                      | Interest Expense                                               | \$—                                                                                                                                       | \$9.9                                                                                                                                   | \$23.4 | Loss on discontinuation of hedging relationship | \$— | \$29.8 | \$— |
| Derivatives Not Designated as Hedging Instruments |                                                                                    |                                                  | Location of Gain/(Loss) Recognized in Statements of Income                    | Amount of (Loss) Recognized in Statements of Income            |                                                                                                                                           |                                                                                                                                         |        |                                                 |     |        |     |
|                                                   |                                                                                    |                                                  |                                                                               | 2012                                                           | 2011                                                                                                                                      | 2010                                                                                                                                    |        |                                                 |     |        |     |
| Interest Rate Cap                                 |                                                                                    |                                                  | Other income/(loss)                                                           | \$(0.1)                                                        | )                                                                                                                                         | \$(0.1)                                                                                                                                 | )      | \$—                                             |     |        |     |
| Interest Rate Swap                                |                                                                                    |                                                  | Other income/(loss)                                                           | (0.7                                                           | )                                                                                                                                         | (0.2                                                                                                                                    | )      | —                                               |     |        |     |

(1) The results include the interest rate swap gain (loss) prior to discontinuation in May 2011.

### 11. Share-based Compensation and Benefit Plans

**Incentive Compensation.** During the second quarter of 2011, our Board of Trust Managers adopted, and on May 11, 2011 our shareholders approved, the 2011 Share Incentive Plan of Camden Property Trust (the "2011 Share Plan"). Under the 2011 Share Plan, we may issue up to a total of approximately 9.1 million fungible units (the "Fungible Pool Limit"), which is comprised of approximately 5.8 million new fungible units plus approximately 3.3 million fungible units previously available for issuance under our 2002 share incentive plan based on a 3.45 to 1.0 fungible unit-to full

value award conversion ratio. Fungible units represent the baseline for the number of shares available for issuance under the 2011 Share Plan. Different types of awards are counted differently against the Fungible Pool Limit, as follows:

Each share issued or to be issued in connection with an award, other than an option, right or other award which does not deliver the full value at grant of the underlying shares, will be counted against the Fungible Pool Limit as 3.45 fungible pool units;

• Options and other awards which do not deliver the full value at grant of the underlying shares and which expire more than five years from date of grant will be counted against the Fungible Pool Limit as one fungible pool unit; and

• Options, rights and other awards which do not deliver the full value at date of grant and expire five years or less from the date of grant will be counted against the Fungible Pool Limit as 0.83 of a fungible pool unit.

As of December 31, 2012, approximately 7.9 million fungible units were available under the 2011 Share Plan, which results in approximately 2.3 million common shares which could be granted pursuant to full value awards based on the 3.45 to 1.0 fungible unit-to-full value award conversion ratio.

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Awards which may be granted under the 2011 Share Plan include incentive share options, non-qualified share options (which may be granted separately or in connection with an option), share awards, dividends and dividend equivalents and other equity based awards. Persons eligible to receive awards under the 2011 Share Plan are trust managers, directors of our affiliates, executive and other officers, key employees and consultants, as determined by the Compensation Committee of our Board of Trust Managers. The 2011 Share Plan will expire on May 11, 2021. In July 2012, the 2011 Share Plan was amended to provide that the annual share grants to our trust managers will vest as determined by the Compensation Committee of our Board of Trust Managers at the date of grant, subject to the provision of the 2011 Share Plan.

**Options.** Options are exercisable, subject to the terms and conditions of the plan, in increments ranging from 20% to 33.33% per year on each of the anniversaries of the date of grant. The plan provides that the exercise price of an option will be determined by the Compensation Committee of the Board of Trust Managers on the day of grant, and to date all options have been granted at an exercise price that equals the fair market value on the date of grant. Options were exercised at prices ranging from \$30.06 to \$51.37 per option during the year ended December 31, 2012 and at prices ranging from \$30.06 to \$62.32 per option during the year ended December 31, 2011.

The total intrinsic value of options exercised was approximately \$12.2 million, \$9.6 million, and \$1.5 million during the years ended December 31, 2012, 2011 and 2010, respectively. As of December 31, 2012, there was approximately \$0.4 million of total unrecognized compensation cost related to unvested options, which is expected to be amortized over the next two years. At December 31, 2012, outstanding options and exercisable options had a weighted average remaining life of approximately 3.9 years and 2.9 years, respectively.

The following table summarizes outstanding share options and exercisable options at December 31, 2012:

| Range of Exercise Prices | Outstanding Options (1) |                        | Exercisable Options (1) |                        |
|--------------------------|-------------------------|------------------------|-------------------------|------------------------|
|                          | Number                  | Weighted Average Price | Number                  | Weighted Average Price |
| \$30.06-\$31.48          | 210,750                 | \$30.06                | 14,943                  | \$30.12                |
| \$41.16-\$43.94          | 255,632                 | 42.72                  | 237,000                 | 42.62                  |
| \$45.53-\$73.32          | 372,372                 | 49.07                  | 299,263                 | 49.33                  |
| Total options            | 838,754                 | \$42.36                | 551,206                 | \$45.92                |

The aggregate intrinsic value of outstanding and exercisable options at December 31, 2012 was approximately \$21.8 million and \$12.4 million, respectively. The aggregate intrinsic values were calculated as the excess, if any, (1) between our closing share price of \$68.21 per share on December 31, 2012 and the strike price of the underlying award.

**Valuation Assumptions.** Options generally have a vesting period of three to five years. We estimate the fair values of each option award on the date of grant using the Black-Scholes option pricing model. No new options were granted in 2011 or 2012.

The following assumptions were used for options granted in 2010:

|                                                | Year Ended<br>December 31,<br>2010 |
|------------------------------------------------|------------------------------------|
| Weighted average fair value of options granted | \$11.69                            |
| Expected volatility                            | 35.6% - 39.2%                      |
| Risk-free interest rate                        | 3.6% - 3.7%                        |
| Expected dividend yield                        | 4.1% - 4.4%                        |
| Expected life (in years)                       | 7 - 9                              |

Our computation of expected volatility for 2010 is based on the historical volatility of our common shares over a time period equal to the expected life of the option and ending on the grant date. The interest rate for periods within the

contractual life of the award is based on the U.S. Treasury yield curve in effect at the time of grant. The expected dividend yield on our common shares is estimated using the annual dividends paid in the prior year and the market price on the date of grant. Our computation of expected life for 2010 is estimated based on historical experience of similar awards, giving consideration to the contractual terms of the share-based awards.

Share Awards and Vesting. Share awards generally have a vesting period of five years. The compensation cost for share awards is based on the market value of the shares on the date of grant and is amortized over the vesting period. To estimate

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forfeitures, we use actual forfeiture history. At December 31, 2012, the unamortized value of previously issued unvested share awards was approximately \$33.1 million which is expected to be amortized over the next four years. The total fair value of shares vested during the years ended December 31, 2012, 2011, and 2010 was approximately \$13.9 million, \$11.5 million, and \$10.6 million, respectively. At December 31, 2012, there were approximately 2.3 million full value share awards available for issuance.

Total compensation cost for option and share awards charged against income was approximately \$13.7 million, \$12.3 million, and \$11.7 million for 2012, 2011, and 2010, respectively. Total capitalized compensation cost for option and share awards was approximately \$1.4 million, \$0.9 million, and \$1.0 million for 2012, 2011 and 2010, respectively. The following table summarizes activity under our share incentive plans for the three years ended December 31:

|                                                                           | Options<br>Outstanding | Weighted<br>Average<br>Exercise /<br>Grant Price | Nonvested<br>Share<br>Awards<br>Outstanding | Weighted<br>Average<br>Exercise /<br>Grant Price |
|---------------------------------------------------------------------------|------------------------|--------------------------------------------------|---------------------------------------------|--------------------------------------------------|
| Options and nonvested share awards outstanding at December 31, 2009       | 1,983,358              | \$41.39                                          | 595,153                                     | \$46.20                                          |
| 2010 Activity:                                                            |                        |                                                  |                                             |                                                  |
| Granted                                                                   | 55,895                 | 43.94                                            | 372,661                                     | 40.05                                            |
| Exercised/Vested                                                          | (141,213)              | ) 32.54                                          | (214,923)                                   | ) 49.17                                          |
| Forfeited                                                                 | (50,904)               | ) 46.65                                          | (11,386)                                    | ) 39.64                                          |
| Net activity                                                              | (136,222)              | )                                                | 146,352                                     |                                                  |
| Balance at December 31, 2010                                              | 1,847,136              | \$42.37                                          | 741,505                                     | \$42.16                                          |
| 2011 Activity:                                                            |                        |                                                  |                                             |                                                  |
| Granted                                                                   | —                      | —                                                | 347,084                                     | 57.00                                            |
| Exercised/Vested                                                          | (504,838)              | ) 42.59                                          | (243,874)                                   | ) 47.19                                          |
| Forfeited                                                                 | (2,762)                | ) 48.02                                          | (25,961)                                    | ) 44.51                                          |
| Net activity                                                              | (507,600)              | )                                                | 77,249                                      |                                                  |
| Balance at December 31, 2011                                              | 1,339,536              | \$42.27                                          | 818,754                                     | \$46.88                                          |
| 2012 Activity:                                                            |                        |                                                  |                                             |                                                  |
| Granted                                                                   | —                      | —                                                | 346,330                                     | 63.51                                            |
| Exercised/Vested                                                          | (468,839)              | ) 40.86                                          | (282,552)                                   | ) 49.28                                          |
| Forfeited                                                                 | (31,943)               | ) 60.56                                          | (20,279)                                    | ) 52.05                                          |
| Net activity                                                              | (500,782)              | )                                                | 43,499                                      |                                                  |
| Total options and nonvested share awards outstanding at December 31, 2012 | 838,754                | \$42.36                                          | 862,253                                     | \$52.64                                          |

