

CAMDEN PROPERTY TRUST

Form 10-K

February 21, 2014

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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, 2013

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.)

11 Greenway Plaza, Suite 2400

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

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 \$5,825,629,302 based on a June 30, 2013 share price of \$69.14.

On February 14, 2014, 85,420,966 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 9, 2014 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, redevelopment, 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 11 Greenway Plaza, Suite 2400, 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, and Nominating and Corporate Governance Committees. Copies are also available, without charge, from Investor Relations, 11 Greenway Plaza, Suite 2400, 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, redevelopment, 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, 2013, we owned interests in, operated, or were developing 184 multifamily properties comprised of 64,328 apartment homes across the United States. Of the 184 properties, 14 properties were under construction and when completed will consist of a total of 4,354 apartment homes. Additionally, we are adding a subsequent phase to a stabilized community which will consist of 75 apartment homes and we own land holdings we may develop into multifamily apartment communities in the future.

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; 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 develop 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 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 flow generated from operations, availability under our unsecured credit facility and other short-term borrowings, proceeds from property dispositions, the use of debt and equity offerings under our automatic shelf registration statement, equity issued from our at-the-market share offering program, other unsecured borrowings 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 increasing our operating revenues and 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. We currently have two discretionary investment funds (the "funds"), both of which were closed to future investment as of December 31, 2013. 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, 2013, we had approximately 1,780 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, 2013, 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 recent years. Although the economy has been gradually improving, there can be no assurance capital and credit markets will continue to improve in the near future. 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 activities. Other weakened economic conditions, including job losses, high unemployment levels, stock market volatility, and uncertainty about the future, 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.

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.

We could be negatively impacted by the elimination 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 June 2013, a bipartisan group of senators proposed an overhaul of the housing finance system which would wind down Fannie Mae and Freddie Mac within five years; in August 2013, President Obama announced his support for this legislation. 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.

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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, redevelopment and construction risks could impact our profitability.

We intend to continue to develop, redevelop and construct multifamily apartment communities for our portfolio, with 2014 development starts expected in the range of \$150 to \$300 million and 2014 redevelopment expenditures in the range of \$55 to \$75 million. Our development, redevelopment 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;
- inability to complete construction and lease-up of a community on schedule;
- forecasted occupancy and rental rates may differ from the actual results; and
- the incurrence of costs related to the abandonment of development opportunities which we have pursued and subsequently deemed unfeasible.

Our inability to successfully implement our development, redevelopment 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, 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 statute 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;

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•our estimates of the costs, if any, of repositioning or redeveloping the acquired property may prove inaccurate;  
•the expected occupancy, rental rates and operating expenses may differ from the actual results;  
•we may not be able to obtain adequate financing; and  
•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, 2013 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  
•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:



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• 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, and non-controlling interest holders.

A cybersecurity incident and other technology disruptions could negatively impact our business and our relationships with residents.

We use technology in substantially all aspects of our business operations. We also use mobile devices, social networking and other online activities to connect with our employees, suppliers and our residents. Such uses give rise to potential cybersecurity risks, including security breach, espionage, system disruption, theft and inadvertent release of information. Our business involves the storage and transmission of numerous classes of sensitive and/or confidential information and intellectual property, including residents' and suppliers' personal information, private information about employees, and financial and strategic information about us. Further, as we pursue our strategy to grow through acquisitions and developments and to pursue new initiatives to improve our operations, we are also expanding our information technologies, resulting in a larger technological presence and corresponding exposure to cybersecurity risk. If we fail to assess and identify cybersecurity risks associated with our operations, we may become increasingly vulnerable to such risks. Additionally, the measures we have implemented to prevent security breaches and cyber incidents may not be effective. The theft, destruction, loss, misappropriation, or release of sensitive and/or confidential information or intellectual property, or interference with our information technology systems or the technology systems of third-parties on which we rely, could result in business disruption, negative publicity, brand damage, violation of privacy laws, loss of residents, potential liability and competitive disadvantage, any of which could result in a material effect on our financial condition or 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;

• changes in market rents; and

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• increases in operating expenses.

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 adverse consequences.

As of December 31, 2013, we had outstanding debt of approximately \$2.5 billion. This indebtedness could have adverse 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, redevelopment and other 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, Standard & Poor's and Fitch, the major debt rating agencies, routinely evaluate our debt and have given us ratings of Baa1, BBB+, and BBB+, respectively, each with stable outlooks, 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 exercise 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 170 operating properties in which we owned interests and operated at December 31, 2013 averaged 948 square feet of living area per apartment home. For the year ended December 31, 2013, 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 each of the years ended December 31, 2013 and 2012, and an average annual rental revenue per apartment home of \$1,157 and \$1,045 for the years ended December 31, 2013 and 2012, respectively. Resident lease terms generally range from six to fifteen months. 151 of our operating properties have over 200 apartment homes, with the largest having 930 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 |
|------------------------|--------------------------------|
| 2006-2013              | 49                             |
| 2001-2005              | 32                             |
| 1996-2000              | 49                             |
| 1991-1995              | 18                             |
| 1986-1990              | 15                             |
| Prior to 1986          | 7                              |

## Property Table

The following table sets forth information with respect to our 170 operating properties at December 31, 2013:

| Property and Location       | OPERATING PROPERTIES   |                                  |                      |                            |                                                    |
|-----------------------------|------------------------|----------------------------------|----------------------|----------------------------|----------------------------------------------------|
|                             | Year Placed In Service | Average Apartment Size (Sq. Ft.) | Number of Apartments | 2013 Average Occupancy (1) | 2013 Average Monthly Rental Rate per Apartment (2) |
| <b>ARIZONA</b>              |                        |                                  |                      |                            |                                                    |
| Phoenix                     |                        |                                  |                      |                            |                                                    |
| Camden Copper Square        | 2000                   | 786                              | 332                  | 93.3                       | % \$ 939                                           |
| Camden Legacy               | 1996                   | 1,067                            | 428                  | 93.6                       | 1,006                                              |
| Camden Montierra            | 1999                   | 1,071                            | 249                  | 93.1                       | 1,182                                              |
| Camden Pecos Ranch          | 2001                   | 924                              | 272                  | 93.7                       | 886                                                |
| Camden San Marcos           | 1995                   | 984                              | 320                  | 92.7                       | 1,004                                              |
| Camden San Paloma           | 1993/1994              | 1,042                            | 324                  | 94.0                       | 1,012                                              |
| Camden Sotelo (3)           | 2008/2012              | 1,303                            | 170                  | 92.2                       | 1,205                                              |
| <b>CALIFORNIA</b>           |                        |                                  |                      |                            |                                                    |
| Los Angeles/Orange County   |                        |                                  |                      |                            |                                                    |
| Camden Crown Valley         | 2001                   | 1,009                            | 380                  | 95.6                       | 1,663                                              |
| Camden Harbor View          | 2004                   | 975                              | 538                  | 95.3                       | 2,044                                              |
| Camden Main & Jamboree (4)  | 2008                   | 1,011                            | 290                  | 96.1                       | 1,868                                              |
| Camden Martinique           | 1986                   | 794                              | 714                  | 95.9                       | 1,409                                              |
| Camden Parkside             | 1972                   | 836                              | 421                  | 94.5                       | 1,291                                              |
| Camden Sea Palms            | 1990                   | 891                              | 138                  | 96.1                       | 1,567                                              |
| San Diego/Inland Empire     |                        |                                  |                      |                            |                                                    |
| Camden Landmark             | 2006                   | 982                              | 469                  | 93.3                       | 1,335                                              |
| Camden Old Creek            | 2007                   | 1,037                            | 350                  | 95.4                       | 1,660                                              |
| Camden Sierra at Otay Ranch | 2003                   | 962                              | 422                  | 94.3                       | 1,536                                              |
| Camden Tuscany              | 2003                   | 896                              | 160                  | 94.8                       | 2,109                                              |
| Camden Vineyards            | 2002                   | 1,053                            | 264                  | 94.7                       | 1,254                                              |
| <b>COLORADO</b>             |                        |                                  |                      |                            |                                                    |
| Denver                      |                        |                                  |                      |                            |                                                    |
| Camden Bellevue Station     | 2009                   | 888                              | 270                  | 93.3                       | 1,224                                              |
| Camden Caley                | 2000                   | 925                              | 218                  | 96.0                       | 1,078                                              |
| Camden Denver West          | 1997                   | 1,015                            | 320                  | 95.8                       | 1,243                                              |
| Camden Highlands Ridge      | 1996                   | 1,149                            | 342                  | 92.9                       | 1,334                                              |
| Camden Interlocken          | 1999                   | 1,010                            | 340                  | 95.5                       | 1,282                                              |
| Camden Lakeway              | 1997                   | 932                              | 451                  | 94.9                       | 1,082                                              |



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| Property and Location        | OPERATING PROPERTIES         |                                     |                         |                                  |                                                             |
|------------------------------|------------------------------|-------------------------------------|-------------------------|----------------------------------|-------------------------------------------------------------|
|                              | Year<br>Placed<br>In Service | Average Apartment<br>Size (Sq. Ft.) | Number of<br>Apartments | 2013 Average<br>Occupancy<br>(1) | 2013 Average<br>Monthly Rental<br>Rate per<br>Apartment (2) |
| <b>WASHINGTON DC METRO</b>   |                              |                                     |                         |                                  |                                                             |
| Camden Ashburn Farm          | 2000                         | 1,062                               | 162                     | 96.1                             | % \$ 1,507                                                  |
| Camden Clearbrook            | 2007                         | 1,048                               | 297                     | 95.7                             | 1,364                                                       |
| Camden College Park (4)      | 2008                         | 942                                 | 508                     | 95.6                             | 1,592                                                       |
| Camden Dulles Station        | 2009                         | 978                                 | 382                     | 94.6                             | 1,619                                                       |
| Camden Fair Lakes            | 1999                         | 1,056                               | 530                     | 95.6                             | 1,684                                                       |
| Camden Fairfax Corner        | 2006                         | 934                                 | 488                     | 95.8                             | 1,716                                                       |
| Camden Fallsgrove            | 2004                         | 996                                 | 268                     | 95.3                             | 1,694                                                       |
| Camden Grand Parc            | 2002                         | 674                                 | 105                     | 94.1                             | 2,440                                                       |
| Camden Lansdowne             | 2002                         | 1,006                               | 690                     | 95.9                             | 1,451                                                       |
| Camden Largo Town Center     | 2000/2007                    | 1,027                               | 245                     | 94.6                             | 1,610                                                       |
| Camden Monument Place        | 2007                         | 856                                 | 368                     | 95.8                             | 1,532                                                       |
| Camden Potomac Yard          | 2008                         | 835                                 | 378                     | 96.1                             | 2,042                                                       |
| Camden Roosevelt             | 2003                         | 856                                 | 198                     | 94.2                             | 2,545                                                       |
| Camden Russett               | 2000                         | 992                                 | 426                     | 94.4                             | 1,402                                                       |
| Camden Silo Creek            | 2004                         | 975                                 | 284                     | 96.5                             | 1,465                                                       |
| Camden South Capitol (5) (6) | 2013                         | 821                                 | 276                     | Lease-up                         | 1,670                                                       |
| Camden Summerfield           | 2008                         | 957                                 | 291                     | 93.8                             | 1,587                                                       |
| Camden Summerfield II        | 2012                         | 936                                 | 187                     | 93.5                             | 1,587                                                       |
| <b>FLORIDA</b>               |                              |                                     |                         |                                  |                                                             |
| <b>Southeast Florida</b>     |                              |                                     |                         |                                  |                                                             |
| Camden Aventura              | 1995                         | 1,108                               | 379                     | 94.7                             | 1,645                                                       |
| Camden Brickell              | 2003                         | 937                                 | 405                     | 95.9                             | 1,775                                                       |
| Camden Doral                 | 1999                         | 1,120                               | 260                     | 95.8                             | 1,606                                                       |
| Camden Doral Villas          | 2000                         | 1,253                               | 232                     | 94.1                             | 1,722                                                       |
| Camden Las Olas              | 2004                         | 1,043                               | 420                     | 94.4                             | 1,859                                                       |
| Camden Plantation            | 1997                         | 1,201                               | 502                     | 96.1                             | 1,368                                                       |
| Camden Portofino             | 1995                         | 1,112                               | 322                     | 96.6                             | 1,412                                                       |
| <b>Orlando</b>               |                              |                                     |                         |                                  |                                                             |
| Camden Club                  | 1986                         | 1,077                               | 436                     | 95.7                             | 907                                                         |
| Camden Hunter's Creek        | 2000                         | 1,075                               | 270                     | 95.4                             | 1,060                                                       |
| Camden Lago Vista            | 2005                         | 955                                 | 366                     | 96.1                             | 933                                                         |
| Camden LaVina                | 2012                         | 970                                 | 420                     | 94.3                             | 1,096                                                       |
| Camden Lee Vista             | 2000                         | 937                                 | 492                     | 97.0                             | 897                                                         |
| Camden Orange Court          | 2008                         | 817                                 | 268                     | 96.4                             | 1,155                                                       |
| Camden Renaissance           | 1996/1998                    | 899                                 | 578                     | 95.9                             | 836                                                         |
| Camden Town Square (7)       | 2012                         | 986                                 | 438                     | 93.8                             | 1,124                                                       |
| Camden World Gateway         | 2000                         | 979                                 | 408                     | 95.0                             | 1,007                                                       |
| <b>Tampa/St. Petersburg</b>  |                              |                                     |                         |                                  |                                                             |
| Camden Bay                   | 1997/2001                    | 943                                 | 760                     | 95.1                             | 905                                                         |
| Camden Bayside               | 1987/1989                    | 748                                 | 832                     | 96.0                             | 806                                                         |
| Camden Lakes                 | 1982/1983                    | 732                                 | 688                     | 95.1                             | 752                                                         |
| Camden Lakeside              | 1986                         | 729                                 | 228                     | 94.9                             | 772                                                         |



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## OPERATING PROPERTIES

| Property and Location   | Year Placed In Service | Average Apartment Size (Sq. Ft.) | Number of Apartments | 2013 Average Occupancy (1) | 2013 Average Monthly Rental Rate per Apartment (2) |
|-------------------------|------------------------|----------------------------------|----------------------|----------------------------|----------------------------------------------------|
| Camden Montague         | 2012                   | 975                              | 192                  | 95.8 %                     | \$ 1,140                                           |
| Camden Preserve         | 1996                   | 942                              | 276                  | 93.8                       | 1,134                                              |
| Camden Providence Lakes | 1996                   | 1,024                            | 260                  | 95.1                       | 917                                                |
| Camden Royal Palms      | 2006                   | 1,017                            | 352                  | 95.6                       | 965                                                |
| Camden Visconti (6)     | 2007                   | 1,125                            | 450                  | 95.4                       | 1,150                                              |
| Camden Westchase Park   | 2012                   | 993                              | 348                  | 95.2                       | 1,223                                              |
| Camden Westshore        | 1986                   | 728                              | 278                  | 96.0                       | 889                                                |
| Camden Woods            | 1986                   | 1,223                            | 444                  | 95.3                       | 885                                                |
| GEORGIA                 |                        |                                  |                      |                            |                                                    |
| Atlanta                 |                        |                                  |                      |                            |                                                    |
| Camden Brookwood        | 2002                   | 912                              | 359                  | 95.9                       | 1,070                                              |
| Camden Creekstone       | 2002                   | 990                              | 223                  | 95.8                       | 1,003                                              |
| Camden Deerfield        | 2000                   | 1,187                            | 292                  | 94.3                       | 1,068                                              |
| Camden Dunwoody         | 1997                   | 1,007                            | 324                  | 94.1                       | 997                                                |
| Camden Midtown Atlanta  | 2001                   | 935                              | 296                  | 95.5                       | 1,104                                              |
| Camden Peachtree City   | 2001                   | 1,027                            | 399                  | 96.9                       | 989                                                |
| Camden Phipps (6)       | 1996                   | 1,018                            | 234                  | 96.0                       | 1,296                                              |
| Camden River            | 1997                   | 1,103                            | 352                  | 95.7                       | 931                                                |
| Camden Shiloh           | 1999/2002              | 1,143                            | 232                  | 95.1                       | 927                                                |
| Camden St. Clair        | 1997                   | 999                              | 336                  | 94.8                       | 1,021                                              |
| Camden Stockbridge      | 2003                   | 1,009                            | 304                  | 94.7                       | 774                                                |
| Camden Vantage (3)      | 2010                   | 901                              | 592                  | 94.3                       | 966                                                |
| NEVADA                  |                        |                                  |                      |                            |                                                    |
| Las Vegas               |                        |                                  |                      |                            |                                                    |
| Camden Bel Air          | 1988/1995              | 943                              | 528                  | 93.4                       | 716                                                |
| Camden Breeze           | 1989                   | 846                              | 320                  | 93.7                       | 720                                                |
| Camden Canyon           | 1995                   | 987                              | 200                  | 95.8                       | 866                                                |
| Camden Commons          | 1988                   | 936                              | 376                  | 94.4                       | 751                                                |
| Camden Cove             | 1990                   | 898                              | 124                  | 95.4                       | 717                                                |
| Camden Del Mar          | 1995                   | 986                              | 560                  | 95.3                       | 904                                                |
| Camden Fairways         | 1989                   | 896                              | 320                  | 95.8                       | 874                                                |
| Camden Hills            | 1991                   | 439                              | 184                  | 93.1                       | 489                                                |
| Camden Legends          | 1994                   | 792                              | 113                  | 95.7                       | 822                                                |
| Camden Palisades        | 1991                   | 905                              | 624                  | 95.0                       | 719                                                |
| Camden Pines            | 1997                   | 982                              | 315                  | 94.2                       | 790                                                |
| Camden Pointe           | 1996                   | 983                              | 252                  | 95.1                       | 731                                                |
| Camden Summit           | 1995                   | 1,187                            | 234                  | 94.1                       | 1,097                                              |
| Camden Tiara            | 1996                   | 1,043                            | 400                  | 95.1                       | 856                                                |
| Camden Vintage          | 1994                   | 978                              | 368                  | 94.1                       | 696                                                |
| NORTH CAROLINA          |                        |                                  |                      |                            |                                                    |
| Charlotte               |                        |                                  |                      |                            |                                                    |
| Camden Ballantyne       | 1998                   | 1,045                            | 400                  | 95.8                       | 1,090                                              |
| Camden Cotton Mills     | 2002                   | 905                              | 180                  | 96.7                       | 1,351                                              |



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## OPERATING PROPERTIES

| Property and Location      | Year Placed In Service | Average Apartment Size (Sq. Ft.) | Number of Apartments | 2013 Average Occupancy (1) | 2013 Average Monthly Rental Rate per Apartment (2) |
|----------------------------|------------------------|----------------------------------|----------------------|----------------------------|----------------------------------------------------|
| Camden Dilworth            | 2006                   | 857                              | 145                  | 96.8                       | % \$ 1,310                                         |
| Camden Fairview            | 1983                   | 1,036                            | 135                  | 96.4                       | 1,001                                              |
| Camden Foxcroft            | 1979                   | 940                              | 156                  | 97.6                       | 880                                                |
| Camden Grandview           | 2000                   | 1,057                            | 266                  | 97.7                       | 1,471                                              |
| Camden Pinehurst           | 1967                   | 1,147                            | 407                  | 96.1                       | 886                                                |
| Camden Sedgebrook          | 1999                   | 972                              | 368                  | 96.4                       | 947                                                |
| Camden Simsbury            | 1985                   | 874                              | 100                  | 96.9                       | 981                                                |
| Camden South End Square    | 2003                   | 882                              | 299                  | 96.7                       | 1,227                                              |
| Camden Stonecrest          | 2001                   | 1,098                            | 306                  | 95.5                       | 1,117                                              |
| Camden Touchstone          | 1986                   | 899                              | 132                  | 97.7                       | 832                                                |
| Raleigh                    |                        |                                  |                      |                            |                                                    |
| Camden Asbury Village (6)  | 2009                   | 1,009                            | 350                  | 95.8                       | 1,030                                              |
| Camden Crest               | 2001                   | 1,013                            | 438                  | 96.3                       | 852                                                |
| Camden Governor's Village  | 1999                   | 1,046                            | 242                  | 95.5                       | 935                                                |
| Camden Lake Pine           | 1999                   | 1,066                            | 446                  | 94.8                       | 910                                                |
| Camden Manor Park          | 2006                   | 966                              | 484                  | 97.0                       | 935                                                |
| Camden Overlook            | 2001                   | 1,060                            | 320                  | 95.8                       | 1,013                                              |
| Camden Reunion Park        | 2000/2004              | 972                              | 420                  | 94.3                       | 803                                                |
| Camden Westwood            | 1999                   | 1,027                            | 354                  | 94.2                       | 862                                                |
| TEXAS                      |                        |                                  |                      |                            |                                                    |
| Austin                     |                        |                                  |                      |                            |                                                    |
| Camden Amber Oaks (6)      | 2009                   | 862                              | 348                  | 96.3                       | 903                                                |
| Camden Amber Oaks II (6)   | 2012                   | 910                              | 244                  | 95.3                       | 1,003                                              |
| Camden Brushy Creek (6)    | 2008                   | 882                              | 272                  | 96.0                       | 914                                                |
| Camden Cedar Hills         | 2008                   | 911                              | 208                  | 95.8                       | 1,060                                              |
| Camden Gaines Ranch        | 1997                   | 955                              | 390                  | 94.6                       | 1,201                                              |
| Camden Huntingdon          | 1995                   | 903                              | 398                  | 95.2                       | 872                                                |
| Camden Ridgecrest          | 1995                   | 855                              | 284                  | 94.6                       | 800                                                |
| Camden Shadow Brook (6)    | 2009                   | 909                              | 496                  | 96.0                       | 946                                                |
| Camden Stoneleigh          | 2001                   | 908                              | 390                  | 95.0                       | 1,045                                              |
| Corpus Christi             |                        |                                  |                      |                            |                                                    |
| Camden Breakers            | 1996                   | 868                              | 288                  | 95.7                       | 1,097                                              |
| Camden Copper Ridge        | 1986                   | 775                              | 344                  | 96.1                       | 809                                                |
| Camden Miramar (8)         | 1994-2013              | 492                              | 930                  | 72.5                       | 999                                                |
| Camden South Bay (6)       | 2007                   | 1,055                            | 270                  | 95.6                       | 1,218                                              |
| Dallas/Fort Worth          |                        |                                  |                      |                            |                                                    |
| Camden Addison             | 1996                   | 942                              | 456                  | 94.9                       | 915                                                |
| Camden Belmont             | 2010/2012              | 945                              | 477                  | 95.0                       | 1,353                                              |
| Camden Buckingham          | 1997                   | 919                              | 464                  | 95.8                       | 966                                                |
| Camden Centreport          | 1997                   | 911                              | 268                  | 95.0                       | 900                                                |
| Camden Cimarron            | 1992                   | 772                              | 286                  | 95.6                       | 936                                                |
| Camden Design District (6) | 2009                   | 939                              | 355                  | 94.7                       | 1,246                                              |
| Camden Farmers Market      | 2001/2005              | 932                              | 904                  | 94.5                       | 1,073                                              |