Employee Share Purchase Plan (“ESPP”). We have established an ESPP for all active employees and officers who have completed one year of continuous service. Participants may elect to purchase our common shares through payroll deductions and/or through semi-annual contributions. At the end of each six-month offering period, each participant’s account balance is applied to acquire common shares at 85% of the market value, as defined, on the first or last day of the offering period, whichever price is lower. We currently use treasury shares to satisfy ESPP share requirements. Each participant must hold the shares purchased for nine months in order to receive the discount, and a participant may not purchase more than \$25,000 in value of shares during any plan year, as defined. The following table presents information related to our ESPP:

|                                                 | 2012    | 2011    | 2010    |
|-------------------------------------------------|---------|---------|---------|
| Shares purchased                                | 20,137  | 19,914  | 29,100  |
| Weighted average fair value of shares purchased | \$67.80 | \$63.29 | \$50.70 |
| Expense recorded (in millions)                  | \$0.3   | \$0.3   | \$0.5   |

In January 2013, approximately 4,985 shares were purchased under the ESPP related to the 2012 plan year.

Rabbi Trust. We established a rabbi trust for a select group of participants in which share awards granted under the share incentive plan and salary and other cash amounts earned may be deposited. The rabbi trust is an irrevocable trust and no portion of the trust fund may be used for any purpose other than the delivery of those assets to the participants. The assets held in the rabbi trust are subject to the claims of our general creditors in the event of bankruptcy or insolvency. The rabbi trust is in use only for deferrals made prior to 2005, including bonuses related to service in 2004 but paid in 2005.

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The value of the assets of the rabbi trust is consolidated into our financial statements. Granted share awards held by the rabbi trust are classified in equity in a manner similar to the manner in which treasury stock is accounted. Subsequent changes in the fair value of the shares are not recognized. The deferred compensation obligation is classified as an equity instrument and changes in the fair value of the amount owed to the participant are not recognized. At December 31, 2012 and 2011, approximately 1.9 million and 2.0 million share awards, respectively, were held in the rabbi trust. Additionally, as of December 31, 2012 and 2011, the rabbi trust held trading securities totaling approximately \$35.7 million and \$45.2 million, respectively, which represents cash deferrals made by plan participants. Market value fluctuations on these trading securities are recognized in income in accordance with GAAP and the liability due to participants is adjusted accordingly.

At December 31, 2012 and 2011, approximately \$25.7 million and \$28.7 million, respectively, was required to be paid to us by plan participants upon the withdrawal of any assets from the rabbi trust, and is included in "Accounts receivable-affiliates" in our consolidated financial statements.

**Non-Qualified Deferred Compensation Plan.** The Non-Qualified Deferred Compensation Plan (the "Plan"), effective December 1, 2004, is an unfunded arrangement established and maintained primarily for the benefit of a select group of participants. Eligible participants shall commence participation in the Plan on the date the deferral election first becomes effective. We will credit to the participant's account an amount equal to the amount designated as the participant's deferral for the plan year as indicated in the participant's deferral election(s). Any modification to or termination of the Plan will not reduce a participant's right to any vested amounts already credited to his or her account. At December 31, 2012 and 2011, approximately 1.0 million and 0.9 million share awards, respectively, were held in the Plan. Additionally, as of December 31, 2012 and 2011, the Plan held trading securities totaling approximately \$15.2 million and \$14.5 million, respectively, which represents cash deferrals made by plan participants. Market value fluctuations on these trading securities are recognized in income in accordance with GAAP and the liability due to participants is adjusted accordingly.

**401(k) Savings Plan.** We have a 401(k) savings plan, which is a voluntary defined contribution plan. Under the savings plan, every employee is eligible to participate, beginning on the date the employee has completed six months of continuous service with us. Each participant may make contributions to the savings plan by means of a pre-tax salary deferral, which may not be less than 1% or more than 60% of the participant's compensation. The federal tax code limits the annual amount of salary deferrals which may be made by any participant. We may make matching contributions on the participant's behalf up to a predetermined limit. The matching contribution made for the years ended December 31, 2012, 2011 and 2010 was approximately \$2.2 million, \$1.8 million and \$1.3 million, respectively. A participant's salary deferral contribution is 100% vested and nonforfeitable. A participant will become vested in our matching contributions 33% after one year of service, 67% after two years of service and 100% after three years of service. Administrative expenses under the savings plan were paid by us and were not significant for all periods presented.

## 12. Fair Value Measurements

**Recurring Fair Value Disclosures.** The following table presents information about our financial assets and liabilities measured at fair value as of December 31, 2012 and 2011 under the fair value hierarchy discussed in Footnote 2, "Summary of Significant Accounting Policies and Recent Accounting Pronouncements":

### Assets and Liabilities Measured at Fair Value on a Recurring Basis

| (in millions) | December 31, 2012                                                                   |                                                           |                                                    |       | December 31, 2011                                                                   |                                                           |                                                    |       |
|---------------|-------------------------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------|-------|-------------------------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------|-------|
|               | Quoted<br>Prices in<br>Active<br>Markets<br>for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Total | Quoted<br>Prices in<br>Active<br>Markets<br>for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Total |

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Assets

|                                            |        |      |      |        |        |      |      |        |
|--------------------------------------------|--------|------|------|--------|--------|------|------|--------|
| Deferred compensation plan investments (1) | \$35.0 | \$ — | \$ — | \$35.0 | \$41.0 | \$ — | \$ — | \$41.0 |
|--------------------------------------------|--------|------|------|--------|--------|------|------|--------|

|                                  |   |   |   |   |   |     |   |     |
|----------------------------------|---|---|---|---|---|-----|---|-----|
| Derivative financial instruments | — | — | — | — | — | 0.1 | — | 0.1 |
|----------------------------------|---|---|---|---|---|-----|---|-----|

Liabilities

|                                  |     |      |      |     |     |         |      |        |
|----------------------------------|-----|------|------|-----|-----|---------|------|--------|
| Derivative financial instruments | \$— | \$ — | \$ — | \$— | \$— | \$ 16.6 | \$ — | \$16.6 |
|----------------------------------|-----|------|------|-----|-----|---------|------|--------|

(1) Approximately \$12.1 million of participant cash was withdrawn from our deferred compensation plan investments during the year ended December 31, 2012.

Financial Instrument Fair Value Disclosures. As of December 31, 2012 and 2011, the carrying values of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, and distributions payable represent 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

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of our assessment of the ability to recover these amounts. Due to the short-term nature of these investments, Level 1 and Level 2 inputs are utilized to estimate the fair value of these financial instruments.

The following table presents the carrying and estimated fair value of our notes payable for the years ended December 31:

| (in millions)               | December 31, 2012 |                      | December 31, 2011 |                      |
|-----------------------------|-------------------|----------------------|-------------------|----------------------|
|                             | Carrying Value    | Estimated Fair Value | Carrying Value    | Estimated Fair Value |
| Fixed rate notes payable    | \$2,297.8         | \$2,518.1            | \$2,186.6         | \$2,304.4            |
| Floating rate notes payable | 212.7             | 203.4                | 245.5             | 233.6                |

Nonrecurring Fair Value Disclosures. There were no events during the years ended December 31, 2012 or 2011 which required fair value adjustments of our non-financial assets and non-financial liabilities.

### 13. Net Change in Operating Accounts

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

| (in thousands)                         | Year Ended December 31, |            |           |
|----------------------------------------|-------------------------|------------|-----------|
|                                        | 2012                    | 2011       | 2010      |
| Change in assets:                      |                         |            |           |
| Other assets, net                      | \$(2,443                | ) \$5,183  | \$(895    |
| Change in liabilities:                 |                         |            |           |
| Accounts payable and accrued expenses  | 2,320                   | 2,026      | 2,209     |
| Accrued real estate taxes              | 5,640                   | (122       | ) (1,269  |
| Other liabilities                      | (16,192                 | ) (17,152  | ) 4,188   |
| Other                                  | 816                     | 596        | 275       |
| Change in operating accounts and other | \$(9,859                | ) \$(9,469 | ) \$4,508 |

### 14. Commitments and Contingencies

Construction Contracts. As of December 31, 2012, we had approximately \$353.9 million of additional expected costs to complete our construction projects currently under development. We expect to fund these amounts through a combination of cash flows generated from operations, available cash balances, draws on our unsecured credit facility, proceeds from property dispositions, equity issued from our ATM programs, the use of debt and equity offerings under our automatic shelf registration statement and secured mortgages.

Litigation. One of our wholly-owned subsidiaries previously acted as a general contractor for the construction of two apartment projects in Florida which were subsequently sold and converted to condominium units by unrelated third parties. One condominium association of a project has asserted claims against our subsidiary alleging, in general, defective construction as a result of alleged negligence and failure to comply with building codes and the other condominium association has asserted claims against our subsidiary alleging a failure to comply with building codes. The two associations have filed suit against our subsidiary and other unrelated third parties in Florida claiming damages, in unspecified amounts, for the costs of repair arising out of the alleged defective construction as well as the recovery of incidental and consequential damages resulting from such alleged negligence. We have denied liability to the associations. Based upon the amount of discovery completed to date, it is not possible to determine the potential outcome or to estimate a range of loss, if any, which would be associated with any potential adverse decision. We are also subject to various legal proceedings and claims which arise in the ordinary course of business. Matters which arise out of allegations of bodily injury, property damage, and employment practices are generally covered by insurance. While the resolution of these legal proceedings and claims cannot be predicted with certainty, management believes the final outcome of such matters will not have a material adverse effect on our consolidated financial statements.

Other 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

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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. As of December 31, 2012, we had earnest money deposits of approximately \$2.5 million, of which approximately \$1.9 million is non-refundable.

**Lease Commitments.** At December 31, 2012, we had long-term leases covering certain land, office facilities and equipment. Rental expense totaled approximately \$2.6 million, \$2.8 million, and \$2.9 million for the year ended December 31, 2012, 2011 and 2010, respectively. Minimum annual rental commitments for the years ending December 31, 2013 through 2017 are approximately \$2.5 million, \$2.4 million, \$1.5 million, \$0.4 million, and \$0.3 million, respectively, and approximately \$0.6 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 communities 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 and/or dispose of a community in our sole discretion is 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.

**Employment Agreements.** At December 31, 2012, we had employment agreements with twelve of our senior officers, the terms of which expire at various times through August 20, 2013. Such agreements provide for minimum salary levels, as well as various incentive compensation arrangements, which are payable based on the attainment of specific goals. The agreements also provide for severance payments plus a gross-up payment if certain situations occur, such as termination without cause or a change of control. In the case of nine of the agreements, the severance payment equals one times the respective current annual base salary in the case of termination without cause and 2.99 times the respective average annual base salary over the previous three fiscal years in the case of a change of control and a termination of employment or a material adverse change in the scope of their duties. In the case of one agreement, the severance payment equals one times the respective current annual base salary for termination without cause and 2.99 times the greater of current gross income or average gross income over the previous three fiscal years in the case of a change of control. In the case of the other two agreements, the severance payment generally equals 2.99 times the respective average annual compensation over the previous three fiscal years in connection with, among other things, a termination without cause or a change of control, and the officer would be entitled to receive continuation and vesting of certain benefits in the case of such termination.

### 15. Postretirement Benefits

We maintain a postretirement benefit for two former officers of Summit, who also serve on our Board of Trust Managers. Benefits received by these former employees include medical benefits and office space. Participants in the postretirement plan contribute to the cost of the medical benefits. Our contribution for medical benefits was limited to approximately \$1,000 per month per participant including dependents. We contributed approximately \$0.2 million for office space during the year ended December 31, 2012 and expect to contribute \$0.2 million for office space in 2013. For measurement purposes, a 7.6% rate of increase in the per capita cost of covered health care claims was assumed;

the rate of increase was assumed to decrease until 2027 at which point the annual rate of increase would be 4.5% and remain at that level thereafter.

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As of December 31, the status of our defined postretirement benefit plan, calculated using generally accepted actuarial principles and procedures, was as follows:

| (in thousands)                                                 | 2012    | 2011    |
|----------------------------------------------------------------|---------|---------|
| Postretirement benefit obligation, beginning of year           | \$3,701 | \$2,844 |
| Net periodic benefit cost                                      | 191     | 193     |
| Actuarial loss                                                 | 409     | 609     |
| Prior service cost                                             | —       | 291     |
| Amortization of prior service cost and net loss                | (30     | ) (16   |
| Benefits paid                                                  | (231    | ) (220  |
| Accumulated postretirement benefit obligation, end of year (1) | \$4,040 | \$3,701 |

(1) Recorded in other liabilities in our consolidated balance sheets.

The weighted average discount rate used to determine the value of accumulated postretirement benefit obligation for the years ended December 31, 2012 and 2011 was 3.50% and 4.50%, respectively. The weighted average discount rate used to determine the value of the net periodic benefit cost for the years ended December 31, 2012, 2011 and 2010 was 4.50%, 5.25% and 6.10%, respectively.

The following table details the amounts recognized in our accumulated other comprehensive income (loss) at December 31 related to postretirement benefits:

| (in thousands)                                                   | 2012     | 2011     |
|------------------------------------------------------------------|----------|----------|
| Accumulated other comprehensive income (loss), beginning of year | \$(683   | ) \$201  |
| Prior service cost arising during period                         | —        | (291     |
| Amortization of prior service cost and net loss                  | 30       | 16       |
| Actuarial loss arising during period                             | (409     | ) (609   |
| Accumulated other comprehensive loss, end of year                | \$(1,062 | ) \$(683 |

During 2013, we expect amortization of prior service cost from other comprehensive loss and recognized as benefit cost to be consistent with 2012.

We expect minimum benefit payments to be approximately \$0.2 million for the years ending December 31, 2013 through 2015, approximately \$0.3 million for the years ending December 31, 2016 and 2017 and approximately \$1.3 million in the aggregate for the five fiscal years thereafter. The estimated benefit payments are based on assumptions about future events. Actual benefit payments may vary significantly from these estimates.

A 1% increase or decrease in assumed health care cost trend rates has no significant effect on the interest cost component of net periodic postretirement benefit costs. A 1% increase or decrease in assumed health care cost trend rates would increase or decrease the accumulated postretirement benefit obligation by approximately \$0.1 million.

#### 16. Non-controlling Interests

The following table summarizes the effect of changes in our ownership interest in subsidiaries on the equity attributable to common shareholders for each of the years ended December 31:

|                                                                                                                                           | 2012      | 2011     | 2010     |
|-------------------------------------------------------------------------------------------------------------------------------------------|-----------|----------|----------|
| Net income attributable to common shareholders                                                                                            | \$283,390 | \$49,379 | \$23,216 |
| Transfers from the non-controlling interests:                                                                                             |           |          |          |
| Increase in equity for conversion of operating partnership units                                                                          | 8,994     | 592      | 3,528    |
| Decrease in additional paid-in-capital for purchase of remaining non-controlling ownership interests in three consolidated joint ventures | (19,549   | ) —      | —        |
| Change in common equity and net transfers from non-controlling interests                                                                  | \$272,835 | \$49,971 | \$26,744 |

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## 17. Quarterly Financial Data (unaudited)

Summarized quarterly financial data, which has been adjusted for discontinued operations as discussed in Note 7, "Property Acquisitions, Discontinued Operations, Assets Held for Sale and Impairments," for the years ended December 31, 2012 and 2011, is as follows:

| (in thousands, except per share amounts)                                  | First     | Second    | Third     | Fourth    | Total(a)  |
|---------------------------------------------------------------------------|-----------|-----------|-----------|-----------|-----------|
| 2012:                                                                     |           |           |           |           |           |
| Revenues                                                                  | \$170,954 | \$178,212 | \$187,310 | \$191,432 | \$727,908 |
| Net income attributable to common shareholders                            | 88,758    | 21,763    | 30,703    | 142,166   | 283,390   |
| Net income attributable to common shareholders per share – basic          | 1.10      | (b) 0.26  | 0.36      | (c) 1.63  | (d) 3.35  |
| Net income attributable to common shareholders per share – diluted        | 1.07      | (b) 0.26  | 0.35      | (c) 1.60  | (d) 3.30  |
| 2011:                                                                     |           |           |           |           |           |
| Revenues                                                                  | \$150,466 | \$153,992 | \$157,728 | \$158,888 | \$621,074 |
| Net income (loss) attributable to common shareholders                     | 7,286     | (16,597 ) | 11,840    | 46,850    | 49,379    |
| Net income (loss) attributable to common shareholders per share – basic   | 0.10      | (0.23 )   | (e) 0.16  | 0.63      | (f) 0.67  |
| Net income (loss) attributable to common shareholders per share – diluted | 0.10      | (0.23 )   | (e) 0.16  | 0.62      | (f) 0.66  |

(a) Net income per share is computed independently for each of the quarters presented. Therefore, the sum of quarterly net income (loss) per share amounts may not equal the total computed for the year.