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## OPERATING PROPERTIES

| Property and Location           | Year Placed In Service | Average Apartment Size (Sq. Ft.) | Number of Apartments | 2013 Average Occupancy (1) | 2013 Average Monthly Rental Rate per Apartment (2) |
|---------------------------------|------------------------|----------------------------------|----------------------|----------------------------|----------------------------------------------------|
| Camden Glen Lakes               | 1979                   | 877                              | 424                  | 95.1 %                     | \$ 871                                             |
| Camden Henderson                | 2012                   | 967                              | 106                  | 93.1                       | 1,469                                              |
| Camden Legacy Creek             | 1995                   | 831                              | 240                  | 95.9                       | 964                                                |
| Camden Legacy Park              | 1996                   | 871                              | 276                  | 95.3                       | 991                                                |
| Camden Panther Creek (6)        | 2009                   | 946                              | 295                  | 95.3                       | 1,042                                              |
| Camden Riverwalk (6)            | 2008                   | 982                              | 600                  | 95.2                       | 1,247                                              |
| Camden Valley Park              | 1986                   | 743                              | 516                  | 96.7                       | 853                                                |
| Houston                         |                        |                                  |                      |                            |                                                    |
| Camden City Centre              | 2007                   | 932                              | 379                  | 96.6                       | 1,536                                              |
| Camden City Centre II (7)       | 2013                   | 868                              | 268                  | 96.2                       | 1,479                                              |
| Camden Cypress Creek (6)        | 2009                   | 993                              | 310                  | 96.1                       | 1,163                                              |
| Camden Downs at Cinco Ranch (6) | 2004                   | 1,075                            | 318                  | 96.3                       | 1,173                                              |
| Camden Grand Harbor (6)         | 2008                   | 959                              | 300                  | 96.4                       | 1,076                                              |
| Camden Greenway                 | 1999                   | 861                              | 756                  | 94.8                       | 1,302                                              |
| Camden Heights (6)              | 2004                   | 927                              | 352                  | 97.0                       | 1,426                                              |
| Camden Holly Springs            | 1999                   | 934                              | 548                  | 94.4                       | 1,105                                              |
| Camden Midtown                  | 1999                   | 844                              | 337                  | 96.5                       | 1,602                                              |
| Camden Northpointe (6)          | 2008                   | 940                              | 384                  | 96.5                       | 1,008                                              |
| Camden Oak Crest                | 2003                   | 870                              | 364                  | 95.9                       | 969                                                |
| Camden Park                     | 1995                   | 866                              | 288                  | 96.6                       | 924                                                |
| Camden Piney Point (6)          | 2004                   | 919                              | 318                  | 96.2                       | 1,181                                              |
| Camden Plaza                    | 2007                   | 915                              | 271                  | 96.8                       | 1,485                                              |
| Camden Post Oak (3)             | 2003                   | 1,200                            | 356                  | 95.8                       | 2,484                                              |
| Camden Royal Oaks               | 2006                   | 923                              | 236                  | 95.6                       | 1,175                                              |
| Camden Royal Oaks II (7)        | 2012                   | 1,054                            | 104                  | 98.2                       | 1,340                                              |
| Camden Spring Creek (6)         | 2004                   | 1,080                            | 304                  | 96.6                       | 1,079                                              |
| Camden Stonebridge              | 1993                   | 845                              | 204                  | 97.2                       | 964                                                |
| Camden Sugar Grove              | 1997                   | 921                              | 380                  | 96.6                       | 972                                                |
| Camden Travis Street            | 2010                   | 819                              | 253                  | 97.5                       | 1,548                                              |
| Camden Vanderbilt               | 1996/1997              | 863                              | 894                  | 97.0                       | 1,338                                              |
| Camden Whispering Oaks          | 2008                   | 934                              | 274                  | 96.6                       | 1,138                                              |
| Camden Woodson Park (6)         | 2008                   | 916                              | 248                  | 96.1                       | 1,040                                              |
| Camden Yorktown (6)             | 2008                   | 995                              | 306                  | 96.2                       | 1,065                                              |
| San Antonio                     |                        |                                  |                      |                            |                                                    |
| Camden Braun Station (6)        | 2006                   | 827                              | 240                  | 96.5                       | 858                                                |

(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 acquired during 2013—average occupancy calculated from date property was acquired.

(4) 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.

(5) Property under lease-up at December 31, 2013.

(6)

Property owned through an unconsolidated joint venture in which we own a 20% interest. The remaining interest is owned by an unaffiliated third party.

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(7) Development property stabilized during 2013—average occupancy calculated from date at which occupancy exceeded 90% through December 31, 2013.

Miramar is a student housing project for Texas A&M at Corpus Christi. Average occupancy includes summer (8) months which are normally subject to high vacancies. Phase IX-A was completed during 2013 and is comprised of 75 apartments.

Item 3. Legal Proceedings

None.

Item 4. Mine Safety Disclosures

None.

## 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 |
|----------------|---------|---------|---------------|
| 2013 Quarters: |         |         |               |
| First          | \$71.47 | \$68.14 | \$0.63        |
| Second         | 75.46   | 62.98   | 0.63          |
| Third          | 73.74   | 60.65   | 0.63          |
| Fourth         | 66.51   | 56.79   | 0.63          |
| 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          |

In the first quarter of 2014, the Company's Board of Trust Managers increased the quarterly dividend rate from \$0.63 to \$0.66 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 2014 are similar to those declared for the first quarter 2014, the annualized dividend rate for 2014 would be \$2.64.

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This graph assumes the investment of \$100 on December 31, 2008 and quarterly reinvestment of dividends. (Source: SNL Financial LC)

| Index                    | Years Ended December 31, |          |          |          |          |
|--------------------------|--------------------------|----------|----------|----------|----------|
|                          | 2009                     | 2010     | 2011     | 2012     | 2013     |
| Camden Property Trust    | \$144.96                 | \$192.05 | \$229.03 | \$259.75 | \$225.26 |
| FTSE NAREIT Equity       | 127.99                   | 163.78   | 177.36   | 209.39   | 214.56   |
| S&P 500                  | 126.46                   | 145.51   | 148.59   | 172.37   | 228.19   |
| Russell 2000             | 127.17                   | 161.32   | 154.59   | 179.86   | 249.69   |
| MSCI US REIT (RMS) Index | 128.61                   | 165.23   | 179.60   | 211.50   | 216.73   |

As of February 14, 2014, there were approximately 483 shareholders of record and approximately 26,283 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, 2011, we issued approximately 0.3 million common shares at an average price of \$55.81 per share for total net consideration of approximately \$13.8 million which were used for general corporate purposes. The 2010 ATM program was terminated in the second quarter of 2011, and no further common shares are available for sale under this program.

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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 which were used for 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 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. During the year ended December 31, 2013, we issued approximately 0.6 million common shares at an average price of \$73.73 per share for total net consideration of approximately \$40.0 million which were used for general corporate purposes, which included funding for development and capital improvement projects. As of the date of this filing, we had common shares having an aggregate offering price of up to \$82.7 million remaining available for sale under the 2012 ATM program.

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, 2013. 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, 2013. There were no repurchases of our equity securities during the years ended December 31, 2013, 2012 and 2011.

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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, 2009 through 2013. 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, |             |             |             |             |
|-----------------------------------------------------------------------------------------|-------------------------|-------------|-------------|-------------|-------------|
|                                                                                         | 2013                    | 2012        | 2011        | 2010        | 2009        |
| <b>Operating Data (a)</b>                                                               |                         |             |             |             |             |
| Total property revenues                                                                 | \$788,851               | \$698,318   | \$599,401   | \$547,756   | \$547,047   |
| Total property expenses                                                                 | 285,691                 | 256,430     | 230,212     | 217,309     | 212,005     |
| Total non-property income                                                               | 21,197                  | 16,407      | 21,395      | 28,337      | 25,443      |
| Total other expenses                                                                    | 392,478                 | 373,254     | 352,627     | 353,427     | 356,533     |
| Income (loss) from continuing operations attributable to common shareholders            | 151,594                 | 154,116     | 7,383       | (5,357 )    | (90,621 )   |
| Net income (loss) attributable to common shareholders                                   | 336,364                 | 283,390     | 49,379      | 23,216      | (50,800 )   |
| Income (loss) from continuing operations attributable to common shareholders per share: |                         |             |             |             |             |
| Basic                                                                                   | \$1.70                  | \$1.81      | \$0.09      | \$(0.08 )   | \$(1.44 )   |
| Diluted                                                                                 | 1.69                    | 1.79        | 0.09        | (0.08 )     | (1.44 )     |
| Net income (loss) attributable to common shareholders per share:                        |                         |             |             |             |             |
| Basic                                                                                   | \$3.82                  | \$3.35      | \$0.67      | \$0.33      | \$(0.80 )   |
| Diluted                                                                                 | 3.78                    | 3.30        | 0.66        | 0.33        | (0.80 )     |
| Distributions declared per common share                                                 | \$2.52                  | \$2.24      | \$1.96      | \$1.80      | \$2.05      |
| <b>Balance Sheet Data (at end of year)</b>                                              |                         |             |             |             |             |
| Total real estate assets, at cost (b)                                                   | \$7,114,336             | \$6,749,523 | \$5,875,515 | \$5,675,309 | \$5,505,168 |
| Total assets                                                                            | 5,632,141               | 5,385,172   | 4,622,075   | 4,699,737   | 4,607,999   |
| Notes payable                                                                           | 2,530,766               | 2,510,468   | 2,432,112   | 2,563,754   | 2,625,199   |
| Non-Qualified deferred compensation share awards                                        | 47,180                  | —           | —           | —           | —           |
| Perpetual preferred units                                                               | —                       | —           | 97,925      | 97,925      | 97,925      |
| Equity                                                                                  | 2,760,181               | 2,626,708   | 1,827,768   | 1,757,373   | 1,609,013   |
| <b>Other Data</b>                                                                       |                         |             |             |             |             |
| Cash flows provided by (used in):                                                       |                         |             |             |             |             |
| Operating activities                                                                    | \$404,291               | \$324,267   | \$244,834   | \$224,036   | \$217,688   |
| Investing activities                                                                    | (258,985 )              | (527,685 )  | (187,364 )  | 35,150      | (69,516 )   |
| Financing activities                                                                    | (154,181 )              | 174,928     | (172,886 )  | (152,767 )  | (91,423 )   |
| Funds from operations – diluted (c)                                                     | 368,321                 | 313,337     | 207,535     | 194,309     | 109,947     |
| <b>Property Data</b>                                                                    |                         |             |             |             |             |
| Number of operating properties (at the end of year) (d)                                 | 170                     | 193         | 196         | 186         | 183         |
| Number of operating apartment homes (at end of year) (d)                                | 59,899                  | 65,775      | 66,997      | 63,316      | 63,286      |
|                                                                                         | 54,181                  | 54,194      | 50,905      | 50,794      | 50,608      |

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Number of operating apartment homes (weighted average) (e)

|                                                                    |         |         |         |         |         |
|--------------------------------------------------------------------|---------|---------|---------|---------|---------|
| Weighted average monthly total property revenue per apartment home | \$1,270 | \$1,207 | \$1,142 | \$1,072 | \$1,086 |
| Properties under development (at end of period)                    | 14      | 9       | 10      | 2       | 2       |

(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

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income (computed in accordance with accounting principles generally accepted in the United States of America (“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 properties held for sale at December 31, 2012 and 2011.

(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 these statements are subject to known and unknown risks, uncertainties, and other factors beyond our control and could differ materially from our actual results and performance.

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

- volatility in capital and credit markets, or other unfavorable changes in economic conditions, 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;
- we could be negatively impacted by the elimination 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, redevelopment 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;
- a cybersecurity incident and other technology disruptions could negatively impact our business and our relationships with residents;
- 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 adverse consequences;
- we may be unable to renew, repay, or refinance our outstanding debt;
- variable rate debt is subject to interest rate risk;
- 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;
- share ownership limits and our ability to issue additional equity securities may prevent takeovers beneficial to shareholders;

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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, redevelopment, acquisition and construction of multifamily apartment communities. As of December 31, 2013, we owned interests in, operated, or were developing 184 multifamily properties comprising 64,328 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, 2013 reflect an increase in rental revenue as compared to 2012. We believe this increase was primarily due to the continuation of improving economic conditions, including with respect to job growth, favorable demographics, and a manageable supply of new multifamily housing, which have resulted in increases in realized rental rates and stable average occupancy levels. Same store revenues increased 5.1% in 2013 and 6.5% in 2012. We believe U.S. economic and employment growth is likely to continue during 2014 and the supply of new multifamily homes, although increasing, will likely remain at manageable levels. However, we believe significant risks to the economy remain 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 were to worsen, our operating results could be adversely affected.

### Construction Activity

During the year ended December 31, 2013, we completed construction of three development projects, including one community containing 276 units owned by one of our discretionary funds in which we have a 20% ownership interest, and 75 units at one of our consolidated operating properties. As of December 31, 2013, two of these projects reached stabilization. At December 31, 2013, we had a total of 14 projects under construction comprised of 4,354 units, including two development projects comprised of 566 units owned by one of our discretionary funds in which we have a 20% interest, with initial occupancy scheduled to occur within the next 24 months. Additionally, we are adding a subsequent phase to a stabilized community which will consist of 75 apartment homes. Excluding the projects owned by our discretionary funds, as of December 31, 2013, we estimate the additional costs to complete the construction of 13 consolidated projects to be approximately \$541.2 million.

### Acquisitions

During the year ended December 31, 2013, we acquired three operating properties comprised of 1,118 apartment homes located in Houston, Texas, Tempe, Arizona, and Atlanta, Georgia for approximately \$225.0 million. We also acquired three land parcels comprised of approximately 38.8 acres of land located in Scottsdale, Chandler, and Tempe, Arizona for approximately \$25.8 million. In January 2014, we acquired approximately 2.9 acres of land located in Houston, Texas for approximately \$15.6 million.

### Dispositions

During the year ended December 31, 2013, we sold 12 operating properties comprised of 3,931 apartment homes located in Tampa and Orlando, Florida, Littleton and Westminster, Colorado, Dallas, Texas, Peoria and Glendale, Arizona and Charlotte, North Carolina for approximately \$329.3 million and we recognized a gain of approximately \$182.2 million relating to these property sales. We also sold two land holdings comprised of an aggregate of approximately 3.7 acres located adjacent to current construction communities in Atlanta, Georgia and Houston, Texas for approximately \$6.6 million. We recognized a gain of approximately \$0.7 million relating to these land sales. In May 2013, one of our unconsolidated joint ventures sold its 14 operating properties comprised of 3,098 apartment homes located in Las Vegas, Nevada. Our proportionate share of the gain was approximately \$13.1 million. Additionally, as a result of achieving certain performance measures as set forth in the joint venture agreement, we recognized a promoted equity interest of approximately \$5.1 million in 2013. In December 2013, one of our funds sold two operating properties comprised of a total of 600 apartment homes for approximately \$68.7 million. Our

proportionate share of the gains on these transactions was approximately \$3.2 million. At December 31, 2013, one of our funds had an operating property held for sale comprised of 240 apartment homes located in San Antonio, Texas. This property sold in February 2014.

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## Future Outlook

Subject to market conditions, we intend to continue to seek opportunities to develop 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 near-term liquidity requirements through a combination of cash flows generated from operations, draws on our unsecured credit facility or other short-term borrowings, proceeds from property dispositions, the use of debt and equity offerings under our automatic shelf registration statement, equity issued from our ATM program, other unsecured borrowings and secured mortgages.

As of December 31, 2013, we had approximately \$17.8 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 \$82.7 million remaining available for sale under our ATM program. We believe payments on debt maturing in 2014 are manageable at \$35.4 million, which represents approximately 1% of our total outstanding debt and includes scheduled principal amortizations of approximately \$3.1 million. We believe we are well-positioned with a strong balance sheet and sufficient liquidity to cover near-term debt maturities and new development, redevelopment, and other capital 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, 2013  |            | December 31, 2012  |            |
|---------------------------------------|--------------------|------------|--------------------|------------|
|                                       | Apartment<br>Homes | Properties | Apartment<br>Homes | Properties |
| Operating Properties                  |                    |            |                    |            |
| Houston, Texas                        | 8,752              | 25         | 8,440              | 24         |
| Washington, D.C. Metro                | 6,083              | 18         | 5,791              | 17         |
| Dallas, Texas                         | 5,667              | 14         | 6,227              | 16         |
| Tampa, Florida                        | 5,108              | 12         | 6,493              | 15         |
| Las Vegas, Nevada                     | 4,918              | 15         | 8,016              | 29         |
| Atlanta, Georgia                      | 3,943              | 12         | 3,351              | 11         |
| Orlando, Florida                      | 3,676              | 9          | 4,202              | 10         |
| Raleigh, North Carolina               | 3,054              | 8          | 3,054              | 8          |
| Austin, Texas                         | 3,030              | 9          | 3,030              | 9          |
| Charlotte, North Carolina             | 2,894              | 12         | 3,134              | 13         |
| Southeast Florida                     | 2,520              | 7          | 2,520              | 7          |
| Los Angeles/Orange County, California | 2,481              | 6          | 2,481              | 6          |
| Phoenix, Arizona                      | 2,095              | 7          | 2,645              | 9          |
| Denver, Colorado                      | 1,941              | 6          | 2,441              | 8          |
| San Diego/Inland Empire, California   | 1,665              | 5          | 1,665              | 5          |
| Other                                 | 2,072              | 5          | 2,285              | 6          |
| Total Operating Properties            | 59,899             | 170        | 65,775             | 193        |

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|                                                   | December 31, 2013  |            | December 31, 2012  |            |
|---------------------------------------------------|--------------------|------------|--------------------|------------|
|                                                   | Apartment<br>Homes | Properties | Apartment<br>Homes | Properties |
| Properties Under Development                      |                    |            |                    |            |
| Austin, Texas                                     | 614                | 2          | 314                | 1          |
| Los Angeles/Orange County, California             | 590                | 2          | 303                | 1          |
| Charlotte, North Carolina                         | 589                | 2          | —                  | —          |
| Phoenix, Arizona                                  | 454                | 2          | —                  | —          |
| Denver, Colorado                                  | 424                | 1          | 424                | 1          |
| Dallas, Texas                                     | 423                | 1          | —                  | —          |
| Atlanta, Georgia                                  | 379                | 1          | 379                | 1          |
| Washington, D.C. Metro                            | 320                | 1          | 596                | 2          |
| Orlando, Florida                                  | 300                | 1          | 300                | 1          |
| Southeast Florida                                 | 261                | 1          | 261                | 1          |
| Houston, Texas                                    | —                  | —          | 268                | 1          |
| Other (1)                                         | 75                 | —          | —                  | —          |
| Total Properties Under Development                | 4,429              | 14         | 2,845              | 9          |
| Total Properties                                  | 64,328             | 184        | 68,620             | 202        |
| Less: Unconsolidated Joint Venture Properties (2) |                    |            |                    |            |
| Houston, Texas                                    | 2,840              | 9          | 3,152              | 10         |
| Austin, Texas                                     | 1,360              | 4          | 1,360              | 4          |
| Dallas, Texas                                     | 1,250              | 3          | 1,250              | 3          |
| Tampa, Florida                                    | 450                | 1          | 450                | 1          |
| Raleigh, North Carolina                           | 350                | 1          | 350                | 1          |
| Orlando, Florida (3)                              | 300                | 1          | 300                | 1          |
| Washington, D.C. Metro                            | 276                | 1          | 276                | 1          |
| Charlotte, North Carolina (3)                     | 266                | 1          | —                  | —          |
| Atlanta, Georgia                                  | 234                | 1          | 234                | 1          |
| Las Vegas, Nevada                                 | —                  | —          | 3,098              | 14         |
| Other                                             | 510                | 2          | 798                | 3          |
| Total Unconsolidated Joint Venture Properties     | 7,836              | 24         | 11,268             | 39         |
| Total Properties Fully Consolidated               | 56,492             | 160        | 57,352             | 163        |

(1) Represents the units under construction for Phase IX-B of Camden Miramar, our one student housing community, located in Corpus Christi, Texas.

(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.

(3) Represents a property under development owned by one of our unconsolidated joint ventures. See Communities Under Construction below for details.

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## Acquisitions

During the year ended December 31, 2013, we completed the acquisition of three operating properties and acquired three land parcels as follows:

| Acquisitions of Operating Properties | Location    | Number of<br>Apartment Homes | Date of<br>Acquisition |
|--------------------------------------|-------------|------------------------------|------------------------|
| Camden Post Oak                      | Houston, TX | 356                          | 4/10/2013              |
| Camden Sotelo                        | Tempe, AZ   | 170                          | 9/11/2013              |
| Camden Vantage                       | Atlanta, GA | 592                          | 9/18/2013              |
| Consolidated total                   |             | 1,118                        |                        |

| Location of Land Tract Acquisitions | Acreage | Date of<br>Acquisition |
|-------------------------------------|---------|------------------------|
| Chandler, AZ                        | 21.7    | 6/12/2013              |
| Scottsdale, AZ                      | 9.3     | 6/12/2013              |
| Tempe, AZ                           | 7.8     | 6/12/2013              |
| Consolidated total                  | 38.8    |                        |

In January 2014, we acquired approximately 2.9 acres of land located in Houston, Texas for approximately \$15.6 million.