Includes a \$32,541, or \$0.41 basic and \$0.39 diluted per share, impact related to the gain on sale of discontinued operations, and a \$40,191, or \$0.50 basic and \$0.49 diluted per share, impact related to the gain on acquisition of the controlling interest in twelve former unconsolidated joint ventures.

(c) Includes a \$2,875, or \$0.03 basic and diluted per share, impact related to our proportionate gain on sale of one joint venture community included in equity in income (loss) of joint ventures.

Includes an \$82,527, or \$0.96 basic and \$0.94 diluted per share, impact related to the gain on sale of discontinued operations. Also includes a \$17,227, or \$0.20 basic and diluted per share, impact related to the gain on acquisition of the controlling interest in one former unconsolidated joint venture, and a \$14,543, or \$0.17 basic and diluted per share, impact related to our proportionate gain on sale of six operating properties by two of our unconsolidated joint ventures included in equity in income (loss) of joint ventures.

(e) Includes a \$29,791 loss, or \$0.41 basic and diluted per share, impact related to a loss on discontinuation of a hedging relationship, and a \$4,748, or \$0.07 basic and diluted per share, impact related to the gain on sale of undeveloped land to one of our funds.

(f) Includes a \$24,621, or \$0.33 basic and diluted per share, impact related to the gain on sale of discontinued operations, as well as a \$6,394, or \$0.09 basic and diluted per share, impact related to our proportionate gain on sale of four operating properties by one of our unconsolidated joint ventures included in equity in income (loss) of joint ventures.

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Schedule III

|                          | Initial Cost |                                                   | Total Cost                                   |          |                                                   |          | Accumulated Depreciation | Total Cost, Net of Accumulated Depreciation | Encumbrance | Year of Completion/ Acquisition |
|--------------------------|--------------|---------------------------------------------------|----------------------------------------------|----------|---------------------------------------------------|----------|--------------------------|---------------------------------------------|-------------|---------------------------------|
|                          | Land         | Building/ Construction in Progress & Improvements | Cost Subsequent to Acquisition/ Construction | Land     | Building/ Construction in Progress & Improvements | Total    |                          |                                             |             |                                 |
| Current communities:     |              |                                                   |                                              |          |                                                   |          |                          |                                             |             |                                 |
| Camden Addison           | \$11,516     | \$ 29,332                                         | \$ 221                                       | \$11,516 | \$ 29,553                                         | \$41,069 | \$ 1,064                 | \$ 40,005                                   |             | 2012                            |
| Camden Ashburn Farms     | 4,835        | 22,604                                            | 964                                          | 4,835    | 23,568                                            | 28,403   | 5,822                    | 22,581                                      |             | 2005                            |
| Camden Aventura          | 12,185       | 47,616                                            | 6,411                                        | 12,185   | 54,027                                            | 66,212   | 12,946                   | 53,266                                      |             | 2005                            |
| Camden Ballantyne        | 4,503        | 30,250                                            | 5,017                                        | 4,503    | 35,267                                            | 39,770   | 8,422                    | 31,348                                      | 26,025      | 2005                            |
| Camden Bay               | 7,450        | 63,283                                            | 6,414                                        | 7,450    | 69,697                                            | 77,147   | 25,503                   | 51,644                                      |             | 1998/2002                       |
| Camden Bay Pointe        | 1,296        | 10,394                                            | 6,650                                        | 1,296    | 17,044                                            | 18,340   | 11,545                   | 6,795                                       |             | 1997                            |
| Camden Bayside           | 3,726        | 28,689                                            | 15,202                                       | 3,726    | 43,891                                            | 47,617   | 25,662                   | 21,955                                      |             | 1997                            |
| Camden Bel Air           | 3,594        | 31,221                                            | 5,319                                        | 3,594    | 36,540                                            | 40,134   | 19,449                   | 20,685                                      |             | 1998                            |
| Camden Belleview Station | 8,091        | 44,003                                            | 2                                            | 8,091    | 44,005                                            | 52,096   | 131                      | 51,965                                      |             | 2012                            |
| Camden Belmont           | 12,521       | 61,522                                            | 143                                          | 12,521   | 61,665                                            | 74,186   | 1,123                    | 73,063                                      |             | 2012                            |
| Camden Breakers          | 1,055        | 13,024                                            | 4,079                                        | 1,055    | 17,103                                            | 18,158   | 9,137                    | 9,021                                       |             | 1996                            |
| Camden Breeze            | 2,894        | 15,828                                            | 4,030                                        | 2,894    | 19,858                                            | 22,752   | 10,298                   | 12,454                                      |             | 1998                            |
| Camden Brickell          | 14,621       | 57,031                                            | 5,161                                        | 14,621   | 62,192                                            | 76,813   | 15,514                   | 61,299                                      |             | 2005                            |
| Camden Brookwood         | 7,174        | 31,984                                            | 3,166                                        | 7,174    | 35,150                                            | 42,324   | 8,878                    | 33,446                                      | 22,624      | 2005                            |
| Camden Buckingham        | 2,704        | 21,251                                            | 3,926                                        | 2,704    | 25,177                                            | 27,881   | 11,432                   | 16,449                                      |             | 1997                            |
| Camden Caley             | 2,047        | 17,445                                            | 1,998                                        | 2,047    | 19,443                                            | 21,490   | 8,042                    | 13,448                                      | 15,351      | 2000                            |
| Camden Canyon            | 1,802        | 11,666                                            | 4,673                                        | 1,802    | 16,339                                            | 18,141   | 8,573                    | 9,568                                       |             | 1998                            |
|                          | 2,684        | 20,931                                            | 38                                           | 2,684    | 20,969                                            | 23,653   | 4,367                    | 19,286                                      |             | 2008                            |

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|                     |        |        |       |        |        |         |        |         |        |      |
|---------------------|--------|--------|-------|--------|--------|---------|--------|---------|--------|------|
| Camden Cedar Hills  |        |        |       |        |        |         |        |         |        |      |
| Camden Centennial   | 3,123  | 13,051 | 3,181 | 3,123  | 16,232 | 19,355  | 8,209  | 11,146  |        | 1995 |
| Camden Centre 172   |        | 1,166  | 284   | 172    | 1,450  | 1,622   | 803    | 819     |        | 1998 |
| Camden Centreport   | 1,613  | 12,644 | 2,111 | 1,613  | 14,755 | 16,368  | 7,045  | 9,323   |        | 1997 |
| Camden Cimarron     | 2,231  | 14,092 | 4,040 | 2,231  | 18,132 | 20,363  | 9,397  | 10,966  |        | 1997 |
| Camden Citrus Park  | 1,144  | 6,045  | 4,173 | 1,144  | 10,218 | 11,362  | 6,843  | 4,519   |        | 1997 |
| Camden City Centre  | 4,976  | 44,735 | 248   | 4,976  | 44,983 | 49,959  | 9,370  | 40,589  | 33,795 | 2007 |
| Camden Clearbrook   | 2,384  | 44,017 | 519   | 2,384  | 44,536 | 46,920  | 9,138  | 37,782  |        | 2007 |
| Camden Club         | 4,453  | 29,811 | 7,620 | 4,453  | 37,431 | 41,884  | 23,006 | 18,878  |        | 1998 |
| Camden College Park | 16,409 | 91,503 | 287   | 16,409 | 91,790 | 108,199 | 6,192  | 102,007 |        | 2008 |
| Camden Commons      | 2,476  | 20,073 | 5,546 | 2,476  | 25,619 | 28,095  | 15,538 | 12,557  |        | 1998 |
| Camden Copper Ridge | 1,204  | 9,180  | 5,783 | 1,204  | 14,963 | 16,167  | 10,187 | 5,980   |        | 1993 |

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|                             | Initial Cost |                                                            |                                                          | Total Cost |                                                                  |          |                             |                                                         |             |                                       |
|-----------------------------|--------------|------------------------------------------------------------|----------------------------------------------------------|------------|------------------------------------------------------------------|----------|-----------------------------|---------------------------------------------------------|-------------|---------------------------------------|
|                             | Land         | Building/<br>Construction<br>Progress<br>&<br>Improvements | Subsequent<br>Cost<br>to<br>Acquisition/<br>Construction | Land       | Building/<br>Construction<br>in<br>Progress<br>&<br>Improvements | Total    | Accumulated<br>Depreciation | Total<br>Cost,<br>Net of<br>Accumulated<br>Depreciation | Encumbrance | Year of<br>Completion/<br>Acquisition |
| Camden<br>Copper<br>Square  | \$4,825      | \$ 23,672                                                  | \$ 3,970                                                 | \$4,825    | \$ 27,642                                                        | \$32,467 | \$ 11,148                   | \$ 21,319                                               |             | 2000                                  |
| Camden<br>Cotton Mills      | 4,246        | 19,147                                                     | 3,922                                                    | 4,246      | 23,069                                                           | 27,315   | 5,701                       | 21,614                                                  |             | 2005                                  |
| Camden Cove                 | 1,382        | 6,266                                                      | 1,545                                                    | 1,382      | 7,811                                                            | 9,193    | 4,530                       | 4,663                                                   |             | 1998                                  |
| Camden<br>Creekstone        | 5,017        | 19,912                                                     | 275                                                      | 5,017      | 20,187                                                           | 25,204   | 356                         | 24,848                                                  |             | 2012                                  |
| Camden Crest                | 4,412        | 33,366                                                     | 2,188                                                    | 4,412      | 35,554                                                           | 39,966   | 8,851                       | 31,115                                                  |             | 2005                                  |
| Camden<br>Crown Valley      | 9,381        | 54,210                                                     | 2,437                                                    | 9,381      | 56,647                                                           | 66,028   | 20,477                      | 45,551                                                  |             | 2001                                  |
| Camden<br>Deerfield         | 4,895        | 21,922                                                     | 1,748                                                    | 4,895      | 23,670                                                           | 28,565   | 6,165                       | 22,400                                                  | 19,219      | 2005                                  |
| Camden Del<br>Mar           | 4,404        | 35,264                                                     | 13,393                                                   | 4,404      | 48,657                                                           | 53,061   | 25,420                      | 27,641                                                  |             | 1998                                  |
| Camden<br>Denver West       | 6,396        | 51,552                                                     | —                                                        | 6,396      | 51,552                                                           | 57,948   | —                           | 57,948                                                  | 26,201      | 2012                                  |
| Camden<br>Dilworth          | 516          | 16,633                                                     | 832                                                      | 516        | 17,465                                                           | 17,981   | 3,923                       | 14,058                                                  | 13,073      | 2006                                  |
| Camden<br>Doral             | 10,260       | 40,416                                                     | 1,416                                                    | 10,260     | 41,832                                                           | 52,092   | 10,152                      | 41,940                                                  | 26,088      | 2005                                  |
| Camden<br>Doral Villas      | 6,476        | 25,543                                                     | 1,911                                                    | 6,476      | 27,454                                                           | 33,930   | 6,970                       | 26,960                                                  |             | 2005                                  |
| Camden<br>Dulles Station    | 10,807       | 61,548                                                     | 322                                                      | 10,807     | 61,870                                                           | 72,677   | 10,465                      | 62,212                                                  |             | 2008                                  |
| Camden<br>Dunwoody          | 5,290        | 23,642                                                     | 2,869                                                    | 5,290      | 26,511                                                           | 31,801   | 6,609                       | 25,192                                                  | 21,168      | 2005                                  |
| Camden Fair<br>Lakes        | 15,515       | 104,223                                                    | 3,980                                                    | 15,515     | 108,203                                                          | 123,718  | 25,534                      | 98,184                                                  |             | 2005                                  |
| Camden<br>Fairfax<br>Corner | 8,484        | 72,953                                                     | 1,353                                                    | 8,484      | 74,306                                                           | 82,790   | 16,542                      | 66,248                                                  |             | 2006                                  |
| Camden<br>Fairview          | 1,283        | 7,223                                                      | 2,599                                                    | 1,283      | 9,822                                                            | 11,105   | 2,666                       | 8,439                                                   |             | 2005                                  |
| Camden<br>Fairways          | 3,969        | 15,543                                                     | 8,812                                                    | 3,969      | 24,355                                                           | 28,324   | 14,264                      | 14,060                                                  |             | 1998                                  |
|                             | 9,408        | 43,647                                                     | 1,128                                                    | 9,408      | 44,775                                                           | 54,183   | 10,881                      | 43,302                                                  |             | 2005                                  |

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|                                                     |        |         |        |        |         |         |        |         |        |           |
|-----------------------------------------------------|--------|---------|--------|--------|---------|---------|--------|---------|--------|-----------|
| Camden<br>Fallsgrove<br>Camden<br>Farmers<br>Market | 17,341 | 74,193  | 6,048  | 17,341 | 80,241  | 97,582  | 27,614 | 69,968  | 50,711 | 2001/2005 |
| Camden<br>Fountain<br>Palms                         | 1,461  | 10,806  | 306    | 1,461  | 11,112  | 12,573  | 414    | 12,159  |        | 2012      |
| Camden<br>Foxcroft                                  | 1,408  | 7,919   | 2,814  | 1,408  | 10,733  | 12,141  | 3,255  | 8,886   | 9,007  | 2005      |
| Camden<br>Gaines Ranch                              | 5,094  | 37,100  | 3,796  | 5,094  | 40,896  | 45,990  | 9,566  | 36,424  |        | 2005      |
| Camden<br>Gardens                                   | 1,500  | 6,137   | 3,264  | 1,500  | 9,401   | 10,901  | 6,805  | 4,096   |        | 1994      |
| Camden Glen<br>Lakes                                | 2,157  | 16,339  | 14,048 | 2,157  | 30,387  | 32,544  | 24,726 | 7,818   |        | 1993      |
| Camden<br>Governor's<br>Village                     | 3,669  | 20,508  | 2,044  | 3,669  | 22,552  | 26,221  | 5,889  | 20,332  | 13,004 | 2005      |
| Camden<br>Grand Parc                                | 7,688  | 35,900  | 727    | 7,688  | 36,627  | 44,315  | 8,785  | 35,530  |        | 2005      |
| Camden<br>Grandview                                 | 7,570  | 33,859  | 4,830  | 7,570  | 38,689  | 46,259  | 9,816  | 36,443  |        | 2005      |
| Camden<br>Greenway                                  | 16,916 | 43,933  | 6,601  | 16,916 | 50,534  | 67,450  | 21,987 | 45,463  | 52,359 | 1999      |
| Camden<br>Habersham                                 | 1,004  | 10,283  | 3,818  | 1,004  | 14,101  | 15,105  | 8,888  | 6,217   |        | 1997      |
| Camden<br>Harbor View                               | 16,079 | 127,459 | 2,714  | 16,079 | 130,173 | 146,252 | 37,015 | 109,237 | 92,716 | 2003      |