## Dispositions

During the year ended December 31, 2013, we sold 12 operating properties and two of our unconsolidated joint ventures sold 16 operating properties as follows:

| Dispositions of Consolidated Operating Properties | Location        | Number of<br>Apartment Homes | Date of Disposition |
|---------------------------------------------------|-----------------|------------------------------|---------------------|
| Camden Live Oaks                                  | Tampa, FL       | 770                          | 1/17/2013           |
| Camden Reserve                                    | Orlando, FL     | 526                          | 4/10/2013           |
| Camden Centennial                                 | Littleton, CO   | 276                          | 9/30/2013           |
| Camden Pinnacle                                   | Westminster, CO | 224                          | 9/30/2013           |
| Camden Gardens                                    | Dallas, TX      | 256                          | 10/23/2013          |
| Camden Springs                                    | Dallas, TX      | 304                          | 10/30/2013          |
| Camden Fountain Palms                             | Peoria, AZ      | 192                          | 11/21/2013          |
| Camden Sierra                                     | Peoria, AZ      | 288                          | 11/21/2013          |
| Camden Towne Center                               | Glendale, AZ    | 240                          | 11/21/2013          |
| Camden Bay Pointe                                 | Tampa, FL       | 368                          | 11/26/2013          |
| Camden Citrus Park                                | Tampa, FL       | 247                          | 11/26/2013          |
| Camden Habersham                                  | Charlotte, NC   | 240                          | 11/26/2013          |
| Consolidated total                                |                 | 3,931                        |                     |

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| Dispositions of Unconsolidated Operating Properties | Location        | Number of Apartment Homes | Date of Disposition |
|-----------------------------------------------------|-----------------|---------------------------|---------------------|
| Oasis Bay                                           | Las Vegas, NV   | 128                       | 5/23/2013           |
| Oasis Crossings                                     | Las Vegas, NV   | 72                        | 5/23/2013           |
| Oasis Emerald                                       | Las Vegas, NV   | 132                       | 5/23/2013           |
| Oasis Gateway                                       | Las Vegas, NV   | 360                       | 5/23/2013           |
| Oasis Island                                        | Las Vegas, NV   | 118                       | 5/23/2013           |
| Oasis Landing                                       | Las Vegas, NV   | 144                       | 5/23/2013           |
| Oasis Meadows                                       | Las Vegas, NV   | 383                       | 5/23/2013           |
| Oasis Palms                                         | Las Vegas, NV   | 208                       | 5/23/2013           |
| Oasis Pearl                                         | Las Vegas, NV   | 90                        | 5/23/2013           |
| Oasis Place                                         | Las Vegas, NV   | 240                       | 5/23/2013           |
| Oasis Ridge                                         | Las Vegas, NV   | 477                       | 5/23/2013           |
| Oasis Sierra                                        | Las Vegas, NV   | 208                       | 5/23/2013           |
| Oasis Springs                                       | Las Vegas, NV   | 304                       | 5/23/2013           |
| Oasis Vinings                                       | Las Vegas, NV   | 234                       | 5/23/2013           |
| Camden Westover Hills                               | San Antonio, TX | 288                       | 12/18/2013          |
| Camden Lakemont                                     | Richmond, TX    | 312                       | 12/20/2013          |
| Unconsolidated total                                |                 | 3,698                     |                     |

At December 31, 2013, one of our funds had an operating property held for sale comprised of 240 apartment homes located in San Antonio, Texas. This property sold in February 2014.

During the year ended December 31, 2013, we sold two land holdings as follows:

| Location of Disposed Land | Acres | Date of Disposition |
|---------------------------|-------|---------------------|
| Atlanta, GA               | 2.0   | 1/15/2013           |
| Houston, TX               | 1.7   | 2/15/2013           |
| Consolidated total        | 3.7   |                     |

**Stabilized Communities**

We generally consider a property stabilized once it reaches 90% occupancy. During the year ended December 31, 2013, stabilization was achieved at four recently completed consolidated development properties as follows:

| Stabilized Property and Location                    | Number of Apartment Homes | Date of Construction Completion | Date of Stabilization |
|-----------------------------------------------------|---------------------------|---------------------------------|-----------------------|
| Camden Royal Oaks II<br>Houston, TX                 | 104                       | 1Q12                            | 2Q13                  |
| Camden Town Square<br>Orlando, FL                   | 438                       | 4Q12                            | 2Q13                  |
| Camden City Centre II<br>Houston, TX                | 268                       | 2Q13                            | 3Q13                  |
| Camden Miramar Phase IX-A (1)<br>Corpus Christi, TX | 75                        | 3Q13                            | 3Q13                  |
| Consolidated total                                  | 885                       |                                 |                       |

(1) Represents the completed units for Phase IX-A of Camden Miramar, our one student housing community.

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## Completed Construction in Lease-Up

At December 31, 2013, one of our unconsolidated joint ventures had one completed operating property in lease-up as follows:

| (\$ in millions)<br>Property and Location | Number of<br>Apartment<br>Homes | Cost<br>Incurred | Date of<br>Construction<br>Completion | Estimated<br>Date of<br>Stabilization | % Leased at<br>1/26/14 |   |
|-------------------------------------------|---------------------------------|------------------|---------------------------------------|---------------------------------------|------------------------|---|
| South Capitol (1)<br>Washington, DC       | 276                             | \$ 77.4          | 3Q13                                  | 3Q14                                  | 64                     | % |

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

Our consolidated balance sheet at December 31, 2013 included approximately \$472.6 million related to properties under development and land. Of this amount, approximately \$368.1 million related to our projects currently under development. In addition, we had approximately \$104.5 million primarily invested in land held for future development, which included approximately \$70.1 million related to projects we expect to begin constructing during the next two years, and approximately \$34.4 million invested in land tracts which we may develop in the future. Communities Under Construction. At December 31, 2013, we had 12 consolidated properties, two properties held by one of our unconsolidated joint ventures, and 75 units at one of our consolidated 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 NOMA (1)<br>Washington, DC                   | 320                             | \$ 110.0          | \$ 98.6          | \$ 66.9                                           | 2Q14                                               | 2Q15                                  |
| Camden Lamar Heights<br>Austin, TX                  | 314                             | 47.0              | 27.5             | 27.5                                              | 2Q14                                               | 3Q15                                  |
| Camden Flatirons<br>Denver, CO                      | 424                             | 78.0              | 46.2             | 46.2                                              | 4Q14                                               | 4Q16                                  |
| Camden Glendale<br>Glendale, CA                     | 303                             | 115.0             | 52.3             | 52.3                                              | 3Q15                                               | 1Q16                                  |
| Camden Boca Raton<br>Boca Raton, FL                 | 261                             | 54.0              | 26.0             | 26.0                                              | 4Q14                                               | 1Q16                                  |
| Camden Paces<br>Atlanta, GA                         | 379                             | 110.0             | 46.7             | 46.7                                              | 2Q15                                               | 2Q17                                  |
| Camden La Frontera<br>Round Rock, TX                | 300                             | 36.0              | 9.3              | 9.3                                               | 1Q15                                               | 4Q15                                  |
| Camden Foothills<br>Scottsdale, AZ                  | 220                             | 50.0              | 17.5             | 17.5                                              | 2Q15                                               | 3Q15                                  |
| Camden Hayden<br>Tempe, AZ                          | 234                             | 48.0              | 13.2             | 13.2                                              | 2Q15                                               | 3Q15                                  |
| Camden Gallery<br>Charlotte, NC                     | 323                             | 58.0              | 14.0             | 14.0                                              | 4Q15                                               | 2Q16                                  |
| The Camden (2)<br>Los Angeles, CA                   | 287                             | 145.0             | 30.7             | 30.7                                              | 4Q16                                               | 2Q17                                  |
| Camden Victory Park<br>Dallas, TX                   | 423                             | 82.0              | 17.7             | 17.7                                              | 1Q16                                               | 1Q18                                  |
| Camden Miramar Phase IX-B (3)<br>Corpus Christi, TX | 75                              | 8.0               | 0.1              | 0.1                                               | 3Q14                                               | 3Q14                                  |
| Consolidated total                                  | 3,863                           | \$ 941.0          | \$ 399.8         | \$ 368.1                                          |                                                    |                                       |



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| (\$ 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 Waterford Lakes (4) (5)<br>Orlando, FL | 300                             | \$40.0            | \$34.7           | \$11.1                                            | 3Q14                                               | 4Q15                                  |
| Camden Southline (4)<br>Charlotte, NC         | 266                             | 48.0              | 12.9             | 12.9                                              | 3Q15                                               | 4Q15                                  |
| Unconsolidated total                          | 566                             | \$88.0            | \$47.6           | \$24.0                                            |                                                    |                                       |

(1) Property in lease-up and was 10% leased at January 26, 2014.

(2) Formerly known as Camden Hollywood.

(3) Represents the units under construction for Phase IX-B of Camden Miramar, our one student housing community.

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

(5) Property in lease-up and was 41% leased at January 26, 2014.

Development Pipeline Communities. At December 31, 2013, 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 Chandler<br>Chandler, AZ           | 380             | \$75.0                      | \$6.5        |
| Camden Atlantic<br>Plantation, FL         | 286             | 62.0                        | 11.1         |
| Camden Lincoln Station<br>Denver, CO      | 275             | 48.0                        | 5.8          |
| Camden McGowen Station<br>Houston, TX     | 251             | 40.0                        | 8.0          |
| Camden Buckhead<br>Atlanta, GA            | 390             | 70.0                        | 18.9         |
| Camden NOMA II<br>Washington, DC          | 410             | 124.0                       | 19.8         |
| Total                                     | 1,992           | \$419.0                     | \$70.1       |

(1) Represents our estimate of 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 estimates routinely require adjustment.

Land Holdings. At December 31, 2013, we had the following land tracts:

| (\$ in millions)<br>Location | Acreage | Cost to Date |
|------------------------------|---------|--------------|
| Dallas, TX                   | 7.2     | \$8.6        |
| Houston, TX                  | 11.5    | 6.5          |
| Atlanta, GA                  | 3.0     | 5.3          |
| Las Vegas, NV                | 19.6    | 4.2          |
| Other                        | 4.8     | 9.8          |
| Total                        | 46.1    | \$34.4       |

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## Geographic Diversification

At December 31, 2013 and 2012, our real estate assets by various markets, excluding depreciation, investments in joint ventures and properties held for sale, were as follows:

| (in thousands)                        | 2013        |       | 2012          |       |   |
|---------------------------------------|-------------|-------|---------------|-------|---|
| Washington, D.C. Metro                | \$1,319,513 | 18.7  | % \$1,276,153 | 19.1  | % |
| Houston, Texas                        | 680,985     | 9.6   | 546,761       | 8.2   |   |
| Los Angeles/Orange County, California | 571,976     | 8.1   | 532,729       | 8.0   |   |
| Southeast Florida                     | 514,445     | 7.3   | 482,213       | 7.2   |   |
| Atlanta, Georgia                      | 498,255     | 7.0   | 384,658       | 5.8   |   |
| Dallas, Texas                         | 442,537     | 6.3   | 447,539       | 6.7   |   |
| Orlando, Florida                      | 419,117     | 5.9   | 445,112       | 6.7   |   |
| Las Vegas, Nevada                     | 417,041     | 5.9   | 411,270       | 6.2   |   |
| Tampa, Florida                        | 390,392     | 5.5   | 412,010       | 6.2   |   |
| Charlotte, North Carolina             | 332,656     | 4.7   | 330,849       | 5.0   |   |
| San Diego/Inland Empire, California   | 323,349     | 4.6   | 319,266       | 4.7   |   |
| Denver, Colorado                      | 320,631     | 4.5   | 322,534       | 4.8   |   |
| Phoenix, Arizona                      | 310,109     | 4.4   | 278,671       | 4.2   |   |
| Raleigh, North Carolina               | 253,704     | 3.6   | 248,458       | 3.7   |   |
| Austin, Texas                         | 192,250     | 2.7   | 161,841       | 2.4   |   |
| Other                                 | 85,221      | 1.2   | 73,850        | 1.1   |   |
| Total                                 | \$7,072,181 | 100.0 | % \$6,673,914 | 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)                                                    | 2013    | 2012    | 2011    |   |
|----------------------------------------------------------------------|---------|---------|---------|---|
| Average monthly property revenue per apartment home                  | \$1,270 | \$1,207 | \$1,142 |   |
| Annualized total property expenses per apartment home                | \$5,520 | \$5,321 | \$5,265 |   |
| Weighted average number of operating apartment homes owned 100%      | 51,759  | 48,194  | 43,726  |   |
| Weighted average occupancy of operating apartment homes owned 100% * | 95.3    | % 95.3  | % 94.7  | % |

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

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## Property-level operating results (1)

The following tables present the property-level revenues and property-level expenses, excluding discontinued operations, for the year ended December 31, 2013 as compared to 2012 and for the year ended December 31, 2012 as compared to 2011:

| (\$ in thousands)                    | Apartment<br>Homes<br>at 12/31/13 | Year Ended<br>December 31, |           | Change   |        |   |
|--------------------------------------|-----------------------------------|----------------------------|-----------|----------|--------|---|
|                                      |                                   | 2013                       | 2012      | \$       | %      |   |
| Property revenues:                   |                                   |                            |           |          |        |   |
| Same store communities               | 41,150                            | \$624,429                  | \$594,255 | \$30,174 | 5.1    | % |
| Non-same store communities           | 11,479                            | 158,359                    | 97,950    | 60,409   | 61.7   |   |
| Development and lease-up communities | 3,863                             | —                          | —         | —        | —      |   |
| Other                                | —                                 | 6,063                      | 6,113     | (50)     | (0.8)  | ) |
| Total property revenues              | 56,492                            | \$788,851                  | \$698,318 | \$90,533 | 13.0   | % |
| Property expenses:                   |                                   |                            |           |          |        |   |
| Same store communities               | 41,150                            | \$224,189                  | \$217,391 | \$6,798  | 3.1    | % |
| Non-same store communities           | 11,479                            | 58,376                     | 35,861    | 22,515   | 62.8   |   |
| Development and lease-up communities | 3,863                             | 15                         | 17        | (2)      | (11.8) | ) |
| Other                                | —                                 | 3,111                      | 3,161     | (50)     | (1.6)  | ) |
| Total property expenses              | 56,492                            | \$285,691                  | \$256,430 | \$29,261 | 11.4   | % |

(1) Same store communities are communities we owned and were stabilized since January 1, 2012. Non-same store communities are stabilized communities not owned or stabilized since January 1, 2012. Development and lease-up communities are non-stabilized communities we have acquired or developed since January 1, 2012. Other includes results from non-multifamily rental properties, above/below market lease amortization related to acquired communities, and expenses related to land holdings not under active development. Properties held for sale are excluded from the above results.

| (\$ in thousands)                    | Apartment<br>Homes<br>at 12/31/12 | Year Ended<br>December 31, |           | Change   |        |   |
|--------------------------------------|-----------------------------------|----------------------------|-----------|----------|--------|---|
|                                      |                                   | 2012                       | 2011      | \$       | %      |   |
| Property revenues:                   |                                   |                            |           |          |        |   |
| Same store communities               | 42,333                            | \$613,691                  | \$576,330 | \$37,361 | 6.5    | % |
| Non-same store communities           | 8,277                             | 76,356                     | 18,028    | 58,328   | 323.5  |   |
| Development and lease-up communities | 2,811                             | 2,161                      | 1         | 2,160    | *      |   |
| Other                                | —                                 | 6,110                      | 5,042     | 1,068    | 21.2   |   |
| Total property revenues              | 53,421                            | \$698,318                  | \$599,401 | \$98,917 | 16.5   | % |
| Property expenses:                   |                                   |                            |           |          |        |   |
| Same store communities               | 42,333                            | \$224,270                  | \$219,518 | \$4,752  | 2.2    | % |
| Non-same store communities           | 8,277                             | 28,090                     | 6,537     | 21,553   | 329.7  |   |
| Development and lease-up communities | 2,811                             | 1,035                      | —         | 1,035    | *      |   |
| Other                                | —                                 | 3,035                      | 4,157     | (1,122)  | (27.0) | ) |
| Total property expenses              | 53,421                            | \$256,430                  | \$230,212 | \$26,218 | 11.4   | % |

\* Not a meaningful percentage.

(1) Same store communities are communities we owned and were stabilized since January 1, 2011. Non-same store communities are stabilized communities not owned or stabilized since January 1, 2011. Development and lease-up communities are non-stabilized communities we have acquired or developed since January 1, 2011. Other includes results from non-multifamily rental properties, above/below market lease amortization related to acquired communities, and expenses related 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, 2013 increased approximately \$30.2 million, or 5.1%, from 2012. Same store rental revenues for the year ended December 31, 2013 increased approximately \$27.3 million, or 5.3%, from 2012, primarily due to a 5.1% increase in average rental rates and a slight increase in average occupancy for our same store portfolio from 95.3% in 2012 to 95.4% in 2013. We believe the increase to rental revenue was due in part to the continuation of the improving economic conditions, favorable demographics, and a manageable supply of new multifamily housing. Additionally, there was a \$2.9 million increase in other property revenue during the year ended December 31, 2013 as compared to 2012 primarily due to increases in various items of miscellaneous income combined with ancillary income from our utility rebilling programs.

Same store property revenues for the year ended December 31, 2012 increased approximately \$37.4 million, or 6.5%, from 2011. Same store rental revenues for the year ended December 31, 2012 increased approximately \$32.2 million, or 6.5%, from 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. 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 \$5.2 million increase in other property revenue during the year ended December 31, 2012 as compared to 2011 primarily due to increases in revenues from ancillary income from our utility rebilling programs and miscellaneous fees and charges.

Property expenses from our same store communities increased approximately \$6.8 million, or 3.1%, for the year ended December 31, 2013 as compared to 2012. The increase was due to a \$6.5 million, or 10.9%, increase in real estate taxes as a result of higher property valuations and property tax rates at a number of our communities. The increase was also due to a \$2.5 million increase in property insurance expenses due to higher insurance premiums and claims for the year ended December 31, 2013 as compared to 2012. These increases were partially offset by lower repairs and maintenance costs and decreased medical benefit costs.

Property expenses from our same store communities increased approximately \$4.8 million, or 2.2%, for the year ended December 31, 2012 as compared to 2011. The increase was primarily due to an increase in real estate taxes as a result of increasing 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 an increase in salaries and benefit expenses due to increases in salaries and incentive compensation and higher medical benefit costs.

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

Property revenues and property expenses from non-same store and development and lease-up communities increased approximately \$60.4 million and \$22.5 million for the year ended December 31, 2013 as compared to 2012, respectively. The increases in 2013 as compared to 2012 were primarily due to revenues and expenses recognized in 2013 related to the acquisition of seven operating properties in 2012, the acquisition of three operating properties in 2013 and the acquisition of one previously unconsolidated joint venture community in December 2012. These increases were also due to revenues and expenses recognized in 2013 related to four operating properties reaching stabilization in 2012 and three operating properties and 75 units at one of our consolidated operating properties reaching stabilization in 2013. The remaining increases related to increases in revenues and expenses at our other non-same store communities.

Property revenue and property expenses increased approximately \$60.5 million and \$22.6 million for the year ended December 31, 2012 as compared to 2011, respectively. The increases in 2012 as compared to 2011 were primarily due to increases in revenues and expenses recognized in 2012 related to the acquisition of nine previously unconsolidated joint venture communities in January 2012 and one previously unconsolidated joint venture community in December 2012. The increases in revenues and expenses were also due to revenues and expenses related to the acquisition of seven properties in 2012, four properties in our development pipeline reaching stabilization and the completion and partial lease-up of two properties in our development pipeline in 2012.

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The following table details the impact in our revenues and expenses as discussed above:

| (in millions)                       | For the year ended December 31, |        |
|-------------------------------------|---------------------------------|--------|
|                                     | 2013                            | 2012   |
| Revenues from acquisitions          | \$39.3                          | \$46.4 |
| Revenues from stabilized properties | 15.7                            | 13.3   |
| Other                               | 5.4                             | 0.8    |
|                                     | \$60.4                          | \$60.5 |
| Expenses from acquisitions          | \$15.1                          | \$17.9 |
| Expenses from stabilized properties | 6.0                             | 4.9    |
| Other                               | 1.4                             | (0.2)  |
|                                     | \$22.5                          | \$22.6 |

### Other property analysis:

Other property revenues were relatively flat in 2013 as compared to 2012 and increased approximately \$1.1 million for the year ended December 31, 2012 as compared to 2011. 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.

Other property expenses were relatively flat in 2013 as compared to 2012 and decreased approximately \$1.1 million for the year ended December 31, 2012 as compared to 2011. 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.

### Non-property income

| (\$ in thousands)                     | Year Ended<br>December 31, |          | Change  |       |    | Year Ended<br>December 31, |          | Change    |         |    |
|---------------------------------------|----------------------------|----------|---------|-------|----|----------------------------|----------|-----------|---------|----|
|                                       | 2013                       | 2012     | \$      | %     |    | 2012                       | 2011     | \$        | %       |    |
| Fee and asset management              | \$11,690                   | \$12,345 | \$(655) | (5.3) | )% | \$12,345                   | \$9,973  | \$2,372   | 23.8    | %  |
| Interest and other income (loss)      | 1,217                      | (710)    | 1,927   | *     |    | (710)                      | 4,649    | (5,359)   | (115.3) | )  |
| Income on deferred compensation plans | 8,290                      | 4,772    | 3,518   | 73.7  |    | 4,772                      | 6,773    | (2,001)   | (29.5)  | )  |
| Total non-property income             | \$21,197                   | \$16,407 | \$4,790 | 29.2  | %  | \$16,407                   | \$21,395 | \$(4,988) | (23.3)  | )% |

\* Not a meaningful percentage.

Fee and asset management income decreased approximately \$0.7 million for the year ended December 31, 2013 as compared to 2012 and increased approximately \$2.4 million for the year ended December 31, 2012 as compared to 2011. The decrease for 2013 as compared to 2012 was primarily due to the sale of 23 operating properties by three unconsolidated joint ventures during 2012 and 2013 and our acquisition of a previously unconsolidated joint venture community in December 2012. The decrease was partially offset by higher construction fees due to an increase in third-party construction activity. The increase for 2012 as compared to 2011 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 2012. The increase was partially offset by a decrease in property management fees due to our acquisition of 12 previously unconsolidated joint venture communities in January 2012, and the sale of seven operating properties by two of our unconsolidated joint ventures in 2012.

Interest and other income (loss) increased approximately \$1.9 million for the year ended December 31, 2013 as compared to 2012 and decreased approximately \$5.4 million for the year ended December 31, 2012 as compared to 2011. The increase during 2013 as compared to 2012 was primarily due to approximately \$1.0 million recognized in the second quarter of 2013 from the release of a deed restriction on a parcel of land sold to an unaffiliated third-party in 2006. The increase was also due to losses of approximately \$0.8 million recognized in 2012 relating to

non-designated derivatives. 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.

Our deferred compensation plans recognized income of approximately \$8.3 million, \$4.8 million and \$6.8 million in 2013, 2012 and 2011, 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.