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|                          | Initial Cost |                                                   |                                              | Total Cost |                                                   |          | Accumulated Depreciation | Total Cost, Net of Accumulated Depreciation | Encumbrance | Year of Completion/ Acquisition |
|--------------------------|--------------|---------------------------------------------------|----------------------------------------------|------------|---------------------------------------------------|----------|--------------------------|---------------------------------------------|-------------|---------------------------------|
|                          | Land         | Building/ Construction in Progress & Improvements | Cost Subsequent to Acquisition/ Construction | Land       | Building/ Construction in Progress & Improvements | Total    |                          |                                             |             |                                 |
| Camden Henderson         | \$3,842      | \$ 15,256                                         | \$ 49                                        | \$3,842    | \$ 15,305                                         | \$19,147 | \$ 171                   | \$ 18,976                                   |             | 2012                            |
| Camden Highlands Ridge   | 2,612        | 34,726                                            | 5,548                                        | 2,612      | 40,274                                            | 42,886   | 16,495                   | 26,391                                      |             | 1996                            |
| Camden Hills             | 853          | 7,834                                             | 1,443                                        | 853        | 9,277                                             | 10,130   | 5,234                    | 4,896                                       |             | 1998                            |
| Camden Holly Springs     | 11,108       | 42,852                                            | 792                                          | 11,108     | 43,644                                            | 54,752   | 1,443                    | 53,309                                      |             | 2012                            |
| Camden Hunter's Creek    | 4,156        | 20,925                                            | 1,214                                        | 4,156      | 22,139                                            | 26,295   | 5,717                    | 20,578                                      |             | 2005                            |
| Camden Huntingdon        | 2,289        | 17,393                                            | 3,326                                        | 2,289      | 20,719                                            | 23,008   | 11,503                   | 11,505                                      |             | 1995                            |
| Camden Interlocken       | 5,293        | 31,612                                            | 5,417                                        | 5,293      | 37,029                                            | 42,322   | 15,487                   | 26,835                                      | 27,431      | 1999                            |
| Camden Lago Vista        | 3,497        | 29,623                                            | 697                                          | 3,497      | 30,320                                            | 33,817   | 8,405                    | 25,412                                      |             | 2005                            |
| Camden Lake Pine         | 5,746        | 31,714                                            | 4,277                                        | 5,746      | 35,991                                            | 41,737   | 9,267                    | 32,470                                      | 26,212      | 2005                            |
| Camden Lakes             | 3,106        | 22,746                                            | 11,825                                       | 3,106      | 34,571                                            | 37,677   | 24,051                   | 13,626                                      |             | 1997                            |
| Camden Lakeside          | 1,171        | 7,395                                             | 4,334                                        | 1,171      | 11,729                                            | 12,900   | 7,723                    | 5,177                                       |             | 1997                            |
| Camden Lakeway           | 3,915        | 34,129                                            | 5,834                                        | 3,915      | 39,963                                            | 43,878   | 18,008                   | 25,870                                      | 29,267      | 1997                            |
| Camden Landmark          | 17,339       | 71,315                                            | 97                                           | 17,339     | 71,412                                            | 88,751   | 649                      | 88,102                                      |             | 2012                            |
| Camden Lansdowne         | 15,502       | 102,267                                           | 2,888                                        | 15,502     | 105,155                                           | 120,657  | 25,877                   | 94,780                                      |             | 2005                            |
| Camden Largo Town Center | 8,411        | 44,163                                            | 1,768                                        | 8,411      | 45,931                                            | 54,342   | 10,808                   | 43,534                                      |             | 2005                            |
| Camden Las Olas          | 12,395       | 79,518                                            | 3,488                                        | 12,395     | 83,006                                            | 95,401   | 20,215                   | 75,186                                      |             | 2005                            |
| Camden LaVina            | 12,907       | 42,624                                            | 5                                            | 12,907     | 42,629                                            | 55,536   | 2,516                    | 53,020                                      |             | 2012                            |
| Camden Lee Vista         | 4,350        | 34,643                                            | 3,867                                        | 4,350      | 38,510                                            | 42,860   | 15,277                   | 27,583                                      |             | 2000                            |
| Camden Legacy            | 4,068        | 26,612                                            | 6,684                                        | 4,068      | 33,296                                            | 37,364   | 16,011                   | 21,353                                      |             | 1998                            |

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|                          |        |        |        |        |        |        |        |        |        |           |
|--------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-----------|
| Camden Legacy Creek      | 2,052  | 12,896 | 3,137  | 2,052  | 16,033 | 18,085 | 7,764  | 10,321 |        | 1997      |
| Camden Legacy Park       | 2,560  | 15,449 | 3,944  | 2,560  | 19,393 | 21,953 | 9,071  | 12,882 | 13,866 | 1997      |
| Camden Legends           | 1,370  | 6,382  | 1,030  | 1,370  | 7,412  | 8,782  | 3,781  | 5,001  |        | 1998      |
| Camden Main and Jamboree | 17,363 | 75,387 | 239    | 17,363 | 75,626 | 92,989 | 6,164  | 86,825 | 51,370 | 2008      |
| Camden Manor Park        | 2,535  | 47,159 | 564    | 2,535  | 47,723 | 50,258 | 11,565 | 38,693 | 29,675 | 2006      |
| Camden Martinique        | 28,401 | 51,861 | 12,127 | 28,401 | 63,988 | 92,389 | 29,219 | 63,170 | 37,719 | 1998      |
| Camden Midtown           | 4,583  | 18,026 | 5,484  | 4,583  | 23,510 | 28,093 | 9,767  | 18,326 | 28,058 | 1999      |
| Camden Midtown Atlanta   | 6,196  | 33,828 | 2,705  | 6,196  | 36,533 | 42,729 | 9,589  | 33,140 | 20,565 | 2005      |
| Camden Miramar           | —      | 31,714 | 7,641  | —      | 39,355 | 39,355 | 15,531 | 23,824 |        | 1994-2011 |
| Camden Montague          | 3,576  | 16,551 | —      | 3,576  | 16,551 | 20,127 | 694    | 19,433 |        | 2012      |
| Camden Montierra         | 13,687 | 31,727 | 19     | 13,687 | 31,746 | 45,433 | 84     | 45,349 |        | 2012      |
| Camden Monument Place    | 9,030  | 54,089 | 236    | 9,030  | 54,325 | 63,355 | 10,902 | 52,453 |        | 2007      |

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|                         | Initial Cost |                                                   |                                              | Total Cost |                                                   |          | Accumulated Depreciation | Total Cost, Net of Accumulated Depreciation | Encumbrance | Year of Completion/ Acquisition |
|-------------------------|--------------|---------------------------------------------------|----------------------------------------------|------------|---------------------------------------------------|----------|--------------------------|---------------------------------------------|-------------|---------------------------------|
|                         | Land         | Building/ Construction in Progress & Improvements | Cost Subsequent to Acquisition/ Construction | Land       | Building/ Construction in Progress & Improvements | Total    |                          |                                             |             |                                 |
| Camden Oak Crest        | \$2,078      | \$ 20,941                                         | \$ 1,667                                     | \$2,078    | \$ 22,608                                         | \$24,686 | \$ 7,786                 | \$ 16,900                                   | \$ 17,309   | 2003                            |
| Camden Old Creek        | 20,360       | 71,777                                            | 430                                          | 20,360     | 72,207                                            | 92,567   | 14,679                   | 77,888                                      |             | 2007                            |
| Camden Orange Court     | 5,319        | 40,733                                            | 173                                          | 5,319      | 40,906                                            | 46,225   | 7,450                    | 38,775                                      |             | 2008                            |
| Camden Overlook         | 4,591        | 25,563                                            | 2,871                                        | 4,591      | 28,434                                            | 33,025   | 7,742                    | 25,283                                      |             | 2005                            |
| Camden Palisades        | 8,406        | 31,497                                            | 7,648                                        | 8,406      | 39,145                                            | 47,551   | 19,675                   | 27,876                                      |             | 1998                            |
| Camden Park             | 4,922        | 16,453                                            | 349                                          | 4,922      | 16,802                                            | 21,724   | 590                      | 21,134                                      |             | 2012                            |
| Camden Parkside         | 29,730       | 35,642                                            | 404                                          | 29,730     | 36,046                                            | 65,776   | 1,197                    | 64,579                                      |             | 2012                            |
| Camden Peachtree City   | 6,536        | 29,063                                            | 1,991                                        | 6,536      | 31,054                                            | 37,590   | 8,221                    | 29,369                                      |             | 2005                            |
| Camden Pecos Ranch      | 3,362        | 24,492                                            | 1,342                                        | 3,362      | 25,834                                            | 29,196   | 882                      | 28,314                                      |             | 2012                            |
| Camden Pinehurst        | 3,380        | 14,807                                            | 7,337                                        | 3,380      | 22,144                                            | 25,524   | 20,123                   | 5,401                                       |             | 1997                            |
| Camden Pines            | 3,496        | 21,852                                            | 315                                          | 3,496      | 22,167                                            | 25,663   | 766                      | 24,897                                      |             | 2012                            |
| Camden Pinnacle         | 1,640        | 12,287                                            | 2,903                                        | 1,640      | 15,190                                            | 16,830   | 7,785                    | 9,045                                       |             | 1994                            |
| Camden Plantation       | 6,299        | 77,964                                            | 4,937                                        | 6,299      | 82,901                                            | 89,200   | 20,124                   | 69,076                                      |             | 2005                            |
| Camden Plaza            | 7,204        | 31,044                                            | 225                                          | 7,204      | 31,269                                            | 38,473   | 2,269                    | 36,204                                      | 21,871      | 2007                            |
| Camden Pointe           | 2,058        | 14,879                                            | 2,543                                        | 2,058      | 17,422                                            | 19,480   | 8,453                    | 11,027                                      |             | 1998                            |
| Camden Portofino        | 9,867        | 38,702                                            | 2,896                                        | 9,867      | 41,598                                            | 51,465   | 10,124                   | 41,341                                      |             | 2005                            |
| Camden Potomac Yard     | 16,498       | 88,317                                            | 161                                          | 16,498     | 88,478                                            | 104,976  | 16,157                   | 88,819                                      |             | 2008                            |
| Camden Preserve         | 1,206        | 17,982                                            | 4,150                                        | 1,206      | 22,132                                            | 23,338   | 9,418                    | 13,920                                      |             | 1997                            |
| Camden Providence Lakes | 2,020        | 14,855                                            | 5,034                                        | 2,020      | 19,889                                            | 21,909   | 7,658                    | 14,251                                      |             | 2002                            |
|                         | 4,144        | 39,987                                            | 4,194                                        | 4,144      | 44,181                                            | 48,325   | 18,750                   | 29,575                                      |             | 1997                            |

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|                     |        |        |       |        |        |        |        |        |        |      |
|---------------------|--------|--------|-------|--------|--------|--------|--------|--------|--------|------|
| Camden Renaissance  |        |        |       |        |        |        |        |        |        |      |
| Camden Reserve      | 3,910  | 20,027 | 7,825 | 3,910  | 27,852 | 31,762 | 16,635 | 15,127 |        | 1997 |
| Camden Reunion Park | 3,302  | 18,457 | 2,632 | 3,302  | 21,089 | 24,391 | 5,466  | 18,925 | 19,961 | 2005 |
| Camden Ridgecrest   | 1,008  | 12,720 | 2,845 | 1,008  | 15,565 | 16,573 | 8,532  | 8,041  |        | 1995 |
| Camden River        | 5,386  | 24,025 | 3,387 | 5,386  | 27,412 | 32,798 | 7,414  | 25,384 | 21,614 | 2005 |
| Camden Roosevelt    | 11,470 | 45,785 | 611   | 11,470 | 46,396 | 57,866 | 11,438 | 46,428 |        | 2005 |
| Camden Royal Oaks   | 1,055  | 20,046 | 265   | 1,055  | 20,311 | 21,366 | 5,329  | 16,037 |        | 2006 |
| Camden Royal Palms  | 2,147  | 38,339 | 1,091 | 2,147  | 39,430 | 41,577 | 7,345  | 34,232 |        | 2007 |
| Camden Russett      | 13,460 | 61,837 | 2,439 | 13,460 | 64,276 | 77,736 | 15,683 | 62,053 | 45,064 | 2005 |
| Camden San Marcos   | 11,520 | 35,166 | 13    | 11,520 | 35,179 | 46,699 | 95     | 46,604 |        | 2012 |
| Camden San Paloma   | 6,480  | 23,045 | 4,456 | 6,480  | 27,501 | 33,981 | 9,317  | 24,664 |        | 2002 |
| Camden Sea Palms    | 4,336  | 9,930  | 2,369 | 4,336  | 12,299 | 16,635 | 6,126  | 10,509 |        | 1998 |

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Camden Property Trust  
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As of December 31, 2012  
(in thousands)

Schedule III

|                             | Initial Cost |                                                  |                                             | Total Cost |                                                  |          | Accumulated Depreciation | Total Cost, Net of Accumulated Depreciation | Encumbrance | Year of Completion/Acquisition |
|-----------------------------|--------------|--------------------------------------------------|---------------------------------------------|------------|--------------------------------------------------|----------|--------------------------|---------------------------------------------|-------------|--------------------------------|
|                             | Land         | Building/Construction in Progress & Improvements | Cost Subsequent to Acquisition/Construction | Land       | Building/Construction in Progress & Improvements | Total    |                          |                                             |             |                                |
| Camden Sedgebrook           | \$5,266      | \$29,211                                         | \$4,324                                     | \$5,266    | \$33,535                                         | \$38,801 | \$8,174                  | \$30,627                                    | \$21,306    | 2005                           |
| Camden Shiloh               | 4,181        | 18,798                                           | 1,322                                       | 4,181      | 20,120                                           | 24,301   | 5,476                    | 18,825                                      | 10,576      | 2005                           |
| Camden Sierra               | 2,152        | 19,834                                           | 293                                         | 2,152      | 20,127                                           | 22,279   | 683                      | 21,596                                      |             | 2012                           |
| Camden Sierra at Otay Ranch | 10,585       | 49,781                                           | 2,573                                       | 10,585     | 52,354                                           | 62,939   | 15,526                   | 47,413                                      |             | 2003                           |
| Camden Silo Creek           | 9,707        | 45,144                                           | 1,179                                       | 9,707      | 46,323                                           | 56,030   | 11,111                   | 44,919                                      |             | 2005                           |
| Camden Simsbury             | 1,152        | 6,499                                            | 1,425                                       | 1,152      | 7,924                                            | 9,076    | 1,953                    | 7,123                                       |             | 2005                           |
| Camden South End Square     | 6,625        | 29,175                                           | 3,365                                       | 6,625      | 32,540                                           | 39,165   | 8,025                    | 31,140                                      |             | 2005                           |
| Camden Springs              | 1,520        | 8,300                                            | 4,219                                       | 1,520      | 12,519                                           | 14,039   | 10,104                   | 3,935                                       |             | 1994                           |
| Camden St. Clair            | 7,526        | 27,486                                           | 3,731                                       | 7,526      | 31,217                                           | 38,743   | 7,744                    | 30,999                                      | 21,646      | 2005                           |
| Camden Stockbridge          | 5,071        | 22,693                                           | 1,945                                       | 5,071      | 24,638                                           | 29,709   | 6,584                    | 23,125                                      | 14,332      | 2005                           |
| Camden Stonebridge          | 1,016        | 7,137                                            | 2,745                                       | 1,016      | 9,882                                            | 10,898   | 5,971                    | 4,927                                       |             | 1993                           |
| Camden Stonecrest           | 3,954        | 22,021                                           | 3,744                                       | 3,954      | 25,765                                           | 29,719   | 6,320                    | 23,399                                      |             | 2005                           |
| Camden Stoneleigh           | 3,498        | 31,285                                           | 2,477                                       | 3,498      | 33,762                                           | 37,260   | 7,444                    | 29,816                                      |             | 2006                           |
| Camden Sugar Grove          | 7,614        | 27,594                                           | 279                                         | 7,614      | 27,873                                           | 35,487   | 928                      | 34,559                                      |             | 2012                           |
| Camden Summerfield          | 14,659       | 48,404                                           | 301                                         | 14,659     | 48,705                                           | 63,364   | 9,283                    | 54,081                                      |             | 2008                           |
| Camden Summerfield II       | 4,459        | 20,540                                           | —                                           | 4,459      | 20,540                                           | 24,999   | 1,030                    | 23,969                                      |             | 2012                           |
| Camden Summit               | 11,212       | 18,399                                           | 283                                         | 11,212     | 18,682                                           | 29,894   | 632                      | 29,262                                      |             | 2012                           |
| Camden Tiara                | 7,709        | 28,644                                           | 323                                         | 7,709      | 28,967                                           | 36,676   | 989                      | 35,687                                      |             | 2012                           |
| Camden Touchstone           | 1,203        | 6,772                                            | 2,104                                       | 1,203      | 8,876                                            | 10,079   | 2,809                    | 7,270                                       |             | 2005                           |
| Camden Towne Center         | 1,903        | 16,527                                           | 249                                         | 1,903      | 16,776                                           | 18,679   | 573                      | 18,106                                      |             | 2012                           |

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|                        |        |        |        |        |        |        |        |        |        |           |
|------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-----------|
| Camden Travis Street   | 1,780  | 29,104 | 58     | 1,780  | 29,162 | 30,942 | 4,127  | 26,815 |        | 2010      |
| Camden Tuscany         | 3,330  | 36,466 | 923    | 3,330  | 37,389 | 40,719 | 11,031 | 29,688 |        | 2003      |
| Camden Valley Park     | 3,096  | 14,667 | 12,355 | 3,096  | 27,022 | 30,118 | 20,742 | 9,376  |        | 1994      |
| Camden Vanderbilt      | 16,076 | 44,918 | 13,292 | 16,076 | 58,210 | 74,286 | 30,658 | 43,628 | 73,166 | 1994/1997 |
| Camden Vineyards       | 4,367  | 28,494 | 1,429  | 4,367  | 29,923 | 34,290 | 9,930  | 24,360 |        | 2002      |
| Camden Vintage         | 3,641  | 19,255 | 4,682  | 3,641  | 23,937 | 27,578 | 13,300 | 14,278 |        | 1998      |
| Camden Westchase Park  | 11,955 | 36,465 | —      | 11,955 | 36,465 | 48,420 | 1,081  | 47,339 |        | 2012      |
| Camden Westshore       | 1,734  | 10,819 | 6,221  | 1,734  | 17,040 | 18,774 | 10,863 | 7,911  |        | 1997      |
| Camden Westwood        | 4,567  | 25,519 | 2,774  | 4,567  | 28,293 | 32,860 | 7,028  | 25,832 | 19,907 | 2005      |
| Camden Whispering Oaks | 1,188  | 26,242 | 93     | 1,188  | 26,335 | 27,523 | 5,303  | 22,220 |        | 2008      |
| Camden Woods           | 2,693  | 19,930 | 8,698  | 2,693  | 28,628 | 31,321 | 17,917 | 13,404 |        | 1999      |

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Camden Property Trust  
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(in thousands)