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## Other expenses

| (\$ in thousands)                        | Year Ended<br>December 31, |           | Change   |        |   | Year Ended<br>December 31, |           | Change   |        |   |
|------------------------------------------|----------------------------|-----------|----------|--------|---|----------------------------|-----------|----------|--------|---|
|                                          | 2013                       | 2012      | \$       | %      |   | 2012                       | 2011      | \$       | %      |   |
| Property management                      | \$21,774                   | \$21,796  | \$(22)   | (0.1)  | % | \$21,796                   | \$20,686  | \$1,110  | 5.4    | % |
| Fee and asset management                 | 5,756                      | 6,631     | (875)    | (13.2) |   | 6,631                      | 5,935     | 696      | 11.7   |   |
| General and administrative               | 40,586                     | 37,528    | 3,058    | 8.1    |   | 37,528                     | 35,456    | 2,072    | 5.8    |   |
| Interest                                 | 98,129                     | 104,246   | (6,117)  | (5.9)  |   | 104,246                    | 112,414   | (8,168)  | (7.3)  |   |
| Depreciation and amortization            | 214,395                    | 194,673   | 19,722   | 10.1   |   | 194,673                    | 165,486   | 29,187   | 17.6   |   |
| Amortization of deferred financing costs | 3,548                      | 3,608     | (60)     | (1.7)  |   | 3,608                      | 5,877     | (2,269)  | (38.6) |   |
| Expense on deferred compensation plans   | 8,290                      | 4,772     | 3,518    | 73.7   |   | 4,772                      | 6,773     | (2,001)  | (29.5) |   |
| Total other expenses                     | \$392,478                  | \$373,254 | \$19,224 | 5.2    | % | \$373,254                  | \$352,627 | \$20,627 | 5.8    | % |

Property management expense, which represents regional supervision and accounting costs related to property operations, was relatively flat in 2013 as compared to 2012 and increased approximately \$1.1 million for the year ended December 31, 2012 as compared to 2011. The increase for 2012 as compared to 2011 was primarily due to higher salaries, benefits and incentive compensation for our property management personnel, and was partially offset by a decrease in administrative costs. Property management expenses were 2.8%, 3.1%, and 3.5% of total property revenues for the years ended December 31, 2013, 2012, and 2011, respectively.

Fee and asset management expense, which represents expenses related to third-party construction projects and property management of our joint ventures, decreased approximately \$0.9 million for the year ended December 31, 2013 as compared to 2012 and increased approximately \$0.7 million for the year ended December 31, 2012 as compared to 2011. The decrease for 2013 as compared to 2012 was primarily due to a decrease in expenses relating to the sale of 23 operating properties by three of our unconsolidated joint ventures in 2013 and 2012, and our acquisition of a previously unconsolidated joint venture community in December 2012. The decrease was also due to lower expenses related to management of development communities due to the timing of communities started and completed by our funds during 2012 and 2013, and lower internal acquisition costs in 2013, due to the closing of the investment period for future operating properties in one of our discretionary funds during the second quarter of 2012. These decreases were partially offset by higher expenses related to an increase in third-party construction activity during 2013 as compared to 2012.

The increase in fee and asset management expense for 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 acquisition of 12 previously unconsolidated joint venture communities in January 2012, and the sale of seven operating properties by two of our unconsolidated joint ventures in 2012.

General and administrative expenses increased approximately \$3.1 million during the year ended December 31, 2013 as compared to 2012 and increased approximately \$2.1 million during the year ended December 31, 2012 as compared to 2011. General and administrative expenses were 5.1%, 5.3% and 5.8% of total revenues, excluding income on deferred compensation plans, for the years ended December 31, 2013, 2012 and 2011, respectively. The increase in 2013 as compared to 2012 was primarily due to increases in salaries, benefits and incentive compensation expenses due to salary increases and higher deferred compensation amortization costs resulting from an increase in the value of awards granted in 2012 and 2013 as compared to the value of awards which were fully vested during the year ended December 31, 2012. The increase was also due to increases in professional and consulting fees of approximately \$1.5

million and the net costs of approximately \$0.2 million relating to the retirement of an executive officer in July 2013. The increase in 2012 as compared to 2011 was primarily due to increases in salaries, benefits and incentive compensation expenses, an increase in professional fees, and an increase in expensed costs related to our acquisitions completed in 2012. These increases were partially offset by approximately \$2.1 million in one-time bonuses awarded to all non-executive employees in the first quarter of 2011.

Interest expense decreased approximately \$6.1 million for the year ended December 31, 2013 as compared to 2012 and decreased approximately \$8.2 million for the year ended December 31, 2012 as compared to 2011. The decrease in interest expense in 2013 as compared to 2012 was primarily due to the repayment of one secured and one senior unsecured notes payable in 2013 and four secured and one senior unsecured notes payable in 2012. The decrease was also due to higher capitalized interest of

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approximately \$3.0 million during 2013 due to higher average balances in our development pipeline. These decreases were partially offset by interest expense related to a secured note payable assumed in connection with the acquisition of a previously unconsolidated joint venture in December 2012, the issuance of \$350 million senior unsecured notes payable in December 2012 and the issuance of \$250 million senior unsecured notes payable in December 2013.

The decrease in interest expense in 2012 as compared to 2011 was primarily due to the repayment of our \$500 million term loan, and two unsecured notes payable during the first half of 2011, the repayment of four secured and one senior unsecured notes payable in 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 of \$500 million senior unsecured notes payable in June 2011 and our issuance of \$350 million senior unsecured notes payable in December 2012.

Depreciation and amortization expense increased approximately \$19.7 million during the year ended December 31, 2013 as compared to 2012 and increased approximately \$29.2 million during the year ended December 31, 2012 as compared to 2011. The increase in 2013 as compared to 2012 was primarily due to the acquisition of three operating properties in 2013, the acquisition of seven operating properties in 2012, and the acquisition of a previously unconsolidated joint venture community in December 2012. The increase was also due to the completion of units in our development pipeline, the completion of repositions during 2013 and an increase in capital improvements placed in service in 2012 and 2013. These increases were partially offset by lower amortization of in-place leases relating to the acquisition of nine previously unconsolidated joint venture communities in January 2012 which were amortized through July 2012. The increase in 2012 as compared to 2011 was primarily due to the acquisition of seven operating properties in 2012 and the acquisition of nine previously unconsolidated joint venture communities in January 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.

Amortization of deferred financing costs decreased approximately \$2.3 million during the year ended December 31, 2012 as compared to 2011. 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 of \$500 million senior unsecured notes payable in June 2011.

Our deferred compensation plans incurred expenses of approximately \$8.3 million, \$4.8 million and \$6.8 million in 2013, 2012 and 2011, 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 income related to these plans, as discussed in non-property income, above.

Other

|                                                               | Year Ended<br>December 31, |          | Change      | Year Ended<br>December 31, |           | Change   |
|---------------------------------------------------------------|----------------------------|----------|-------------|----------------------------|-----------|----------|
| (\$ in thousands)                                             | 2013                       | 2012     | \$          | 2012                       | 2011      | \$       |
| Gain on acquisition of controlling interest in joint ventures | \$—                        | \$57,418 | \$(57,418 ) | \$57,418                   | \$—       | \$57,418 |
| Gain on sale of properties, including land                    | 698                        | —        | 698         | —                          | 4,748     | (4,748 ) |
| Gain on sale of unconsolidated joint venture interests        | —                          | —        | —           | —                          | 1,136     | (1,136 ) |
| Loss on discontinuation of hedging relationship               | —                          | —        | —           | —                          | (29,791 ) | 29,791   |
| Equity in income of joint ventures                            | 24,865                     | 20,175   | 4,690       | 20,175                     | 5,679     | 14,496   |
| Income tax expense – current                                  | (1,826 )                   | (1,208 ) | (618 )      | (1,208 )                   | (2,220 )  | 1,012    |

In January 2012, we acquired the remaining 80% ownership interests in 12 previously unconsolidated joint ventures not previously owned by us, resulting in these entities being wholly-owned. In December 2012, we acquired the remaining 50% ownership interest in another previously unconsolidated joint venture. Our acquisitions 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.

Gain on sale of properties, including land, totaled approximately \$0.7 million and \$4.7 million for the years ended December 31, 2013 and 2011, respectively. The gain in 2013 was due to the sale of two land holdings comprised of an aggregate of approximately 3.7 acres located adjacent to current development communities in Atlanta, Georgia and Houston, Texas for approximately \$6.6 million. The gain in 2011 was due to the sale of two of our land development properties located in Washington, DC and Austin, Texas to one of the funds.

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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. Equity in income of joint ventures increased approximately \$4.7 million for the year ended December 31, 2013 as compared to 2012, and increased approximately \$14.5 million for the year ended December 31, 2012 as compared to 2011. The increase in 2013 as compared to 2012 was primarily due to recognizing a \$16.3 million proportionate share of the gain relating to the sale of 16 operating properties by two of our unconsolidated joint ventures in 2013. Additionally, as a result of achieving certain performance measures as set forth in the joint venture agreement, we recognized a promoted equity interest of approximately \$5.1 million related to one of these unconsolidated joint ventures. The increase was also due to an increase in earnings recognized during 2013 relating to higher rental income from the stabilized operating joint venture properties. These increases were partially offset by recognizing a \$17.4 million proportionate share of the gain relating to the sale of seven operating properties by two of our unconsolidated joint ventures in 2012. These increases were also partially offset by our acquisition of a previously unconsolidated joint venture in December 2012.

The increase in 2012 as compared to 2011 was primarily due to recognizing 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 our acquisition of 12 previously unconsolidated joint venture communities in January 2012. These increases were further offset by recognizing a \$6.4 million gain relating to our proportionate share of the gain on the sale of four operating properties by one of our unconsolidated joint ventures in 2011.

We had current income tax expense of approximately \$1.8 million, \$1.2 million, and \$2.2 million for the tax years ended December 31, 2013, 2012, and 2011, respectively. The \$0.6 million increase in 2013 as compared to 2012 was due to increases in taxable income related to higher construction activities conducted in a taxable REIT subsidiary and increases in state income taxes relating to certain acquisitions completed in 2012 and 2013. The \$1.0 million decrease in income tax expense during 2012 as compared to 2011 was due to 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.

### 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 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)                                                               | 2013      | 2012        | 2011       |
|------------------------------------------------------------------------------|-----------|-------------|------------|
| Funds from operations                                                        |           |             |            |
| Net income attributable to common shareholders (1)                           | \$336,364 | \$283,390   | \$49,379   |
| Real estate depreciation and amortization, including discontinued operations | 214,729   | 205,437     | 177,187    |
| Adjustments for unconsolidated joint ventures                                | 5,738     | 7,939       | 10,534     |
| Gain on acquisition of controlling interests in joint ventures               | —         | (57,418)    | ) —        |
| Gain on sale of unconsolidated joint venture properties (2)                  | (16,277)  | ) (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           | (182,160) | ) (115,068) | ) (24,621) |
| Income allocated to non-controlling interests                                | 9,927     | 6,475       | 2,586      |
| Funds from operations – diluted                                              | \$368,321 | \$313,337   | \$207,535  |
| Weighted average shares – basic                                              | 87,204    | 83,772      | 72,756     |
| Incremental shares issuable from assumed conversion of:                      |           |             |            |
| Common share options and share awards granted                                | 476       | 647         | 706        |
| Common units                                                                 | 1,900     | 2,200       | 2,466      |
| Weighted average shares – diluted                                            | 89,580    | 86,619      | 75,928     |

(1) Includes a promoted equity interest of approximately \$5.1 million for the year ended December 31, 2013, as a result of achieving certain performance measures as set forth in the joint venture agreement for one of our unconsolidated joint ventures which sold its 14 operating properties during May 2013. 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 2013 represents our proportionate share of the gain on sale of 16 operating properties sold during 2013 by two of our unconsolidated joint ventures. The gain in 2012 represents our proportionate share of the gain on sale (2) of seven operating properties sold during 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 4.7, 4.0, and 3.2 times for the years ended December 31, 2013, 2012, and 2011, 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. Approximately 77.6%, 76.5%, and 71.7% of our properties (based on invested capital) were unencumbered at December 31, 2013, 2012, and 2011, respectively. Our weighted average maturity of debt was approximately 6.9 years at December 31, 2013.

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.

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

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our automatic shelf registration statement, equity issued from our ATM program, other unsecured borrowings and secured mortgages. We believe our liquidity and financial condition are sufficient to meet all of our reasonably anticipated cash needs during 2014 including:

- normal recurring operating expenses;
- current debt service requirements, including debt maturities;
- recurring capital expenditures;
- reposition expenditures;
- 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, sales, or developments, the effect our debt level and changes in credit ratings could have on our costs of funds, and our ability to access capital markets.

Cash Flows

The following is a discussion of our cash flows for the years ended December 31, 2013 and 2012.

Net cash provided by operating activities was approximately \$404.3 million during the year ended December 31, 2013 as compared to approximately \$324.3 million during the year ended December 31, 2012. The increase was primarily due to growth in property revenues directly attributable to increased rental rates from our same store communities and the growth in non-same store revenues primarily relating to the acquisition of seven operating properties in 2012, the acquisition of three operating properties in 2013, and the acquisition of one previously unconsolidated joint venture community in the fourth quarter of 2012. The increase in non-same store revenues also related to the stabilization of four operating properties in 2012 and three operating properties in 2013. The increases in revenues were partially offset by the increase in property expenses from our same store and non-same store communities which included the property expenses of the 10 operating properties acquired in 2012 and 2013, the previously unconsolidated joint venture acquired in 2012 and the stabilization of seven operating properties in 2012 and 2013. See further discussions of our 2013 operations as compared to 2012 in our “Results of Operations.” The increase in net cash from operating activities was also due to changes in working capital account balances, partially offset by a decrease in property revenues and expenses due to the disposition of 12 operating properties in 2013 and 11 operating properties in 2012. Net cash used in investing activities during the year ended December 31, 2013 totaled approximately \$259.0 million as compared to approximately \$527.7 million used during the year ended December 31, 2012. Cash outflows for property development and capital improvements were approximately \$356.8 million during 2013 as compared to approximately \$290.7 million during 2012 due primarily to an increase in redevelopment expenditures relating to our reposition program in 2013 as compared to 2012. The property development and capital improvements during the years ended December 31, 2013 and 2012, respectively, included the following:

| (in millions)                                                                 | December 31, |          |
|-------------------------------------------------------------------------------|--------------|----------|
|                                                                               | 2013         | 2012     |
| Expenditures for new development, including land                              | \$ 174.7     | \$ 169.6 |
| Capitalized interest, real estate taxes, and other capitalized indirect costs | 25.1         | 20.3     |
| Reposition expenditures                                                       | 91.4         | 37.7     |
| Capital expenditures                                                          | 65.6         | 63.1     |
| Total                                                                         | \$ 356.8     | \$ 290.7 |

Cash outflows during the year ended December 31, 2013 also related to the acquisition of three operating properties for approximately \$224.1 million, increases in non-real estate assets of approximately \$17.5 million and investments in joint ventures of approximately \$1.9 million. Additional cash out flows for the year ended December 31, 2012 related to the acquisition of seven operating properties and the controlling interests in 13 previously unconsolidated joint ventures, net of cash acquired, of approximately \$465.4 million. During 2012, we also used approximately \$7.0 million for investments in joint ventures relating to acquisition of one operating property and two land development properties by one of our funds, in which we own a 20% interest, and an approximately \$4.8 million increase in non-real estate assets. Cash outflows during the year ended December 31, 2013 were partially offset by cash inflows

of approximately \$329.4 million from the sale of 12 operating properties and two land holdings in 2013 and \$11.3 million relating to distributions from our joint ventures, which included \$8.8 million received from two unconsolidated joint ventures relating to the sale of 16 operating properties in 2013. During the year ended December 31, 2012,

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cash outflows were partially offset by inflows of \$226.9 million from the sale of 11 operating properties, and \$17.4 million relating to distributions from our joint ventures, which included \$14.2 million in distributions of investments from two unconsolidated joint ventures relating to the sale of seven operating properties in 2012.

Net cash used in financing activities totaled approximately \$154.2 million during the year ended December 31, 2013 as compared to net cash provided by financing activities of \$174.9 million during the year ended December 31, 2012. During 2013, we used approximately \$226.1 million to repay maturing secured and unsecured notes payable and approximately \$4.2 million to pay principal amortization. We also used approximately \$220.1 million to pay distributions to common shareholders and non-controlling interest holders. The cash flows for the year ended December 31, 2013 were partially offset by proceeds of approximately \$249.5 million relating to the issuance of \$250 million unsecured notes payable completed in December 2013, net proceeds of approximately \$40.0 million from the issuance of 0.6 million shares from our ATM program and proceeds of approximately \$2.5 million from common share options exercised during the period. During 2012, we received net proceeds of approximately \$693.4 million from the issuances of 11.2 million common shares in an equity offering and our ATM programs. Cash inflows in 2012 also included proceeds of approximately \$346.3 million from the 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 cash inflows during 2012 were partially offset by approximately \$272.6 million used to repay the mortgage debt of 12 previously unconsolidated joint ventures we acquired in January 2012, and approximately \$295.0 million used to repay maturing secured and unsecured notes payable. Cash inflows during 2012 were further offset by \$100.0 million used to redeem our perpetual preferred units, approximately \$189.0 million used to pay distributions to common shareholders, perpetual preferred unit holders, and non-controlling interest holders, and approximately \$16.5 million used to acquire the remaining non-controlling interests in three consolidated joint ventures.

### 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 believe we are in compliance with all such financial covenants and limitations on the date of this filing.

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, 2013, we had no balances outstanding on our \$500 million unsecured line of credit and we had outstanding letters of credit totaling approximately \$11.3 million, leaving approximately \$488.7 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. At December 31, 2013, we had no short-term borrowings outstanding. We currently have an automatic shelf registration statement which allows us to offer, from time to time, common shares, preferred shares, debt securities, or warrants. Our Amended and Restated Declaration of Trust provides we may issue up to 185 million shares of beneficial interest, consisting of 175 million common shares and 10 million preferred shares.

In 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 and acquisition activities, the redemption or other repurchase of outstanding debt or equity securities, reducing future borrowings under our \$500 million unsecured line of credit or other short-term borrowings, and the repayment of other indebtedness. The net proceeds for the year ended December 31, 2013 were used for general corporate purposes, which included funding for development, redevelopment and capital improvement projects. As of the date of this filing, we had common shares having an aggregate offering price of up to \$82.7 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, Standard and Poor's, and Fitch, which are currently Baa1, BBB+ and BBB+, respectively, each with stable outlooks, 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.

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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 or other short-term borrowings. During 2014, approximately \$35.4 million of debt, including scheduled principal amortizations of approximately \$3.1 million, is scheduled to mature. See Note 9, "Notes Payable," in the Notes to Consolidated Financial Statements for further discussion of scheduled maturities.

We estimate the additional costs to complete the construction of 13 consolidated projects to be approximately \$541.2 million. Of this amount, we expect between approximately \$360 million and \$370 million will be incurred during 2014 and the remainder of the costs to be incurred during 2015. Additionally, we also expect to incur between approximately \$55 million and \$75 million of additional redevelopment expenditures and between approximately \$56 million and \$60 million of additional other capital expenditures during 2014.

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

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 2013, we announced our Board of Trust Managers had declared a quarterly dividend of \$0.63 per common share, to our common shareholders of record as of December 17, 2013. The dividend was subsequently paid on January 17, 2014 and we paid equivalent amounts per unit to holders of common operating partnership units. When aggregated with previous 2013 dividends, this distribution to common shareholders and holders of common operating partnership units equates to an annual dividend rate of \$2.52 per share or unit for the year ended December 31, 2013.

In the first quarter of 2014, the Company's Board of Trust Managers increased the quarterly dividend rate from \$0.63 to \$0.66 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 2014 are similar to those declared for the first quarter 2014, the annualized dividend rate for 2014 would be \$2.64.

The following table summarizes our known contractual cash obligations as of December 31, 2013:

| (in millions)                 | Total     | 2014    | 2015    | 2016    | 2017    | 2018    | Thereafter |
|-------------------------------|-----------|---------|---------|---------|---------|---------|------------|
| Debt maturities (1)           | \$2,530.8 | \$35.4  | \$252.0 | \$2.2   | \$249.2 | \$177.6 | \$1,814.4  |
| Interest payments (2)         | 698.1     | 110.9   | 103.3   | 97.6    | 88.7    | 79.7    | 217.9      |
| Non-cancelable lease payments | 28.3      | 2.8     | 2.3     | 2.6     | 2.7     | 2.5     | 15.4       |
|                               | \$3,257.2 | \$149.1 | \$357.6 | \$102.4 | \$340.6 | \$259.8 | \$2,047.7  |

(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, 2013 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. At December 31, 2013, our unconsolidated joint ventures had outstanding debt of approximately \$530.7 million, of which our proportionate share was approximately \$106.1 million. As of December 31, 2013, we had no outstanding guarantees

related to the 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.

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### 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 policies. For a discussion of all of our significant accounting policies, see Note 2 to the accompanying consolidated financial statements.

**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 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.

**Acquisitions of Real Estate.** Upon acquisition of real estate, we determine the fair value of tangible and intangible assets, which includes land, buildings (as-if-vacant), furniture and fixtures, the value of in-place leases, including above and below market leases, and acquired liabilities. In estimating these values, we apply methods similar to those used by independent appraisers of income-producing property. 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. Estimates of fair value of acquired debt are based upon interest rates available for the issuance of debt with similar terms and remaining maturities. As the determination of the fair value of assets acquired and liabilities assumed is subject to significant management judgment and a change in purchase price allocations could result in a material difference in amounts recorded in our consolidated financial statements, we believe the valuation of assets acquired and liabilities assumed 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 may exist if estimated future undiscounted cash flows associated with long-lived assets are not sufficient to recover the carrying value of such assets. We consider projected future discounted and undiscounted cash flows, trends, strategic decisions regarding future development plans, and other factors in our assessment of whether impairment conditions exist. While we believe our estimates of future cash flows are reasonable, different assumptions regarding a number of factors, including market rents, economic conditions, and occupancies, could significantly affect these estimates. In estimating fair value, management uses appraisals, management estimates, and discounted cash flow calculations which utilize inputs from a marketplace participant’s perspective. When impairment exists, the long-lived asset is adjusted to its fair value. In addition, we evaluate our equity investments in joint ventures and if we believe there is an other than temporary decline in market value of our investment below our carrying value, we will record an impairment charge.

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

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necessary to get the underlying real estate 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.

**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, 2013 and 2012:

|                    | December 31, 2013          |                                                  |                                         |               |   | December 31, 2012          |                                                  |                                         |               |   |
|--------------------|----------------------------|--------------------------------------------------|-----------------------------------------|---------------|---|----------------------------|--------------------------------------------------|-----------------------------------------|---------------|---|
|                    | 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    | \$2,319.5                  | 7.0                                              | 4.7                                     | % 91.7        | % | \$2,297.8                  | 6.9                                              | 4.8                                     | % 91.5        | % |
| Variable rate debt | 211.3                      | 6.4                                              | 1.0                                     | 8.3           |   | 212.7                      | 7.5                                              | 1.1                                     | 8.5           |   |

We have historically used variable rate indebtedness available under our revolving credit facility and other short-term borrowings to initially fund acquisitions and our development pipeline. To the extent we utilize our revolving credit facility and other short-term borrowings 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 \$132.4 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 accurately recorded, processed, summarized, and reported within the periods specified in the Securities and Exchange Commission's rules and forms and is accumulated and communicated to our management,

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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, 2013. 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 originally issued in 1992.

Based on our assessment, management concluded our internal control over financial reporting is effective as of December 31, 2013.

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.

February 21, 2014

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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, 2013, based on criteria established in Internal Control — Integrated Framework (1992) 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, 2013, based on the criteria established in Internal Control — Integrated Framework (1992) 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, 2013 of the Company and our report dated February 21, 2014 expressed an unqualified opinion on those financial statements and financial statement schedule.

/s/ DELOITTE & TOUCHE LLP  
Houston, Texas  
February 21, 2014



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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 21, 2014 in connection with the Annual Meeting of Shareholders to be held May 9, 2014.

## 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 21, 2014 in connection with the Annual Meeting of Shareholders to be held May 9, 2014.

## 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 21, 2014 in connection with the Annual Meeting of Shareholders to be held May 9, 2014 to the extent not set forth below.

The following table gives information about the equity compensation plans as of December 31, 2013.

## 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     | 634,361                                                                                         | \$ 41.59                                                                        | 1,931,147                                                                                                                                     |
| Equity compensation plans not approved by security holders | —                                                                                               | —                                                                               | —                                                                                                                                             |
| Total                                                      | 634,361                                                                                         | \$ 41.59                                                                        | 1,931,147                                                                                                                                     |

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 (as amended, 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 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, 2013, approximately 6.7 million fungible units were available under the 2011 Share Plan, which results in approximately 1.9 million common shares which may 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 21, 2014 in connection with the Annual Meeting of Shareholders to be held May 9, 2014.

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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 21, 2014 in connection with the Annual Meeting of Shareholders to be held May 9, 2014.

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, 2013 and 2012</u>                                                          | <u>F-2</u> |
| <u>Consolidated Statements of Income and Comprehensive Income for the Years Ended December 31, 2013, 2012, and 2011</u>      | <u>F-3</u> |
| <u>Consolidated Statements of Equity and Perpetual Preferred Units for the Years Ended December 31, 2013, 2012, and 2011</u> | <u>F-5</u> |
| <u>Consolidated Statements of Cash Flows for the Years Ended December 31, 2013, 2012, and 2011</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         | Third Amended and Restated Bylaws of Camden Property Trust                          | Exhibit 99.1 to Form 8-K filed on March 11, 2013                  |
| 4.1         | Specimen certificate for Common Shares of Beneficial Interest                       | Form S-11 filed on September 15, 1993 (Registration No. 33-68736) |
| 4.2         |                                                                                     |                                                                   |

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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)

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

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| Exhibit No. | Description                                                                                                                                                                                  | Filed Herewith or Incorporated Herein by Reference (1)            |
|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|
| 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                     |
| 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 5.00% Note due 2015                                                                                                                                            | Exhibit 4.2 to Form 8-K filed on June 7, 2005                     |
| 4.7         | Form of Camden Property Trust 5.700% Note due 2017                                                                                                                                           | Exhibit 4.3 to Form 8-K filed on May 7, 2007                      |
| 4.8         | Form of Camden Property Trust 4.625% Note due 2021                                                                                                                                           | Exhibit 4.4 to Form 8-K filed on May 31, 2011                     |
| 4.9         | Form of Camden Property Trust 2.95% Note due 2022                                                                                                                                            | Exhibit 4.4 to Form 8-K filed on December 7, 2012                 |
| 4.10        | Form of Camden Property Trust 4.875% Note due 2023                                                                                                                                           | Exhibit 4.5 to Form 8-K filed on May 31, 2011                     |
| 4.11        | Form of Camden Property Trust 4.250% Notes due 2024                                                                                                                                          | Exhibit 4.1 to Form 8-K filed on December 2, 2013                 |
| 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                                                              | Exhibit 99.1 to Form 8-K filed on March 18, 2008                  |

and D. Keith Oden.

|       |                                                                                                                                          |                                                                 |
|-------|------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|
| 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 |
| 10.7  | 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              |
| 10.8  | Separation Agreement and General Release, dated as of May 9, 2013, between Camden Property Trust and Dennis M. Steen                     | Exhibit 99.1 to Form 8-K filed May 10, 2013                     |
| 10.9  | Second Amended and Restated Camden Property Trust Key Employee Share Option Plan (KEYSOP) <sup>M</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  |

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| Exhibit No. | Description                                                                                                                                     | Filed Herewith or Incorporated Herein by Reference (1)                           |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| 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                   |
| 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       |                                                                                                                                                 | Exhibit 99.1 to Form 8-K filed on July 15, 1998                                  |

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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.

|       |                                                                                                                       |                                                                 |
|-------|-----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|
| 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                  |

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| Exhibit No. | Description                                                                                                                                                                                                           | Filed Herewith or Incorporated Herein by Reference (1)                                                           |
|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|
| 10.30       | Amendment No. 1 to 2011 Share Incentive Plan of Camden Property Trust, dated as of July 31, 2012                                                                                                                      | Exhibit 99.1 to Form 8-K filed on August 6, 2012                                                                 |
| 10.31       | Amendment No. 2 to the 2011 Share Incentive Plan of Camden Property Trust, dated as of July 30, 2013                                                                                                                  | Exhibit 99.1 to Form 8-K filed on August 5, 2013                                                                 |
| 10.32       | Camden Property Trust Short Term Incentive Plan                                                                                                                                                                       | Exhibit 10.2 to Form 10-Q for the quarter ended March 31, 2002                                                   |
| 10.33       | Second Amended and Restated Camden Property Trust Non-Qualified Deferred Compensation Plan                                                                                                                            | Exhibit 99.1 to Form 8-K filed on February 21, 2014                                                              |
| 10.34       | 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)                                |
| 10.35       | 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)                                |
| 10.36       | 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) |
| 10.37       | 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)    |
| 10.38       | 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)    |
| 10.39       | 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                                                                 |
| 10.40       | 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                                                                 |
| 10.41       |                                                                                                                                                                                                                       | Exhibit 10.4 to Form 10-Q filed on July 30, 2010                                                                 |

Master Credit Agreement, dated as of September 24, 2008, among CSP Community Owner, LLC, CPT Community Owner, LLC, and Red Mortgage Capital, Inc. (2)

- 10.42 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) Exhibit 10.5 to Form 10-Q filed on July 30, 2010
- 10.43 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
- 10.44 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

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| Exhibit No. | Description                                                                                                                                                                                                                                                                                       | Filed Herewith or Incorporated Herein by Reference (1) |
|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|
| 10.45       | 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          |
| 10.46       | 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          |
| 10.47       | 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          |
| 10.48       | 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 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     |                                                                                                                                                                                                                                                                                                   | Filed Herewith                                         |

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XBRL Taxonomy Extension Calculation Linkbase  
Document

101.DEF XBRL Taxonomy Extension Definition Linkbase Document Filed Herewith

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 21, 2014

CAMDEN PROPERTY TRUST

By: /s/ Michael P. Gallagher  
Michael P. Gallagher  
Senior 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 21, 2014 |
| /s/ D. Keith Oden<br>D. Keith Oden               | President and Trust Manager                                                                                | February 21, 2014 |
| /s/ Alexander J. Jessett<br>Alexander J. Jessett | Senior Vice President - Finance,<br>Chief Financial Officer and Treasurer (Principal<br>Financial Officer) | February 21, 2014 |
| /s/ Michael P. Gallagher<br>Michael P. Gallagher | Senior Vice President - Chief Accounting<br>Officer (Principal Accounting<br>Officer)                      | February 21, 2014 |
| *                                                |                                                                                                            |                   |
| Scott S. Ingraham                                | Trust Manager                                                                                              | February 21, 2014 |
| *                                                |                                                                                                            |                   |
| Lewis A. Levey                                   | Trust Manager                                                                                              | February 21, 2014 |
| *                                                |                                                                                                            |                   |
| William B. McGuire, Jr.                          | Trust Manager                                                                                              | February 21, 2014 |
| *                                                |                                                                                                            |                   |
| F. Gardner Parker                                | Trust Manager                                                                                              | February 21, 2014 |
| *                                                |                                                                                                            |                   |
| William F. Paulsen                               | Trust Manager                                                                                              | February 21, 2014 |
| *                                                |                                                                                                            |                   |
| Frances Aldrich Sevilla-Sacasa                   | Trust Manager                                                                                              | February 21, 2014 |
| *                                                |                                                                                                            |                   |
| Steven A. Webster                                | Trust Manager                                                                                              | February 21, 2014 |
| *                                                |                                                                                                            |                   |
| Kelvin R. Westbrook                              | Trust Manager                                                                                              | February 21, 2014 |

\*By: /s/ Alexander J. Jessett  
Alexander J. Jessett  
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, 2013 and 2012, 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, 2013. 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, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013, 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, 2013, based on the criteria established in Internal Control—Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 21, 2014 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

Houston, Texas  
February 21, 2014

Table of ContentsCAMDEN PROPERTY TRUST  
CONSOLIDATED BALANCE SHEETS

| (in thousands, except per share amounts)                                                                                                                                                         | December 31,<br>2013 | 2012        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-------------|
| Assets                                                                                                                                                                                           |                      |             |
| Real estate assets, at cost                                                                                                                                                                      |                      |             |
| Land                                                                                                                                                                                             | \$969,711            | \$949,777   |
| Buildings and improvements                                                                                                                                                                       | 5,629,904            | 5,389,674   |
|                                                                                                                                                                                                  | \$6,599,615          | \$6,339,451 |
| Accumulated depreciation                                                                                                                                                                         | (1,643,713)          | (1,518,896) |
| Net operating real estate assets                                                                                                                                                                 | \$4,955,902          | \$4,820,555 |
| Properties under development, including land                                                                                                                                                     | 472,566              | 334,463     |
| Investments in joint ventures                                                                                                                                                                    | 42,155               | 45,092      |
| Properties held for sale                                                                                                                                                                         | —                    | 30,517      |
| Total real estate assets                                                                                                                                                                         | \$5,470,623          | \$5,230,627 |
| Accounts receivable – affiliates                                                                                                                                                                 | 27,724               | 33,625      |
| Other assets, net                                                                                                                                                                                | 109,401              | 88,260      |
| Cash and cash equivalents                                                                                                                                                                        | 17,794               | 26,669      |
| Restricted cash                                                                                                                                                                                  | 6,599                | 5,991       |
| Total assets                                                                                                                                                                                     | \$5,632,141          | \$5,385,172 |
| Liabilities and equity                                                                                                                                                                           |                      |             |
| Liabilities                                                                                                                                                                                      |                      |             |
| Notes payable                                                                                                                                                                                    |                      |             |
| Unsecured                                                                                                                                                                                        | \$1,588,798          | \$1,538,212 |
| Secured                                                                                                                                                                                          | 941,968              | 972,256     |
| Accounts payable and accrued expenses                                                                                                                                                            | 113,307              | 101,896     |
| Accrued real estate taxes                                                                                                                                                                        | 35,648               | 28,452      |
| Distributions payable                                                                                                                                                                            | 56,787               | 49,969      |
| Other liabilities                                                                                                                                                                                | 88,272               | 67,679      |
| Total liabilities                                                                                                                                                                                | \$2,824,780          | \$2,758,464 |
| Commitments and contingencies                                                                                                                                                                    |                      |             |
| Non-Qualified deferred compensation share awards                                                                                                                                                 | 47,180               | —           |
| Equity                                                                                                                                                                                           |                      |             |
| Common shares of beneficial interest; \$0.01 par value per share; 175,000 shares authorized; 99,645 and 99,106 issued; 96,660 and 96,201 outstanding at December 31, 2013 and 2012, respectively | 967                  | 962         |
| Additional paid-in capital                                                                                                                                                                       | 3,596,069            | 3,587,505   |
| Distributions in excess of net income attributable to common shareholders                                                                                                                        | (494,167)            | (598,951)   |
| Treasury shares, at cost (11,352 and 11,771 common shares, at December 31, 2013 and 2012, respectively)                                                                                          | (410,227)            | (425,355)   |
| Accumulated other comprehensive loss                                                                                                                                                             | (1,106)              | (1,062)     |
| Total common equity                                                                                                                                                                              | \$2,691,536          | \$2,563,099 |
| Non-controlling interests                                                                                                                                                                        | 68,645               | 63,609      |
| Total equity                                                                                                                                                                                     | \$2,760,181          | \$2,626,708 |
| Total liabilities and equity                                                                                                                                                                     | \$5,632,141          | \$5,385,172 |

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, |           | 2011      |
|----------------------------------------------------------------------------------------------------------|-------------------------|-----------|-----------|
|                                                                                                          | 2013                    | 2012      |           |
| Property revenues                                                                                        |                         |           |           |
| Rental revenues                                                                                          | \$683,362               | \$602,004 | \$516,182 |
| Other property revenues                                                                                  | 105,489                 | 96,314    | 83,219    |
| Total property revenues                                                                                  | \$788,851               | \$698,318 | \$599,401 |
| Property expenses                                                                                        |                         |           |           |
| Property operating and maintenance                                                                       | \$199,650               | \$185,720 | \$166,866 |
| Real estate taxes                                                                                        | 86,041                  | 70,710    | 63,346    |
| Total property expenses                                                                                  | \$285,691               | \$256,430 | \$230,212 |
| Non-property income                                                                                      |                         |           |           |
| Fee and asset management                                                                                 | \$11,690                | \$12,345  | \$9,973   |
| Interest and other income (loss)                                                                         | 1,217                   | (710)     | ) 4,649   |
| Income on deferred compensation plans                                                                    | 8,290                   | 4,772     | 6,773     |
| Total non-property income                                                                                | \$21,197                | \$16,407  | \$21,395  |
| Other expenses                                                                                           |                         |           |           |
| Property management                                                                                      | \$21,774                | \$21,796  | \$20,686  |
| Fee and asset management                                                                                 | 5,756                   | 6,631     | 5,935     |
| General and administrative                                                                               | 40,586                  | 37,528    | 35,456    |
| Interest                                                                                                 | 98,129                  | 104,246   | 112,414   |
| Depreciation and amortization                                                                            | 214,395                 | 194,673   | 165,486   |
| Amortization of deferred financing costs                                                                 | 3,548                   | 3,608     | 5,877     |
| Expense on deferred compensation plans                                                                   | 8,290                   | 4,772     | 6,773     |
| Total other expenses                                                                                     | \$392,478               | \$373,254 | \$352,627 |
| Gain on acquisition of controlling interest in joint ventures                                            | —                       | 57,418    | —         |
| Gain on sale of properties, including land                                                               | 698                     | —         | 4,748     |
| Gain on sale of unconsolidated joint venture interests                                                   | —                       | —         | 1,136     |
| Loss on discontinuation of hedging relationship                                                          | —                       | —         | (29,791)  |
| Equity in income of joint ventures                                                                       | 24,865                  | 20,175    | 5,679     |
| Income from continuing operations before income taxes                                                    | \$157,442               | \$162,634 | \$19,729  |
| Income tax expense – current                                                                             | (1,826)                 | ) (1,208) | ) (2,220) |
| Income from continuing operations                                                                        | \$155,616               | \$161,426 | \$17,509  |
| Income from discontinued operations                                                                      | 8,515                   | 17,406    | 17,831    |
| Gain on sale of discontinued operations, net of tax                                                      | 182,160                 | 115,068   | 24,621    |
| Net income                                                                                               | \$346,291               | \$293,900 | \$59,961  |
| Less income allocated to non-controlling interests from continuing operations                            | (4,022)                 | ) (4,459) | ) (3,126) |
| Less income, including gain on sale, allocated to non-controlling interests from discontinued operations | (5,905)                 | ) (3,200) | ) (456)   |
| Less income allocated to perpetual preferred units                                                       | —                       | (776)     | ) (7,000) |
| Less write off of original issuance costs of redeemed perpetual preferred units                          | —                       | (2,075)   | ) —       |
| Net income attributable to common shareholders                                                           | \$336,364               | \$283,390 | \$49,379  |
| See Notes to Consolidated Financial Statements.                                                          |                         |           |           |



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## CAMDEN PROPERTY TRUST

## CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (Continued)

| (In thousands, except per share amounts)                                                                 | Year Ended December 31, |           |            |
|----------------------------------------------------------------------------------------------------------|-------------------------|-----------|------------|
|                                                                                                          | 2013                    | 2012      | 2011       |
| Earnings per share – basic                                                                               |                         |           |            |
| Income from continuing operations attributable to common shareholders                                    | \$1.70                  | \$1.81    | \$0.09     |
| Income from discontinued operations, including gain on sale, attributable to common shareholders         | 2.12                    | 1.54      | 0.58       |
| Net income attributable to common shareholders                                                           | \$3.82                  | \$3.35    | \$0.67     |
| Earnings per share – diluted                                                                             |                         |           |            |
| Income from continuing operations attributable to common shareholders                                    | \$1.69                  | \$1.79    | \$0.09     |
| Income from discontinued operations, including gain on sale, attributable to common shareholders         | 2.09                    | 1.51      | 0.57       |
| Net income attributable to common shareholders                                                           | \$3.78                  | \$3.30    | \$0.66     |
| Weighted average number of common shares outstanding – basic                                             | 87,204                  | 83,772    | 72,756     |
| Weighted average number of common shares outstanding – diluted                                           | 88,494                  | 85,556    | 73,462     |
| Net income attributable to common shareholders                                                           |                         |           |            |
| Income from continuing operations                                                                        | \$155,616               | \$161,426 | \$17,509   |
| Less income allocated to non-controlling interests from continuing operations                            | (4,022)                 | ) (4,459  | ) (3,126 ) |
| Less income allocated to perpetual preferred units                                                       | —                       | (776      | ) (7,000 ) |
| Less write off original issuance costs of redeemed perpetual preferred units                             | —                       | (2,075    | ) —        |
| Income from continuing operations attributable to common shareholders                                    | \$151,594               | \$154,116 | \$7,383    |
| Income from discontinued operations, including gain on sale                                              | \$190,675               | \$132,474 | \$42,452   |
| Less income, including gain on sale, allocated to non-controlling interests from discontinued operations | (5,905                  | ) (3,200  | ) (456 )   |
| Income from discontinued operations, including gain on sale, attributable to common shareholders         | \$184,770               | \$129,274 | \$41,996   |
| Net income attributable to common shareholders                                                           | \$336,364               | \$283,390 | \$49,379   |
| Consolidated Statements of Comprehensive Income                                                          |                         |           |            |
| Net income                                                                                               | \$346,291               | \$293,900 | \$59,961   |
| Other comprehensive income                                                                               |                         |           |            |
| Unrealized loss on cash flow hedging activities                                                          | —                       | —         | (2,692 )   |
| Reclassification of net losses on cash flow hedging activities                                           | —                       | —         | 39,657     |
| 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                        | 54                      | 30        | —          |
| Unrealized loss and unamortized prior service cost on post retirement obligation                         | (99                     | ) (409    | ) (884 )   |
| Comprehensive income                                                                                     | \$346,246               | \$293,521 | \$92,736   |
| Less income allocated to non-controlling interests from continuing operations                            | (4,022                  | ) (4,459  | ) (3,126 ) |
|                                                                                                          | (5,905                  | ) (3,200  | ) (456 )   |

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Less income, including gain on sale, allocated to non-controlling interests from discontinued operations

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

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

|                                                          |           |           |          |  |
|----------------------------------------------------------|-----------|-----------|----------|--|
| Comprehensive income attributable to common shareholders | \$336,319 | \$283,011 | \$82,154 |  |
|----------------------------------------------------------|-----------|-----------|----------|--|

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, except<br>per share amounts)                                     | Common<br>Shareholders<br>Common<br>shares of<br>beneficial<br>interest | Additional<br>paid-in capital | Distributions<br>in excess of<br>net income | 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, 2010                                                    | \$824                                                                   | \$2,775,625                   | \$(595,317)                                 | \$(461,255)                 | \$(33,458)                                    | \$70,954                       | \$1,757,373     | \$97,925                        |
| Net income                                                                      |                                                                         |                               | 49,379                                      |                             |                                               | 3,582                          | 52,961          | 7,000                           |
| Other comprehensive<br>income                                                   |                                                                         |                               |                                             |                             | 32,775                                        |                                | 32,775          |                                 |
| Common shares<br>issued (1,751 shares)                                          | 18                                                                      | 106,553                       |                                             |                             |                                               |                                | 106,571         |                                 |
| Net share awards                                                                | 3                                                                       | 12,592                        |                                             | 812                         |                                               |                                | 13,407          |                                 |
| Employee share<br>purchase plan                                                 |                                                                         | 446                           |                                             | 1,334                       |                                               |                                | 1,780           |                                 |
| Common share<br>options exercised (68<br>shares)                                |                                                                         | 5,216                         |                                             | 7,106                       |                                               |                                | 12,322          |                                 |
| Conversions and<br>redemptions of<br>operating partnership<br>units (66 shares) | 1                                                                       | 591                           |                                             |                             | (592)                                         | —                              | —               |                                 |
| Cash distributions<br>declared to perpetual<br>preferred units                  |                                                                         |                               |                                             |                             |                                               |                                |                 | (7,000)                         |
| Cash distributions<br>declared to equity<br>holders (\$1.96 per<br>share)       |                                                                         |                               | (144,528)                                   |                             | (4,893)                                       |                                | (149,421)       |                                 |
| Other                                                                           | (1)                                                                     | 1                             |                                             |                             |                                               |                                | —               |                                 |
| 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>loss                                                     |                                                                         |                               |                                             |                             | (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                                                                       | 8,988                         |                                             |                             | (9,143)                                       |                                | (149)           |                                 |

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|                                                                           |       |             |             |             |          |   |           |             |     |
|---------------------------------------------------------------------------|-------|-------------|-------------|-------------|----------|---|-----------|-------------|-----|
| units (558 shares)                                                        |       |             |             |             |          |   |           |             |     |
| 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.                           |       |             |             |             |          |   |           |             |     |