Schedule III

|                                                          | Initial Cost |                                                            | Total Cost                                            |           |                                                               |             |                             |                                                      |             |                                      |
|----------------------------------------------------------|--------------|------------------------------------------------------------|-------------------------------------------------------|-----------|---------------------------------------------------------------|-------------|-----------------------------|------------------------------------------------------|-------------|--------------------------------------|
|                                                          | Land         | Building/<br>Construction<br>in Progress &<br>Improvements | Cost<br>Subsequent<br>to Acquisition/<br>Construction | Land      | Building/<br>Construction<br>in Progress<br>&<br>Improvements | Total       | Accumulated<br>Depreciation | Total Cost,<br>Net of<br>Accumulated<br>Depreciation | Encumbrance | Year of<br>Completion<br>Acquisition |
| Camden<br>World<br>Gateway                               | \$5,785      | \$51,821                                                   | \$2,079                                               | \$5,785   | \$53,900                                                      | \$59,685    | \$12,565                    | \$47,120                                             |             | 2005                                 |
| Total Current<br>communities<br>(1):                     | \$936,063    | \$4,844,083                                                | \$482,583                                             | \$936,063 | \$5,326,666                                                   | \$6,262,729 | \$1,517,171                 | \$4,745,558                                          | \$972,256   |                                      |
| Completed<br>Communities<br>in Lease-Up:                 |              |                                                            |                                                       |           |                                                               |             |                             |                                                      |             |                                      |
| Camden<br>Royal Oaks II                                  | \$587        | \$12,663                                                   | \$—                                                   | \$587     | \$12,663                                                      | \$13,250    | \$524                       | \$12,726                                             |             | 2012                                 |
| Camden<br>Town Square                                    | 13,127       | 45,596                                                     | —                                                     | 13,127    | 45,596                                                        | 58,723      | 1,080                       | 57,643                                               |             | 2012                                 |
| Total<br>Completed<br>Communities<br>in Lease-up<br>(2): | \$13,714     | \$58,259                                                   | \$—                                                   | \$13,714  | \$58,259                                                      | \$71,973    | \$1,604                     | \$70,369                                             | \$—         |                                      |
| Communities<br>under<br>Construction:                    |              |                                                            |                                                       |           |                                                               |             |                             |                                                      |             |                                      |
| Camden Boca<br>Raton                                     |              | \$7,706                                                    |                                                       |           | \$7,706                                                       | \$7,706     | \$3                         | \$7,703                                              |             | N/A                                  |
| Camden City<br>Centre II                                 |              | 28,831                                                     | —                                                     |           | 28,831                                                        | 28,831      |                             | 28,831                                               |             | N/A                                  |
| Camden<br>Flatirons                                      |              | 20,497                                                     | —                                                     |           | 20,497                                                        | 20,497      | 110                         | 20,387                                               |             | N/A                                  |
| Camden<br>Glendale                                       |              | 33,807                                                     |                                                       |           | 33,807                                                        | 33,807      |                             | 33,807                                               |             | N/A                                  |
| Camden<br>Lamar<br>Heights                               |              | 10,537                                                     | —                                                     |           | 10,537                                                        | 10,537      |                             | 10,537                                               |             | N/A                                  |

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|                                              |         |           |     |         |           |           |         |               |
|----------------------------------------------|---------|-----------|-----|---------|-----------|-----------|---------|---------------|
| Camden<br>NOMA                               | 71,627  | —         |     | 71,627  | 71,627    | 5         | 71,622  | N/A           |
| Camden<br>Paces                              | 23,252  | —         |     | 23,252  | 23,252    |           | 23,252  | N/A           |
| Total<br>Construction<br>communities<br>(2): | \$—     | \$196,257 | \$— | \$—     | \$196,257 | \$196,257 | \$118   | \$196,139 \$— |
| Development<br>Pipeline<br>communities:      |         |           |     |         |           |           |         |               |
| Camden<br>Atlantic                           | \$9,394 |           |     | \$9,394 | \$9,394   |           | \$9,394 | N/A           |
| Camden<br>Buckhead                           | 17,444  |           |     | 17,444  | 17,444    |           | 17,444  | N/A           |
| Camden<br>Centro                             | 8,556   |           |     | 8,556   | 8,556     |           | 8,556   | N/A           |
| Camden<br>Hollywood                          | 18,704  |           |     | 18,704  | 18,704    |           | 18,704  | N/A           |
| Camden La<br>Frontera                        | 4,820   |           |     | 4,820   | 4,820     |           | 4,820   | N/A           |

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Camden Property Trust  
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As of December 31, 2012  
(in thousands)

Schedule III

|                                                         | Initial Cost |                                                               | Total Cost                                               |           |                                                               |             |                             |                                                      |             |                                      |
|---------------------------------------------------------|--------------|---------------------------------------------------------------|----------------------------------------------------------|-----------|---------------------------------------------------------------|-------------|-----------------------------|------------------------------------------------------|-------------|--------------------------------------|
|                                                         | Land         | Building/<br>Construction<br>in Progress<br>&<br>Improvements | Cost<br>Subsequent<br>to<br>Acquisition/<br>Construction | Land      | Building/<br>Construction<br>in Progress<br>&<br>Improvements | Total       | Accumulated<br>Depreciation | Total Cost,<br>Net of<br>Accumulated<br>Depreciation | Encumbrance | Year of<br>Completion<br>Acquisition |
| Camden<br>Lincoln<br>Station                            |              | \$5,232                                                       |                                                          |           | \$5,232                                                       | \$5,232     |                             | \$5,232                                              |             | N/A                                  |
| Camden<br>McGowen<br>Station                            |              | 7,103                                                         |                                                          |           | 7,103                                                         | 7,103       |                             | 7,103                                                |             | N/A                                  |
| Camden<br>Victory Park                                  |              | 14,715                                                        |                                                          |           | 14,715                                                        | 14,715      | 2                           | 14,713                                               |             | N/A                                  |
| Total<br>Development<br>Pipeline<br>communities<br>(2): | \$—          | \$85,968                                                      | \$—                                                      | \$—       | \$85,968                                                      | \$85,968    | \$2                         | \$85,966                                             | \$—         |                                      |
| Land<br>Holdings (2)                                    |              | \$52,295                                                      | \$—                                                      | \$—       | \$52,295                                                      | \$52,295    | \$1                         | \$52,294                                             |             | N/A                                  |
| Corporate                                               |              | 4,692                                                         | —                                                        | —         | 4,692                                                         | 4,692       |                             | 4,692                                                |             | N/A                                  |
|                                                         | \$—          | \$56,987                                                      | \$—                                                      | \$—       | \$56,987                                                      | \$56,987    | \$1                         | \$56,986                                             | \$—         |                                      |
| TOTAL                                                   | \$949,777    | \$5,241,554                                                   | \$482,583                                                | \$949,777 | \$5,724,137                                                   | \$6,673,914 | \$1,518,896                 | \$5,155,018                                          | \$972,256   |                                      |

(1) Current communities may include costs included in properties under development on the balance sheet as of December 31, 2012.

(2) Lease-up/construction communities may include costs included in buildings and improvements on the balance sheet as of December 31, 2012.

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Schedule III

The changes in total real estate assets for the years ended December 31:

|                                                        | 2012        | 2011        | 2010        |
|--------------------------------------------------------|-------------|-------------|-------------|
| Balance, beginning of period                           | \$5,819,540 | \$5,647,677 | \$5,461,626 |
| Additions during period:                               |             |             |             |
| Acquisition of operating properties and joint ventures | 797,477     | —           | 238,885     |
| Development                                            | 232,296     | 180,028     | 21,798      |
| Improvements                                           | 60,426      | 61,037      | 44,405      |
| Deductions during period:                              |             |             |             |
| Cost of real estate sold contributed to joint venture  | —           | (12,578)    | ) —         |
| Cost of real estate sold – other                       | (176,872)   | ) (32,673)  | ) (119,037) |
| Classification to held for sale                        | (58,953)    | ) (23,951)  | ) —         |
| Balance, end of period                                 | \$6,673,914 | \$5,819,540 | \$5,647,677 |

The changes in accumulated depreciation for the years ended December 31:

|                              | 2012        | 2011        | 2010        |
|------------------------------|-------------|-------------|-------------|
| Balance, Beginning of period | \$1,432,799 | \$1,292,924 | \$1,149,056 |
| Depreciation                 | 185,546     | 171,009     | 166,867     |
| Dispositions                 | (72,465)    | ) (18,877)  | ) (22,999)  |
| Transfers to held for sale   | (26,984)    | ) (12,257)  | ) —         |
| Balance, end of period       | \$1,518,896 | \$1,432,799 | \$1,292,924 |

The aggregate cost for federal income tax purposes at December 31, 2012 was \$5.9 billion.