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

| (in thousands, except per share amounts)                              | Common Shareholders<br>Common<br>shares of<br>beneficial<br>interest | Additional<br>paid-in capital | Distributions<br>in excess of<br>net income | Treasury<br>shares, at cost | Accumulated<br>other<br>comprehensive<br>loss | Non-controlling<br>interests | Total<br>equity |
|-----------------------------------------------------------------------|----------------------------------------------------------------------|-------------------------------|---------------------------------------------|-----------------------------|-----------------------------------------------|------------------------------|-----------------|
| Equity, December 31, 2012                                             | \$962                                                                | \$ 3,587,505                  | \$ (598,951 )                               | \$ (425,355 )               | \$ (1,062 )                                   | \$ 63,609                    | \$2,626,708     |
| Net income                                                            |                                                                      |                               | 336,364                                     |                             |                                               | 9,927                        | 346,291         |
| Other comprehensive loss                                              |                                                                      |                               |                                             |                             | (44 )                                         |                              | (44 )           |
| Common shares issued (555 shares)                                     | 6                                                                    | 40,038                        |                                             |                             |                                               |                              | 40,044          |
| Net share awards                                                      | (1 )                                                                 | 4,921                         |                                             | 12,658                      |                                               |                              | 17,578          |
| Employee share purchase plan                                          |                                                                      | 449                           |                                             | 469                         |                                               |                              | 918             |
| Common share options exercised                                        |                                                                      | 841                           |                                             | 2,001                       |                                               |                              | 2,842           |
| Change in classification of deferred compensation plan                |                                                                      | (37,958 )                     |                                             |                             |                                               |                              | (37,958 )       |
| Change in redemption value of non-qualified share awards              |                                                                      |                               | (9,575 )                                    |                             |                                               |                              | (9,575 )        |
| Diversification of share awards within deferred compensation plan     |                                                                      | 221                           | 132                                         |                             |                                               |                              | 353             |
| Conversions and redemptions of operating partnership units (2 shares) | —                                                                    | 52                            |                                             |                             |                                               | (104 )                       | (52 )           |
| Cash distributions declared to equity holders (\$2.52 per share)      |                                                                      |                               | (222,137 )                                  |                             |                                               | (4,787 )                     | (226,924 )      |
| Equity, December 31, 2013                                             | \$967                                                                | \$ 3,596,069                  | \$ (494,167 )                               | \$ (410,227 )               | \$ (1,106 )                                   | \$ 68,645                    | \$2,760,181     |
| See Notes to Consolidated Financial Statements.                       |                                                                      |                               |                                             |                             |                                               |                              |                 |

Table of ContentsCAMDEN PROPERTY TRUST  
CONSOLIDATED STATEMENTS OF CASH FLOWS

| (in thousands)                                                                               | Year Ended December 31, |               |               |
|----------------------------------------------------------------------------------------------|-------------------------|---------------|---------------|
|                                                                                              | 2013                    | 2012          | 2011          |
| Cash flows from operating activities                                                         |                         |               |               |
| Net income                                                                                   | \$346,291               | \$293,900     | \$59,961      |
| Adjustments to reconcile net income to net cash from operating activities:                   |                         |               |               |
| Depreciation and amortization                                                                | 219,650                 | 209,872       | 181,791       |
| Gain on acquisition of controlling interest in joint ventures                                | —                       | (57,418)      | ) —           |
| Gain on sale of discontinued operations, net of tax                                          | (182,160)               | ) (115,068)   | ) (24,621)    |
| Gain on sale of properties, including land                                                   | (698)                   | ) —           | (4,748)       |
| 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        |
| Distributions of income from joint ventures                                                  | 8,884                   | 6,321         | 5,329         |
| Equity in income of joint ventures                                                           | (24,865)                | ) (20,175)    | ) (5,679)     |
| Share-based compensation                                                                     | 14,063                  | 13,086        | 12,039        |
| Amortization of deferred financing costs                                                     | 3,548                   | 3,608         | 5,877         |
| Net change in operating accounts and other                                                   | 19,578                  | (9,859)       | ) (9,469)     |
| Net cash from operating activities                                                           | \$404,291               | \$324,267     | \$244,834     |
| Cash flows from investing activities                                                         |                         |               |               |
| Development and capital improvements                                                         | \$(356,815)             | ) \$(290,728) | ) \$(227,755) |
| Acquisition of operating properties, including joint venture interests, net of cash acquired | (224,109)               | ) (465,400)   | ) —           |
| Proceeds from sales of properties, including land and discontinued operations                | 329,441                 | 226,869       | 57,312        |
| 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         |
| Investments in joint ventures                                                                | (1,886)                 | ) (7,006)     | ) (46,037)    |
| Distributions of investments from joint ventures                                             | 11,295                  | 17,417        | 6,005         |
| Increase in non-real estate assets                                                           | (17,497)                | ) (4,787)     | ) (2,422)     |
| Other                                                                                        | 586                     | (4,050)       | ) (1,566)     |
| Net cash from investing activities                                                           | \$(258,985)             | ) \$(527,685) | ) \$(187,364) |
| See Notes to Consolidated Financial Statements.                                              |                         |               |               |

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

| (in thousands)                                                                                 | Year Ended December 31, |             |              |
|------------------------------------------------------------------------------------------------|-------------------------|-------------|--------------|
|                                                                                                | 2013                    | 2012        | 2011         |
| Cash flows from financing activities                                                           |                         |             |              |
| Borrowings on unsecured line of credit and other short-term borrowings                         | \$952,900               | \$603,000   | \$8,000      |
| Repayments on unsecured line of credit and other short-term borrowings                         | (952,900)               | ) (603,000  | ) (8,000 )   |
| Repayment of notes payable                                                                     | (230,288                | ) (567,575  | ) (627,623 ) |
| Proceeds from notes payable                                                                    | 249,535                 | 346,308     | 495,705      |
| Proceeds from issuance of common shares                                                        | 40,044                  | 693,355     | 106,571      |
| Distributions to common shareholders, perpetual preferred units, and non-controlling interests | (220,083                | ) (189,018  | ) (152,242 ) |
| Redemption of perpetual preferred units                                                        | —                       | (100,000    | ) —          |
| Purchase of non-controlling interests                                                          | —                       | (16,482     | ) —          |
| Payment of deferred financing costs                                                            | (3,165                  | ) (3,737    | ) (9,288 )   |
| Common share options exercised                                                                 | 2,458                   | 13,038      | 11,397       |
| Net decrease (increase) in accounts receivable – affiliates                                    | 5,901                   | (2,586      | ) 860        |
| Other                                                                                          | 1,417                   | 1,625       | 1,734        |
| Net cash from financing activities                                                             | \$(154,181              | ) \$174,928 | \$(172,886 ) |
| Net decrease in cash and cash equivalents                                                      | (8,875                  | ) (28,490   | ) (115,416 ) |
| Cash and cash equivalents, beginning of year                                                   | 26,669                  | 55,159      | 170,575      |
| Cash and cash equivalents, end of year                                                         | \$17,794                | \$26,669    | \$55,159     |
| Supplemental information                                                                       |                         |             |              |
| Cash paid for interest, net of interest capitalized                                            | \$98,101                | \$106,405   | \$114,615    |
| Cash paid for income taxes                                                                     | 2,114                   | 1,561       | 2,664        |
| Supplemental schedule of noncash investing and financing activities                            |                         |             |              |
| Distributions declared but not paid                                                            | \$56,787                | \$49,969    | \$39,364     |
| Value of shares issued under benefit plans, net of cancellations                               | 20,195                  | 20,933      | 18,629       |
| Net change in redemption of non-qualified share awards                                         | 9,443                   | —           | —            |
| Conversion of operating partnership units to common shares                                     | 71                      | 9,143       | 592          |
| Accrual associated with construction and capital expenditures                                  | 21,071                  | 18,993      | 16,754       |
| Acquisition of operating properties, including joint venture interests:                        |                         |             |              |
| Mortgage debt assumed                                                                          | —                       | 298,807     | —            |
| Other liabilities assumed                                                                      | —                       | 6,976       | —            |
| 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, redevelopment, acquisition, and construction of multifamily apartment communities. Our multifamily apartment communities are referred to as “communities,” “multifamily communities,” “properties,” or “multifamily properties” in the following discussion. As of December 31, 2013, we owned interests in, operated, or were developing 184 multifamily properties comprised of 64,328 apartment homes across the United States. Of the 184 properties, 14 properties were under construction, and when completed will consist of a total of 4,354 apartment homes. Additionally, we are adding a subsequent phase to a stabilized community which will consist of 75 apartment homes and we own land holdings we may develop into multifamily apartment communities in the future.

## 2. Summary of Significant Accounting Policies

**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 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.

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

The carrying values of below market leases and in-place leases at December 31, 2013 and 2012 are as follows:

|                                            | December 31, |       |
|--------------------------------------------|--------------|-------|
| (in millions)                              | 2013         | 2012  |
| Below market leases (Gross carrying value) | \$0.4        | \$0.9 |
| Accumulated amortization                   | (0.2)        | (0.2) |
| Value of below market leases, net          | \$0.2        | \$0.7 |
| In-place leases (Gross carrying value)     | \$2.3        | \$4.1 |
| Accumulated amortization                   | (1.1)        | (1.5) |
| Value of in-place leases, net              | \$1.2        | \$2.6 |

The average amortization period of below market leases and in-place leases for each of the years ended December 31, 2013 and 2012 was approximately six months.

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Revenues recognized related to below market leases and amortization expense related to in-place leases for the years ended December 31, 2013, 2012 and 2011 are as follows:

| (in millions)                           | December 31, |         |        |
|-----------------------------------------|--------------|---------|--------|
|                                         | 2013         | 2012    | 2011   |
| Revenues related to below market leases | \$ 1.1       | \$ 1.4  | \$—    |
| Amortization of in-place leases         | \$ 5.6       | \$ 13.1 | \$ 3.9 |

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The unamortized value of the below market leases and in-place leases will be fully amortized during the year ended December 31, 2014.

**Asset Impairment.** Long-lived assets are reviewed for impairment annually or whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Impairment may exist if estimated future undiscounted cash flows associated with long-lived assets are not sufficient to recover the carrying value of such assets. We consider projected future discounted and undiscounted cash flows, trends, strategic decisions regarding future development plans, and other factors in our assessment of whether impairment conditions exist. While we believe our estimates of future cash flows are reasonable, different assumptions regarding a number of factors, including 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. When impairment exists, the long-lived asset is adjusted to its fair value. In addition, we evaluate our equity investments in joint ventures and if we believe there is an other than temporary decline in market value of our investment below our carrying value, we will record an impairment charge. We did not record any impairment charges for the years ended December 31, 2013, 2012 or 2011. 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.

**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 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 \$15.4 million, \$12.5 million, and \$8.8 million for the years ended December 31, 2013, 2012, and 2011, respectively. Capitalized real estate taxes were approximately \$3.0 million, \$2.8 million, and \$1.4 million for the years ended December 31, 2013, 2012, and 2011, 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.

We also incur expenditures related to renovation and construction of office space we lease and we capitalize these leasehold improvements as furniture, fixtures, equipment and other. We depreciate these costs using the straight-line method over the shorter of the lease term or the useful life of the improvement. During the third quarter of 2013, we relocated our corporate headquarters. In conjunction with this relocation, we capitalized approximately \$12.2 million related to leasehold improvements which will be depreciated over the life of our new lease.

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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/liabilities (in-place leases 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 transaction. 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 of joint ventures.

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 or non-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 valuation methodology we use to measure our deferred compensation plan investments is based on quoted market prices utilizing public information for the same transactions. Our deferred compensation plan investments are recorded at fair value on a recurring basis and included in other assets in our consolidated balance sheets.

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. 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 generally 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.** We operate in a single reportable segment which includes the ownership, management, development, redevelopment, acquisition, and construction of multifamily apartment communities. Each of our operating properties is considered a separate operating segment as each property earns revenues and incurs expenses, individual operating results are reviewed and discrete financial information is available. We do not distinguish or group our consolidated operations based on geography, size or type. Our multifamily apartment communities have similar economic characteristics and provide similar products and services to our residents. Further, all material operations are within the United States and no multifamily apartment community comprises more than 10% of consolidated revenues. As a result, our operating properties are aggregated into a single reportable segment. Our multifamily communities generate rental revenue and other income through the leasing of apartment homes, which comprised approximately 98% of our total property revenues and total non-property income, excluding income on deferred compensation plans, for each of the years ended December 31, 2013, 2012, and 2011.

**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. 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.



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## 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 2.1 million, 2.3 million, and 4.0 million for the years ended December 31, 2013, 2012, and 2011, 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.

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, |            |           |
|----------------------------------------------------------------------------------------------------------------------------|-------------------------|------------|-----------|
|                                                                                                                            | 2013                    | 2012       | 2011      |
| Earnings per share calculation – basic                                                                                     |                         |            |           |
| Income from continuing operations attributable to common shareholders                                                      | \$ 151,594              | \$ 154,116 | \$ 7,383  |
| Amount allocated to participating securities                                                                               | (3,177                  | ) (2,784   | ) (551    |
| Income from continuing operations attributable to common shareholders, net of amount allocated to participating securities | \$ 148,417              | \$ 151,332 | \$ 6,832  |
| Income from discontinued operations, including gain on sale, attributable to common shareholders                           | 184,770                 | 129,274    | 41,996    |
| Net income attributable to common shareholders, as adjusted                                                                | \$ 333,187              | \$ 280,606 | \$ 48,828 |
| Income from continuing operations attributable to common shareholders, as adjusted – per share                             | \$ 1.70                 | \$ 1.81    | \$ 0.09   |
| Income from discontinued operations, including gain on sale, attributable to common shareholders – per share               | 2.12                    | 1.54       | 0.58      |
| Net income attributable to common shareholders, as adjusted – per share                                                    | \$ 3.82                 | \$ 3.35    | \$ 0.67   |
| Weighted average number of common shares outstanding – basic                                                               | 87,204                  | 83,772     | 72,756    |

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| (in thousands, except per share amounts)                                                                                   | Year Ended December 31, |           |          |
|----------------------------------------------------------------------------------------------------------------------------|-------------------------|-----------|----------|
|                                                                                                                            | 2013                    | 2012      | 2011     |
| Earnings per share calculation – diluted                                                                                   |                         |           |          |
| Income from continuing operations attributable to common shareholders, net of amount allocated to participating securities | \$148,417               | \$151,332 | \$6,832  |
| Income allocated to common units from continuing operations                                                                | 1,133                   | 1,984     | —        |
| Income from continuing operations attributable to common shareholders, as adjusted                                         | \$149,550               | \$153,316 | \$6,832  |
| Income from discontinued operations, including gain on sale, attributable to common shareholders                           | 184,770                 | 129,274   | 41,996   |
| Net income attributable to common shareholders, as adjusted                                                                | \$334,320               | \$282,590 | \$48,828 |
| Income from continuing operations attributable to common shareholders, as adjusted – per share                             | \$1.69                  | \$1.79    | \$0.09   |
| Income from discontinued operations, including gain on sale, attributable to common shareholders – per share               | 2.09                    | 1.51      | 0.57     |
| Net income attributable to common shareholders, as adjusted – per share                                                    | \$3.78                  | \$3.30    | \$0.66   |
| Weighted average number of common shares outstanding – basic                                                               | 87,204                  | 83,772    | 72,756   |
| Incremental shares issuable from assumed conversion of:                                                                    |                         |           |          |
| Common share options and share awards granted                                                                              | 476                     | 647       | 706      |
| Common units                                                                                                               | 814                     | 1,137     | —        |
| Weighted average number of common shares outstanding – diluted                                                             | 88,494                  | 85,556    | 73,462   |

## 4. Common Shares

In May 2012, we created an at-the-market ("ATM") share offering program through which we can, but have no obligation to, sell common shares having an aggregate offering price of up to \$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. The net proceeds for the year ended December 31, 2013 were used for general corporate purposes, which included funding for development and capital improvement projects.

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

|                         | Year Ended December 31, |             |
|-------------------------|-------------------------|-------------|
|                         | 2013                    | 2012        |
| Total net consideration | \$40,044.1              | \$173,607.5 |
| Common shares sold      | 555.1                   | 2,607.9     |
| Average price per share | \$73.73                 | \$67.63     |

As of the date of this filing, we had common shares having an aggregate offering price of up to \$82.7 million remaining available for sale under the 2012 ATM program. No additional shares were sold subsequent to December 31, 2013 through the date of this filing.

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 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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In March 2010, 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 \$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. The net proceeds during 2011 from the 2010 ATM program were used for general corporate purposes.

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        |
| Total net consideration | \$128,128.0             | \$106,570.6 |
| Common shares sold      | 1,971.4                 | 1,751.0     |
| Average price per share | \$66.01                 | \$61.95     |

We currently have an automatic shelf registration statement which allows us to offer, from time to time, common shares, preferred shares, debt securities, or warrants. Our Amended and Restated Declaration of Trust provides we may issue up to 185 million shares of beneficial interest, consisting of 175 million common shares and 10 million preferred shares. At December 31, 2013, we had approximately 85.3 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, 2013, approximately 8% of our multifamily apartment homes were held in Camden Operating, L.P. (“Camden Operating” or the “operating partnership”). Camden Operating has 11.9 million outstanding common limited partnership units and as of December 31, 2013, we held 92.1% of the outstanding 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 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.

At December 31, 2013, approximately 26% of our multifamily apartment homes were held in Camden Summit Partnership, L.P. (the “Camden Summit Partnership”). The Camden Summit Partnership has 22.8 million outstanding common limited partnership units and as of December 31, 2013, we held 94.2% of the outstanding 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”), which 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.

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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, franchise, margin, 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 excise taxes in the consolidated statements of income and comprehensive income for the years ended December 31, 2013, 2012 and 2011 as income tax expense. Income taxes for the years ended December 31, 2013, 2012 and 2011, primarily related to state income tax and federal taxes on certain of our taxable REIT subsidiaries. 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. We have no significant temporary differences or tax credits associated with our taxable REIT subsidiaries.

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The reconciliation of net income to REIT taxable income is set forth in the following table:

|                                                                                                          | Year Ended December 31, |            |             |
|----------------------------------------------------------------------------------------------------------|-------------------------|------------|-------------|
| (in thousands)                                                                                           | 2013                    | 2012       | 2011        |
| Net income                                                                                               | \$346,291               | \$293,900  | \$59,961    |
| Less income attributable to non-controlling interests from continuing operations                         | (4,022 )                | (4,459 )   | (3,126 )    |
| Less income, including gain on sale, allocated to non-controlling interests from discontinued operations | (5,905 )                | (3,200 )   | (456 )      |
| Less income allocated to perpetual preferred units                                                       | —                       | (776 )     | (7,000 )    |
| Less write off of original issuance costs of redeemed perpetual preferred units                          | —                       | (2,075 )   | —           |
| Net income attributable to common shareholders                                                           | \$336,364               | \$283,390  | \$49,379    |
| (Income) loss from taxable REIT subsidiaries included above                                              | (2,940 )                | 3,323      | 539         |
| Net income from REIT operations                                                                          | \$333,424               | \$286,713  | \$49,918    |
| Book depreciation and amortization, including discontinued operations                                    | 223,198                 | 213,479    | 188,042     |
| Tax depreciation and amortization                                                                        | (204,059 )              | (171,060 ) | (155,636 )  |
| Book/tax difference on gains/losses from capital transactions                                            | (86,358 )               | (63,832 )  | (4,315 )    |
| Other book/tax differences, net                                                                          | (9,427 )                | (40,961 )  | 8,205       |
| REIT taxable income                                                                                      | \$256,778               | \$224,339  | \$86,214    |
| Dividends paid deduction                                                                                 | (256,778 )              | (224,339 ) | (143,657 )  |
| Dividends paid in excess of taxable income                                                               | \$—                     | \$—        | \$(57,443 ) |

(1) The dividends paid deduction includes estimated designated dividends from 2014 of approximately \$62.1 million.

(2) We borrowed approximately \$26.6 million from 2013 for designated dividends in 2012.

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

|                                                               | Year Ended December 31, |        |        |
|---------------------------------------------------------------|-------------------------|--------|--------|
|                                                               | 2013                    | 2012   | 2011   |
| Common Share Distributions                                    |                         |        |        |
| Ordinary income                                               | \$1.40                  | \$0.96 | \$1.08 |
| Long-term capital gain                                        | 0.76                    | 0.64   | 0.13   |
| Unrecaptured Sec. 1250 gain                                   | 0.36                    | 0.64   | 0.23   |
| Return of capital                                             | —                       | —      | 0.52   |
| Total                                                         | \$2.52                  | \$2.24 | \$1.96 |
| Percentage of distributions representing tax preference items | 4.95 %                  | 5.72 % | 2.83 % |

We have taxable REIT subsidiaries which are subject to federal and state income taxes. At December 31, 2013, our taxable REIT subsidiaries had net operating loss carryforwards (“NOL’s”) of approximately \$16.3 million which expire in years 2030 to 2033. Because NOL’s are subject to certain change of ownership, continuity of business, and separate return year limitations, and because we believe it is unlikely the available NOL’s will be utilized or if utilized, any amounts will 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, 2013 exceeded the tax basis by approximately \$1.2 billion.

Income Tax Expense – Current. For the tax years ended December 31, 2013, 2012, and 2011, we had current income tax expense of approximately \$1.8 million, \$1.2 million, and \$2.2 million, respectively. Income tax for the year ended December 31, 2013 and 2012 was comprised mainly of state income tax, 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 state income tax, and federal income tax related to another one of our taxable REIT subsidiaries.

Income Tax Expense – Deferred. For the years ended December 31, 2013, 2012, and 2011, our deferred tax expense was not significant.

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The Company and its subsidiaries' income tax returns are subject to examination by federal, state and local tax jurisdictions for years 2010 through 2012. Net income tax loss carry forwards and other tax attributes generated in years prior to 2010 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 2013. We believe we have no uncertain tax positions or unrecognized tax benefits requiring disclosure as of and for the periods presented.

## 7. Acquisitions and Discontinued Operations

Acquisitions of operating properties. During the year ended December 31, 2013, we completed the acquisition of three operating properties as follows:

| Acquisitions of Operating Properties | Location    | Number of Apartment Homes | Date of Acquisition | Purchase Price |
|--------------------------------------|-------------|---------------------------|---------------------|----------------|
| Camden Post Oak                      | Houston, TX | 356                       | 4/10/2013           | \$108.5        |
| Camden Sotelo                        | Tempe, AZ   | 170                       | 9/11/2013           | 34.0           |
| Camden Vantage                       | Atlanta, GA | 592                       | 9/18/2013           | 82.5           |
| Consolidated total                   |             | 1,118                     |                     | \$225.0        |

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 12 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 acquisition/consolidation of the operating properties described above as of the respective acquisition/consolidation dates (in millions):

|                             | 2013     | 2012     |
|-----------------------------|----------|----------|
| Assets acquired:            |          |          |
| Buildings and improvements  | \$ 192.0 | \$ 622.9 |
| Land                        | 29.5     | 174.6    |
| Cash                        | —        | 3.9      |
| Restricted cash             | —        | 0.7      |
| Intangible and other assets | 4.5      | 16.0     |
| Total assets acquired (1)   | \$ 226.0 | \$ 818.1 |
| Liabilities assumed:        |          |          |
| Mortgage debt (2)           | \$ —     | \$ 298.8 |
| Other liabilities           | 1.9      | 8.2      |
| Total liabilities assumed   | \$ 1.9   | \$ 307.0 |
| Net assets acquired         | \$ 224.1 | \$ 511.1 |

- (1) Represents 100% of the fair value of assets of operating properties acquired which includes our previously held investments in the joint ventures acquired in 2012. Upon acquisition, we revalued our investments in these joint ventures which resulted in a fair value adjustment of assets of approximately \$42.1 million for the year ended December 31, 2012.
- (2) Mortgage debt assumed in the amount of \$272.6 million was subsequently repaid in January 2012 at face value.

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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 operating properties acquired in 2013 as discussed above contributed revenues of approximately \$10.8 million and property expenses of approximately \$4.5 million from their respective acquisition dates through December 31, 2013. The 13 former joint ventures and seven operating properties acquired in 2012 contributed revenues of approximately \$52.8 million and property expenses of approximately \$21.0 million from their respective acquisition/consolidation dates through December 31, 2012. Operating properties from three of these former joint ventures acquired in 2012 were sold during the fourth quarter of 2013. The operating properties sold contributed revenues and property expenses of approximately \$6.4 million and \$3.1 million, respectively, from their respective acquisition dates through December 31, 2012, and is included in income from discontinued operations disclosed below.

The following unaudited pro forma summary presents consolidated information assuming the acquisitions of the 10 remaining former joint ventures and seven operating properties acquired in 2012, 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 acquisition dates through the end of the periods.

| (in thousands)    | Pro Forma Year Ended<br>December 31, |           |
|-------------------|--------------------------------------|-----------|
|                   | 2012<br>(unaudited)                  | 2011      |
| Property revenues | \$727,152                            | \$668,498 |
| Property expenses | 266,795                              | 257,225   |
|                   | \$460,357                            | \$411,273 |

Acquisitions of land. During June 2013, we acquired approximately 38.8 acres in three land parcels located in Scottsdale, Chandler, and Tempe, Arizona for approximately \$25.8 million. During the year ended December 31, 2012, we acquired approximately 22.6 acres in four land parcels located in Dallas, Texas, Austin, Texas, Plantation, Florida, and Charlotte, North Carolina for approximately \$33.6 million. In January 2014, we acquired approximately 2.9 acres of land located in Houston, Texas for approximately \$15.6 million.

Acquisitions of non-controlling ownership interests. 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 15, "Non-controlling interests" for the effect of changes in ownership interests of these joint ventures on the equity attributable to common shareholders.

Discontinued Operations. For the years ended December 31, 2013, 2012 and 2011, income from discontinued operations included the results of operations of 12 operating properties, comprised of 3,931 apartment homes, sold during 2013. For the years ended December 31, 2012 and 2011, income from discontinued operations also included the results of operations of 11 operating properties, comprised of 3,213 apartment homes, sold during 2012. For the year ended December 31, 2011, income from discontinued operations also included the results of operations of two operating properties, comprised of 788 apartment homes, sold in December 2011.

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

| (in thousands)                      | Year Ended December 31, |          |          |
|-------------------------------------|-------------------------|----------|----------|
|                                     | 2013                    | 2012     | 2011     |
| Property revenues                   | \$24,322                | \$60,198 | \$65,673 |
| Property expenses                   | (10,552)                | (27,557) | (31,163) |
|                                     | \$13,770                | \$32,641 | \$34,510 |
| Interest                            | —                       | (36)     | —        |
| Depreciation and amortization       | (5,255)                 | (15,199) | (16,679) |
| Income from discontinued operations | \$8,515                 | \$17,406 | \$17,831 |

|                                                     |           |           |          |
|-----------------------------------------------------|-----------|-----------|----------|
| Gain on sale of discontinued operations, net of tax | \$182,160 | \$115,068 | \$24,621 |
|-----------------------------------------------------|-----------|-----------|----------|

During the year ended December 31, 2013, we sold two land holdings comprised of an aggregate of approximately 3.7 acres located adjacent to current development communities in Atlanta, Georgia and Houston, Texas for approximately \$6.6 million. We recognized a gain of approximately \$0.7 million relating to these land sales.

#### 8. Investments in Joint Ventures

Our equity investments in unconsolidated joint ventures, which we account for utilizing the equity method of accounting, consisted of two, four, and 17 joint ventures for the years ended December 31, 2013, 2012 and 2011, respectively. The two joint ventures in which we held an equity investment at December 31, 2013 are two discretionary investment funds (the "funds"), in which we have a 20% ownership. We provide property management services to 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 the combined basis balance sheet and statement of income data for the unconsolidated joint ventures as of and for the periods presented:

| (in millions)                                    | 2013    |        | 2012       |     |
|--------------------------------------------------|---------|--------|------------|-----|
| Total assets                                     | \$790.2 |        | \$917.8    |     |
| Total third-party debt                           | 530.7   |        | 712.7      |     |
| Total equity                                     | 229.6   |        | 165.2      |     |
|                                                  | 2013    | 2012   | 2011       |     |
| Total revenues (1)                               | \$98.6  | \$95.9 | (2) \$95.9 | (2) |
| Gain on sale of operating properties, net of tax | 112.4   | 49.7   | 17.4       |     |
| Net income (loss)                                | 120.7   | 50.5   | (3.2)      | )   |
| Equity in income (3)                             | 24.9    | 20.2   | 5.7        |     |

Excludes approximately \$20.6 million, \$36.0 million, and \$30.8 million of revenues for the years ended December 31, 2013, 2012, and 2011, respectively, related to discontinued operations from the sale of 16 operating properties within two of our unconsolidated joint ventures during 2013 and one operating property held for sale within one of our unconsolidated joint ventures at December 31, 2013. Revenues for the years ended December 31, (1) 2012 and 2011 also excludes approximately \$23.3 million, and \$26.3 million, respectively, related to discontinued operations from the sale of seven operating properties within two of our unconsolidated joint ventures during 2012. Revenues for the year ended December 31, 2011 also excludes approximately \$11.4 million related to discontinued operations from the sale of four operating properties within one of our unconsolidated joint ventures during the fourth quarter of 2011.

Includes approximately \$7.8 million and \$49.6 million of revenues for the years ended December 31, 2012 and (2) 2011 related to one previously unconsolidated joint venture acquired by us in December 2012 and 12 previously unconsolidated joint ventures acquired by us in January 2012. Refer to Note 7, "Acquisitions and Discontinued Operations" for further discussion of these acquisitions.

(3) Equity in income excludes our ownership interest of fee income from various property management services provided by us to our joint ventures.

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The funds in which we have a partial interest have been funded in part with secured third-party debt. As of December 31, 2013, we had no outstanding guarantees related to loans of our unconsolidated joint ventures. We may earn fees for property and asset management, construction, development, and other services related to joint ventures in which we own an equity interest and also may earn a promoted equity interest if certain thresholds are met. Fees earned for

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these services were approximately \$10.0 million, \$11.4 million, and \$9.3 million for the years ended December 31, 2013, 2012, and 2011, respectively. We eliminate fee income for services provided to these joint ventures to the extent of our ownership.

In May 2013, one of our unconsolidated joint ventures sold its 14 operating properties, comprised of 3,098 apartment homes in Las Vegas, Nevada, for approximately \$200.2 million. Our proportionate share of the gain was approximately \$13.1 million. Additionally, as a result of achieving certain performance measures as set forth in the joint venture agreement, we recognized a promoted equity interest of approximately \$5.1 million in 2013. Our proportionate share of the gain and the promoted equity interest were reported as components of equity in income of joint ventures in the consolidated statements of income and comprehensive income.

In December 2013, one of our funds sold two operating properties comprised of a total of 600 apartment homes for approximately \$68.7 million. Our proportionate share of the gains on these transactions was approximately \$3.2 million. At December 31, 2013, one of our funds had an operating property held for sale comprised of 240 apartment homes located in San Antonio, Texas. This property sold in February 2014.

#### 9. Notes Payable

The following is a summary of our indebtedness:

| (in millions)                                                  | December 31, |           |
|----------------------------------------------------------------|--------------|-----------|
|                                                                | 2013         | 2012      |
| Senior unsecured notes                                         |              |           |
| 5.45% Notes, due 2013                                          | \$—          | \$199.9   |
| 5.08% Notes, due 2015                                          | 249.7        | 249.5     |
| 5.75% Notes, due 2017                                          | 246.4        | 246.3     |
| 4.70% Notes, due 2021                                          | 248.8        | 248.7     |
| 3.07% Notes, due 2022                                          | 346.7        | 346.3     |
| 5.00% Notes, due 2023                                          | 247.7        | 247.5     |
| 4.27% Notes, due 2024                                          | 249.5        | —         |
|                                                                | 1,588.8      | 1,538.2   |
| Secured notes                                                  |              |           |
| 0.93% – 6.00% Conventional Mortgage Notes, due 2014 – 2045     | 905.7        | 934.6     |
| Tax-exempt Mortgage Note, due 2028 (1.30% floating rate)       | 36.3         | 37.7      |
|                                                                | 942.0        | 972.3     |
| Total notes payable                                            | \$2,530.8    | \$2,510.5 |
| Other floating rate debt included in secured notes (0.93%)     | \$175.0      | \$175.0   |
| Value of real estate assets, at cost, subject to secured notes | \$1,582.5    | \$1,584.7 |

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 believe 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, 2013, we had no balances outstanding on our \$500 million unsecured line of credit and we had outstanding letters of credit totaling approximately \$11.3 million, leaving approximately \$488.7 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. At December 31, 2013, we had no short-term borrowings outstanding. In December 2013, we issued from our existing shelf registration statement \$250 million aggregate principal amount of 4.25% senior unsecured notes due January 2024 (the “2024 Notes”). The 2024 Notes were offered to the public at 99.814% of

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their face amount with a yield to maturity of 4.27%. We received net proceeds of approximately \$247.4 million, net of underwriting discounts and other offering expenses. Interest on the 2024 Notes is payable semi-annually on July 15 and January 15, beginning July 15, 2014. We may redeem the 2024 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 2024 Notes 90 days or fewer prior to the maturity date, the redemption price will equal 100% of the principal amount of the 2024 Notes to be redeemed plus accrued and unpaid interest on the amount being redeemed to the redemption date. The 2024 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 to pay at maturity the \$200 million aggregate principal amount outstanding of our 5.375% Senior Notes due December 15, 2013, plus accrued and unpaid interest to the date of maturity, and the remainder for general corporate purposes, which included property development in the ordinary course of business, capital expenditures and working capital. At December 31, 2013 and 2012, the weighted average interest rate on our floating rate debt was approximately 1.0% and 1.1%, respectively.

Our indebtedness had a weighted average maturity of 6.9 years at December 31, 2013. Scheduled repayments on outstanding debt, including scheduled principal amortizations, and the weighted average interest rate on maturing debt at December 31, 2013 were as follows:

| (in millions) | Amount    | Weighted Average Interest Rate |   |
|---------------|-----------|--------------------------------|---|
| 2014          | \$35.4    | 3.2                            | % |
| 2015          | 252.0     | 5.1                            |   |
| 2016 (1)      | 2.2       | —                              |   |
| 2017          | 249.2     | 5.7                            |   |
| 2018          | 177.6     | 0.9                            |   |
| Thereafter    | 1,814.4   | 4.5                            |   |
| Total         | \$2,530.8 | 4.4                            | % |

(1) Includes only scheduled principal amortizations.

#### 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.

**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

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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).

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) Recognized in Other Comprehensive Income ("OCI") on Derivative (Effective Portion) | Location of Loss Reclassified from Accumulated OCI into Income (Effective Portion) | Amount of Loss Recognized from Accumulated OCI into 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) |
|------------------------------------------------|------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
|                                                | 2011                                                                                                 |                                                                                    | 2011                                                                           |                                                                                                                                           | 2011                                                                                                                                    |
| Interest Rate Swaps (1)                        | \$ (2.7 )                                                                                            | Interest Expense                                                                   | \$ 9.9                                                                         | Loss on discontinuation of hedging relationship                                                                                           | \$ 29.8                                                                                                                                 |

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

We did not have any designated hedges during the years ended December 31, 2013 and 2012. No portion of designated hedges was ineffective during the year ended December 31, 2011.

| 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      |
| Interest Rate Cap                                 | Other income/(loss)                                        | \$ (0.1 )                                           | \$ (0.1 ) |
| Interest Rate Swap                                | Other income/(loss)                                        | (0.7 )                                              | (0.2 )    |

We recognized no income or loss during the year ended December 31, 2013 related to non-designated derivatives.

## 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 (as amended, 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 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, 2013, approximately 6.7 million fungible units were available under the 2011 Share Plan, which results in approximately 1.9 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.

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.

Options. New 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. Approximately 0.2 million and 0.5 million options were exercised during the years ended December 31, 2013 and 2012, respectively. Options were exercised at prices ranging from

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\$30.06 to \$62.32 per option during the year ended December 31, 2013 and at prices ranging from \$30.06 to \$51.37 per option during the year ended December 31, 2012.

The total intrinsic value of options exercised was approximately \$5.3 million, \$12.2 million, and \$9.6 million during the years ended December 31, 2013, 2012 and 2011, respectively. At December 31, 2013, there was no unrecognized compensation cost related to remaining unvested options which vest in January, 2014. At December 31, 2013, outstanding options and exercisable options had a weighted average remaining life of approximately 3.2 years and 2.9 years, respectively.

The following table summarizes outstanding share options and exercisable options at December 31, 2013:

| Range of Exercise Prices | Outstanding Options (1) |                        | Exercisable Options (1) |                        |
|--------------------------|-------------------------|------------------------|-------------------------|------------------------|
|                          | Number                  | Weighted Average Price | Number                  | Weighted Average Price |
| \$30.06-\$41.16          | 228,012                 | \$33.14                | 130,107                 | \$35.46                |
| \$42.90-\$43.94          | 108,947                 | 43.43                  | 108,947                 | 43.43                  |
| \$45.53-\$62.32          | 297,402                 | 47.39                  | 297,402                 | 47.39                  |
| Total options            | 634,361                 | \$41.59                | 536,456                 | \$43.69                |

The aggregate intrinsic value of outstanding and exercisable options at December 31, 2013 was approximately \$9.8 (1) million and \$7.2 million, respectively. The aggregate intrinsic values were calculated as the excess, if any, between our closing share price of \$56.88 per share on December 31, 2013 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 2013, 2012 or 2011.

Share Awards and Vesting. Share awards generally have a vesting period of three to 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 forfeitures, we use actual forfeiture history. At December 31, 2013, the unamortized value of previously issued unvested share awards was approximately \$35.7 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, 2013, 2012 and 2011 was approximately \$15.9 million, \$13.9 million, and \$11.5 million, respectively.

Total compensation cost for option and share awards charged against income was approximately \$14.7 million, \$13.7 million, and \$12.3 million for 2013, 2012 and 2011, respectively. Total capitalized compensation cost for option and share awards was approximately \$2.2 million, \$1.4 million, and \$0.9 million for 2013, 2012 and 2011, respectively.

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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, 2010       | 1,847,136              | \$42.37                                          | 741,505                                     | \$42.16                                          |
| Granted                                                                   | —                      | —                                                | 347,084                                     | 57.00                                            |
| Exercised/Vested                                                          | (504,838)              | ) 42.59                                          | (243,874)                                   | ) 47.19                                          |
| Forfeited                                                                 | (2,762)                | ) 48.02                                          | (25,961)                                    | ) 44.51                                          |
| Balance at December 31, 2011                                              | 1,339,536              | \$42.27                                          | 818,754                                     | \$46.88                                          |
| Granted                                                                   | —                      | —                                                | 346,330                                     | 63.51                                            |
| Exercised/Vested                                                          | (468,839)              | ) 40.86                                          | (282,552)                                   | ) 49.28                                          |
| Forfeited                                                                 | (31,943)               | ) 60.56                                          | (20,279)                                    | ) 52.05                                          |
| Balance at December 31, 2012                                              | 838,754                | \$42.36                                          | 862,253                                     | \$52.64                                          |
| Granted                                                                   | —                      | —                                                | 350,615                                     | 69.56                                            |
| Exercised/Vested                                                          | (183,871)              | ) 41.56                                          | (309,396)                                   | ) 51.41                                          |
| Forfeited                                                                 | (20,522)               | ) 73.32                                          | (72,174)                                    | ) 58.08                                          |
| Total options and nonvested share awards outstanding at December 31, 2013 | 634,361                | \$41.59                                          | 831,298                                     | \$59.77                                          |

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:

|                                                 | 2013    | 2012    | 2011    |
|-------------------------------------------------|---------|---------|---------|
| Shares purchased                                | 17,171  | 20,137  | 19,914  |
| Weighted average fair value of shares purchased | \$62.59 | \$67.80 | \$63.29 |
| Expense recorded (in millions)                  | \$0.2   | \$0.3   | \$0.3   |

In January 2014, approximately 9,167 shares were purchased under the ESPP related to the 2013 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 only in use for deferrals made prior to 2005, including bonuses related to service in 2004 but paid in 2005. 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 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, 2013 and 2012, approximately 1.9 million share awards were held in the rabbi trust. Additionally, as of December 31, 2013 and 2012, the rabbi trust held trading securities totaling approximately \$41.3 million and \$35.7 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, 2013 and 2012, approximately \$25.4 million and \$25.7 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. In 2004, we established a Non-Qualified Deferred Compensation Plan (the "Plan") which is an unfunded arrangement established and maintained primarily for the benefit of a select group of participants.

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Eligible participants commence participation in the Plan on the date the deferral election first becomes effective. We 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, 2013 and 2012, approximately 1.2 million and 1.0 million share awards, respectively, were held in the Plan. Additionally, as of December 31, 2013 and 2012, the Plan held trading securities totaling approximately \$18.1 million and \$15.2 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.

In July 2013, we amended and restated the Plan to permit diversification of fully vested share awards into other equity securities subject to a six month holding period, which resulted in the fully vested awards and the proportionate share of nonvested awards eligible for diversification being reclassified from additional paid in capital to temporary equity in our consolidated balance sheets. The share awards are adjusted to their redemption value at each reporting period, with the redemption value based on the market value of the shares at the end of the reporting period. Changes in value from period to period are charged to distributions in excess of net income attributable to common shareholders in our consolidated statements of equity and perpetual preferred units. The following table summarizes the eligible share award activity as recorded in temporary equity from July 31, 2013, the effective date of the amended and restated Plan, through December 31, 2013:

(in thousands)

Temporary equity:

|                                                                       |          |
|-----------------------------------------------------------------------|----------|
| Effective date of amended and restated plan at July 31, 2013          | \$—      |
| Change in classification of share awards                              | 37,958   |
| Change in redemption value of share awards                            | 9,575    |
| Diversification of share awards                                       | (353)    |
| Non-qualified deferred compensation share awards at December 31, 2013 | \$47,180 |

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, 2013, 2012 and 2011 was approximately \$2.2 million, \$2.2 million and \$1.8 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 instruments measured at fair value on a recurring basis as of December 31, 2013 and 2012 using the inputs and fair value hierarchy discussed in Note 2, "Summary of Significant Accounting Policies and Recent Accounting Pronouncements":

Financial Instruments Measured at Fair Value on a Recurring Basis

| (in millions) | December 31, 2013                                            |                                                           |                                                    |       | December 31, 2012                                            |                                                           |                                                    |       |
|---------------|--------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------|-------|--------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------|-------|
|               | Quoted<br>Prices in<br>Active<br>Markets<br>for<br>Identical | 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 | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Total |

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|                                            | Assets<br>(Level<br>1) |      |      |        | Assets<br>(Level<br>1) |      |      |        |
|--------------------------------------------|------------------------|------|------|--------|------------------------|------|------|--------|
| Assets                                     |                        |      |      |        |                        |      |      |        |
| Deferred compensation plan investments (1) | \$43.8                 | \$ — | \$ — | \$43.8 | \$35.0                 | \$ — | \$ — | \$35.0 |

(1) Approximately \$1.6 million of participant cash was withdrawn from our deferred compensation plan investments during the year ended December 31, 2013.

Financial Instrument Fair Value Disclosures. As of December 31, 2013 and 2012, the carrying values of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses and distributions payable represent fair value because of the

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short-term nature of these instruments. The carrying value of restricted cash approximates its fair value based on the nature of our assessment of the ability to recover these amounts. In calculating the fair value of our notes payable, interest rate and spread assumptions reflect current credit worthiness and market conditions available for the issuance of notes payable with similar terms and remaining maturities. These financial instruments utilize Level 2 inputs. The following table presents the carrying and estimated fair values of our notes payable for the years ended December 31:

| (in millions)               | December 31, 2013 |                      | December 31, 2012 |                      |
|-----------------------------|-------------------|----------------------|-------------------|----------------------|
|                             | Carrying Value    | Estimated Fair Value | Carrying Value    | Estimated Fair Value |
| Fixed rate notes payable    | \$2,319.5         | \$2,391.5            | \$2,297.8         | \$2,518.1            |
| Floating rate notes payable | 211.3             | 201.4                | 212.7             | 203.4                |

Nonrecurring Fair Value Disclosures. There were no events during the years ended December 31, 2013 or 2012 which required fair value adjustments of our non-financial assets and non-financial liabilities. The nonrecurring fair value disclosures inputs under the fair value hierarchy are discussed in Note 2, "Summary of Significant Accounting Policies and Recent Accounting Pronouncements."

## 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, |             |             |
|----------------------------------------|-------------------------|-------------|-------------|
|                                        | 2013                    | 2012        | 2011        |
| Change in assets:                      |                         |             |             |
| Other assets, net                      | \$(2,639)               | ) \$(2,443) | ) \$5,183   |
| Change in liabilities:                 |                         |             |             |
| Accounts payable and accrued expenses  | (8,138)                 | ) 2,320     | 2,026       |
| Accrued real estate taxes              | 7,165                   | 5,640       | (122)       |
| Other liabilities                      | 22,139                  | (16,192)    | ) (17,152)  |
| Other                                  | 1,051                   | 816         | 596         |
| Change in operating accounts and other | \$19,578                | \$(9,859)   | ) \$(9,469) |

## 14. Commitments and Contingencies

Construction Contracts. As of December 31, 2013, we estimate the additional costs to complete 13 consolidated projects currently under construction to be approximately \$541.2 million. We expect to fund these amounts through a combination of cash flows generated from operations, draws on our unsecured credit facility or other short-term borrowings, proceeds from property dispositions, the use of debt and equity offerings under our automatic shelf registration statement, equity issued from our ATM programs, other unsecured borrowings and secured mortgages.

Litigation. One of our wholly-owned subsidiaries previously acted as a general contractor for the construction of an apartment project in Florida which was subsequently sold and converted to condominium units by an unrelated third-party. The condominium association instituted a lawsuit against our subsidiary and other unrelated third-parties in Florida alleging negligent construction and failure to comply with building codes and claimed damages 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. This matter was mediated in December 2013 and the terms of a settlement were agreed upon, subject to the finalization of settlement documentation, pursuant to which we will make a one-time payment to the association in an amount which is not material.

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. At December 31, 2013, we had made earnest money deposits of approximately \$2.5 million for potential acquisitions of operating properties and land, of which approximately \$2.1 million is non-refundable.

**Lease Commitments.** At December 31, 2013, we had long-term leases covering certain land, office facilities and equipment. Rental expense totaled approximately \$2.8 million, \$2.6 million, and \$2.8 million for the years ended December 31, 2013, 2012 and 2011, respectively. Minimum annual rental commitments for the years ending December 31, 2014 through 2018 are approximately \$2.8 million, \$2.3 million, \$2.6 million, \$2.7 million, and \$2.5 million, respectively, and approximately \$15.4 million in the aggregate thereafter.

**Investments in Joint Ventures.** We have entered into, and may continue in the future to enter into, joint ventures or partnerships (including limited liability companies) through which we own an indirect economic interest in less than 100% of the community or land owned directly by the joint venture or partnership. Our decision whether to hold the entire interest in an apartment community or land ourselves, or to have an indirect interest in the community or land through a joint venture or partnership, is based on a variety of factors and considerations, including: (i) our projection, in some circumstances, that we will achieve higher returns on our invested capital or reduce our risk if a joint venture or partnership vehicle is used; (ii) our desire to diversify our portfolio of investments by market; (iii) our desire at times to preserve our capital resources to maintain liquidity or balance sheet strength; and (iv) the economic and tax terms required by a seller of land or of a community, who may prefer or who may require less payment if the land or community is contributed to a joint venture or partnership. Investments in joint ventures or partnerships are not limited to a specified percentage of our assets. Each joint venture or partnership agreement is individually negotiated, and our ability to operate and/or dispose of land or 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, 2013, we had employment agreements with 13 of our senior officers, the terms of which expire at various times through August 20, 2014. 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 10 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. 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:

|                                                | 2013      | 2012      | 2011     |
|------------------------------------------------|-----------|-----------|----------|
| Net income attributable to common shareholders | \$336,364 | \$283,390 | \$49,379 |

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Transfers from the non-controlling interests:

|                                                                                                                                        |           |           |          |
|----------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------|----------|
| Increase in equity for conversion and redemption of operating partnership units                                                        | 52        | 8,994     | 592      |
| Decrease in additional paid-in-capital for acquisition of remaining non-controlling interests in three consolidated joint ventures (1) | —         | (19,549   | ) —      |
| Change in common equity and net transfers from non-controlling interests                                                               | \$336,416 | \$272,835 | \$49,971 |

(1) Refer to Note 7, "Acquisitions and Discontinued Operations" for further discussions of acquisition.

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## 16. Quarterly Financial Data (unaudited)

Summarized quarterly financial data, which has been adjusted for discontinued operations as discussed in Note 7, "Property Acquisitions and Discontinued Operations," for the years ended December 31, 2013 and 2012, is as follows:

| (in thousands, except per share amounts)                           | First      | Second     | Third      | Fourth     | Total(a)   |
|--------------------------------------------------------------------|------------|------------|------------|------------|------------|
| 2013:                                                              |            |            |            |            |            |
| Revenues                                                           | \$ 189,811 | \$ 194,983 | \$ 199,740 | \$ 204,317 | \$ 788,851 |
| Net income attributable to common shareholders                     | 63,476     | 72,172     | 70,720     | 129,996    | 336,364    |
| Net income attributable to common shareholders per share – basic   | 0.72       | (b) 0.82   | (c) 0.80   | (d) 1.47   | (e) 3.82   |
| Net income attributable to common shareholders per share – diluted | 0.72       | (b) 0.81   | (c) 0.79   | (d) 1.46   | (e) 3.78   |
| 2012:                                                              |            |            |            |            |            |
| Revenues                                                           | \$ 164,046 | \$ 170,807 | \$ 179,667 | \$ 183,798 | \$ 698,318 |
| 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       | (f) 0.26   | 0.36       | (g) 1.63   | (h) 3.35   |
| Net income attributable to common shareholders per share – diluted | 1.07       | (f) 0.26   | 0.35       | (g) 1.60   | (h) 3.30   |

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

(b) Includes a \$31,783, or \$0.37 basic and \$0.36 diluted per share, impact related to the gain on sale of discontinued operations.

(c) Includes a \$24,866, or \$0.29 basic and \$0.28 diluted per share, impact related to the gain on sale of discontinued operations, and a \$13,032, or \$0.15 basic and diluted per share, impact related to our proportionate gain on sale of 14 joint venture communities included in equity in income of joint ventures.

(d) Includes a \$34,410, or \$0.39 basic and diluted per share, impact related to the gain on sale of discontinued operations.

(e) Includes a \$91,101, or \$1.04 basic and \$1.03 diluted per share, impact related to the gain on sale of discontinued operations and a \$3,245, or \$0.04 basic and diluted per share, impact related to our proportionate gain on sale of two operating properties by one of our unconsolidated joint ventures included in equity in income of joint ventures.

(f) 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.

(g) 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 of joint ventures.

(h) 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 of joint ventures.

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Camden Property Trust  
Real Estate and Accumulated Depreciation  
As of December 31, 2013  
(in thousands)

Schedule III

|                          | Initial Cost |                                                   |                                              | Total Cost |                                                   |          | Accumulated Depreciation | Total Cost, Net of Accumulated Depreciation | 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                                         | \$ 3,280                                     | \$11,516   | \$ 32,612                                         | \$44,128 | \$ 2,444                 | \$ 41,684                                   | 2012                            |
| Camden Ashburn Farm      | 4,835        | 22,604                                            | 1,172                                        | 4,835      | 23,776                                            | 28,611   | 6,576                    | 22,035                                      | 2005                            |
| Camden Aventura          | 12,185       | 47,616                                            | 8,767                                        | 12,185     | 56,383                                            | 68,568   | 15,223                   | 53,345                                      | 2005                            |
| Camden Ballantyne        | 4,503        | 30,250                                            | 6,763                                        | 4,503      | 37,013                                            | 41,516   | 10,078                   | 31,438                                      | 26,022005                       |
| Camden Bay               | 7,450        | 63,283                                            | 8,182                                        | 7,450      | 71,465                                            | 78,915   | 28,305                   | 50,610                                      | 1998/2002                       |
| Camden Bayside           | 3,726        | 28,689                                            | 16,300                                       | 3,726      | 44,989                                            | 48,715   | 27,939                   | 20,776                                      | 1997                            |
| Camden Bel Air           | 3,594        | 31,221                                            | 6,007                                        | 3,594      | 37,228                                            | 40,822   | 20,970                   | 19,852                                      | 1998                            |
| Camden Belleview Station | 8,091        | 44,003                                            | 452                                          | 8,091      | 44,455                                            | 52,546   | 1,718                    | 50,828                                      | 2012                            |
| Camden Belmont           | 12,521       | 61,522                                            | 344                                          | 12,521     | 61,866                                            | 74,387   | 3,379                    | 71,008                                      | 2012                            |
| Camden Breakers          | 1,055        | 13,024                                            | 5,997                                        | 1,055      | 19,021                                            | 20,076   | 9,934                    | 10,142                                      | 1996                            |
| Camden Breeze            | 2,894        | 15,828                                            | 4,896                                        | 2,894      | 20,724                                            | 23,618   | 11,199                   | 12,419                                      | 1998                            |
| Camden Brickell          | 14,621       | 57,031                                            | 7,713                                        | 14,621     | 64,744                                            | 79,365   | 17,845                   | 61,520                                      | 2005                            |
| Camden Brookwood         | 7,174        | 31,984                                            | 5,249                                        | 7,174      | 37,233                                            | 44,407   | 10,300                   | 34,107                                      | 22,622005                       |
| Camden Buckingham        | 2,704        | 21,251                                            | 6,769                                        | 2,704      | 28,020                                            | 30,724   | 12,668                   | 18,056                                      | 1997                            |
| Camden Caley             | 2,047        | 17,445                                            | 3,213                                        | 2,047      | 20,658                                            | 22,705   | 8,778                    | 13,927                                      | 15,352000                       |
| Camden Canyon            | 1,802        | 11,666                                            | 4,855                                        | 1,802      | 16,521                                            | 18,323   | 9,308                    | 9,015                                       | 1998                            |
| Camden Cedar Hills       | 2,684        | 20,931                                            | 108                                          | 2,684      | 21,039                                            | 23,723   | 5,090                    | 18,633                                      | 2008                            |
| Camden Centre            | 172          | 1,166                                             | 369                                          | 172        | 1,535                                             | 1,707    | 876                      | 831                                         | 1998                            |
|                          | 1,613        | 12,644                                            | 3,787                                        | 1,613      | 16,431                                            | 18,044   | 7,695                    | 10,349                                      | 1997                            |

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|                          |        |        |       |        |        |         |        |        |           |
|--------------------------|--------|--------|-------|--------|--------|---------|--------|--------|-----------|
| Camden<br>Centreport     |        |        |       |        |        |         |        |        |           |
| Camden<br>Cimarron       | 2,231  | 14,092 | 5,412 | 2,231  | 19,504 | 21,735  | 10,338 | 11,397 | 1997      |
| Camden City<br>Centre    | 4,976  | 44,735 | 611   | 4,976  | 45,346 | 50,322  | 10,643 | 39,679 | 33,792007 |
| Camden City<br>Centre II | 5,101  | 28,553 | —     | 5,101  | 28,553 | 33,654  | 1,253  | 32,401 | 2013      |
| Camden<br>Clearbrook     | 2,384  | 44,017 | 700   | 2,384  | 44,717 | 47,101  | 10,457 | 36,644 | 2007      |
| Camden Club              | 4,453  | 29,811 | 8,743 | 4,453  | 38,554 | 43,007  | 24,913 | 18,094 | 1998      |
| Camden<br>College Park   | 16,409 | 91,503 | 1,205 | 16,409 | 92,708 | 109,117 | 9,295  | 99,822 | 2008      |
| Camden<br>Commons        | 2,476  | 20,073 | 6,012 | 2,476  | 26,085 | 28,561  | 16,772 | 11,789 | 1998      |
| Camden<br>Copper Ridge   | 1,204  | 9,180  | 6,473 | 1,204  | 15,653 | 16,857  | 10,986 | 5,871  | 1993      |
| Camden<br>Copper Square  | 4,825  | 23,672 | 5,693 | 4,825  | 29,365 | 34,190  | 12,367 | 21,823 | 2000      |
| Camden Cotton<br>Mills   | 4,246  | 19,147 | 4,882 | 4,246  | 24,029 | 28,275  | 6,775  | 21,500 | 2005      |

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Camden Property Trust  
Real Estate and Accumulated Depreciation  
As of December 31, 2013  
(in thousands)

Schedule III

|                          | Initial Cost |                                                                  | Total Cost                                               |        |                                                                  |          |                             |                                                         |             |                                       |
|--------------------------|--------------|------------------------------------------------------------------|----------------------------------------------------------|--------|------------------------------------------------------------------|----------|-----------------------------|---------------------------------------------------------|-------------|---------------------------------------|
|                          | Land         | Building/<br>Construction<br>in<br>Progress<br>&<br>Improvements | Cost<br>Subsequent<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 Cove              | \$ 1,382     | \$ 6,266                                                         | \$ 1,691                                                 | 1,382  | 7,957                                                            | \$ 9,339 | \$ 4,863                    | \$ 4,476                                                |             | 1998                                  |
| Camden<br>Creekstone     | 5,017        | 19,912                                                           | 407                                                      | 5,017  | 20,319                                                           | 25,336   | 1,093                       | 24,243                                                  |             | 2012                                  |
| Camden Crest             | 4,412        | 31,108                                                           | 2,600                                                    | 4,412  | 33,708                                                           | 38,120   | 9,500                       | 28,620                                                  |             | 2005                                  |
| Camden Crown<br>Valley   | 9,381        | 54,210                                                           | 5,387                                                    | 9,381  | 59,597                                                           | 68,978   | 22,432                      | 46,546                                                  |             | 2001                                  |
| Camden<br>Deerfield      | 4,895        | 21,922                                                           | 3,724                                                    | 4,895  | 25,646                                                           | 30,541   | 7,101                       | 23,440                                                  | 19,220      | 2005                                  |
| Camden Del<br>Mar        | 4,404        | 35,264                                                           | 13,746                                                   | 4,404  | 49,010                                                           | 53,414   | 27,558                      | 25,856                                                  |             | 1998                                  |
| Camden<br>Denver West    | 6,396        | 51,552                                                           | 712                                                      | 6,396  | 52,264                                                           | 58,660   | 1,693                       | 56,967                                                  | 24,698      | 2012                                  |
| Camden<br>Dilworth       | 516          | 16,633                                                           | 1,350                                                    | 516    | 17,983                                                           | 18,499   | 4,523                       | 13,976                                                  | 13,073      | 2006                                  |
| Camden Doral             | 10,260       | 40,416                                                           | 2,664                                                    | 10,260 | 43,080                                                           | 53,340   | 11,509                      | 41,831                                                  |             | 2005                                  |
| Camden Doral<br>Villas   | 6,476        | 25,543                                                           | 3,577                                                    | 6,476  | 29,120                                                           | 35,596   | 7,993                       | 27,603                                                  |             | 2005                                  |
| Camden Dulles<br>Station | 10,807       | 61,548                                                           | 2,066                                                    | 10,807 | 63,614                                                           | 74,421   | 12,581                      | 61,840                                                  |             | 2008                                  |
| Camden<br>Dunwoody       | 5,290        | 23,642                                                           | 5,453                                                    | 5,290  | 29,095                                                           | 34,385   | 7,806                       | 26,579                                                  | 21,168      | 2005                                  |
| Camden Fair<br>Lakes     | 15,515       | 104,223                                                          | 5,453                                                    | 15,515 | 109,676                                                          | 125,191  | 29,090                      | 96,101                                                  |             | 2005                                  |
| Camden<br>Fairfax Corner | 8,484        | 72,953                                                           | 2,218                                                    | 8,484  | 75,171                                                           | 83,655   | 18,828                      | 64,827                                                  |             | 2006                                  |
| Camden<br>Fairview       | 1,283        | 7,223                                                            | 3,325                                                    | 1,283  | 10,548                                                           | 11,831   | 3,223                       | 8,608                                                   |             | 2005                                  |
| Camden<br>Fairways       | 3,969        | 15,543                                                           | 9,291                                                    | 3,969  | 24,834                                                           | 28,803   | 15,560                      | 13,243                                                  |             | 1998                                  |
| Camden<br>Fallsgrove     | 9,408        | 43,647                                                           | 3,864                                                    | 9,408  | 47,511                                                           | 56,919   | 12,443                      | 44,476                                                  |             | 2005                                  |
| Camden<br>Farmers Market | 17,341       | 74,193                                                           | 10,175                                                   | 17,341 | 84,368                                                           | 101,709  | 30,616                      | 71,093                                                  | 50,711      | 2001/2005                             |
| Camden<br>Foxcroft       | 1,408        | 7,919                                                            | 3,295                                                    | 1,408  | 11,214                                                           | 12,622   | 3,792                       | 8,830                                                   | 8,901       | 2005                                  |
| Camden Gaines<br>Ranch   | 5,094        | 37,100                                                           | 6,903                                                    | 5,094  | 44,003                                                           | 49,097   | 11,338                      | 37,759                                                  |             | 2005                                  |
|                          | 2,157        | 16,339                                                           | 14,505                                                   | 2,157  | 30,844                                                           | 33,001   | 26,489                      | 6,512                                                   |             | 1993                                  |

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|                                                         |        |         |        |        |         |         |        |         |        |      |
|---------------------------------------------------------|--------|---------|--------|--------|---------|---------|--------|---------|--------|------|
| Camden Glen<br>Lakes<br>Camden<br>Governor's<br>Village | 3,669  | 20,508  | 2,374  | 3,669  | 22,882  | 26,551  | 6,729  | 19,822  | 13,004 | 2005 |
| Camden Grand<br>Parc                                    | 7,688  | 35,900  | 890    | 7,688  | 36,790  | 44,478  | 9,859  | 34,619  |        | 2005 |
| Camden<br>Grandview                                     | 7,570  | 33,859  | 5,754  | 7,570  | 39,613  | 47,183  | 11,348 | 35,835  |        | 2005 |
| Camden<br>Greenway                                      | 16,916 | 43,933  | 12,874 | 16,916 | 56,807  | 73,723  | 24,283 | 49,440  | 52,360 | 1999 |
| Camden Harbor<br>View                                   | 16,079 | 127,459 | 6,161  | 16,079 | 133,620 | 149,699 | 41,100 | 108,599 | 92,716 | 2003 |
| Camden<br>Henderson                                     | 3,842  | 15,256  | 85     | 3,842  | 15,341  | 19,183  | 857    | 18,326  |        | 2012 |
| Camden<br>Highlands<br>Ridge                            | 2,612  | 34,726  | 7,070  | 2,612  | 41,796  | 44,408  | 17,956 | 26,452  |        | 1996 |
| Camden Hills                                            | 853    | 7,834   | 1,543  | 853    | 9,377   | 10,230  | 5,606  | 4,624   |        | 1998 |
| Camden Holly<br>Springs                                 | 11,108 | 42,852  | 4,095  | 11,108 | 46,947  | 58,055  | 3,245  | 54,810  |        | 2012 |
| Camden<br>Hunter's Creek                                | 4,156  | 20,925  | 2,341  | 4,156  | 23,266  | 27,422  | 6,460  | 20,962  |        | 2005 |
| Camden<br>Huntingdon                                    | 2,289  | 17,393  | 6,169  | 2,289  | 23,562  | 25,851  | 12,371 | 13,480  |        | 1995 |

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Camden Property Trust  
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As of December 31, 2013  
(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<br>Cost,<br>Net of<br>Accumulated<br>Depreciation | Encumbrance | Year of<br>Completion/<br>Acquisition |
| Camden Interlocken       | \$5,293      | \$ 31,612                                                     | \$ 6,901                                                 | \$5,293    | \$ 38,513                                                     | \$43,806 | \$ 16,918                   | \$ 26,888                                               | \$ 27,431   | 1999                                  |
| Camden Lago Vista        | 3,497        | 29,623                                                        | 925                                                      | 3,497      | 30,548                                                        | 34,045   | 9,372                       | 24,673                                                  |             | 2005                                  |
| Camden Lake Pine         | 5,746        | 31,714                                                        | 5,610                                                    | 5,746      | 37,324                                                        | 43,070   | 10,833                      | 32,237                                                  | 26,212      | 2005                                  |
| Camden Lakes             | 3,106        | 22,746                                                        | 12,823                                                   | 3,106      | 35,569                                                        | 38,675   | 26,124                      | 12,551                                                  |             | 1997                                  |
| Camden Lakeside          | 1,171        | 7,395                                                         | 4,861                                                    | 1,171      | 12,256                                                        | 13,427   | 8,384                       | 5,043                                                   |             | 1997                                  |
| Camden Lakeway           | 3,915        | 34,129                                                        | 8,335                                                    | 3,915      | 42,464                                                        | 46,379   | 19,566                      | 26,813                                                  | 29,267      | 1997                                  |
| Camden Landmark          | 17,339       | 71,315                                                        | 888                                                      | 17,339     | 72,203                                                        | 89,542   | 3,278                       | 86,264                                                  |             | 2012                                  |
| Camden Lansdowne         | 15,502       | 102,267                                                       | 3,623                                                    | 15,502     | 105,890                                                       | 121,392  | 29,162                      | 92,230                                                  |             | 2005                                  |
| Camden Largo Town Center | 8,411        | 44,163                                                        | 2,075                                                    | 8,411      | 46,238                                                        | 54,649   | 12,255                      | 42,394                                                  |             | 2005                                  |
| Camden Las Olas          | 12,395       | 79,518                                                        | 6,114                                                    | 12,395     | 85,632                                                        | 98,027   | 23,027                      | 75,000                                                  |             | 2005                                  |
| Camden LaVina            | 12,907       | 42,569                                                        | 8                                                        | 12,907     | 42,577                                                        | 55,484   | 4,331                       | 51,153                                                  |             | 2012                                  |
| Camden Lee Vista         | 4,350        | 34,643                                                        | 4,318                                                    | 4,350      | 38,961                                                        | 43,311   | 16,709                      | 26,602                                                  |             | 2000                                  |
| Camden Legacy            | 4,068        | 26,612                                                        | 8,772                                                    | 4,068      | 35,384                                                        | 39,452   | 17,609                      | 21,843                                                  |             | 1998                                  |
| Camden Legacy Creek      | 2,052        | 12,896                                                        | 4,400                                                    | 2,052      | 17,296                                                        | 19,348   | 8,553                       | 10,795                                                  |             | 1997                                  |
| Camden Legacy Park       | 2,560        | 15,449                                                        | 5,536                                                    | 2,560      | 20,985                                                        | 23,545   | 10,030                      | 13,515                                                  | 13,866      | 1997                                  |
| Camden Legends           | 1,370        | 6,382                                                         | 1,145                                                    | 1,370      | 7,527                                                         | 8,897    | 4,056                       | 4,841                                                   |             | 1998                                  |
| Camden Main and Jamboree | 17,363       | 75,387                                                        | 433                                                      | 17,363     | 75,820                                                        | 93,183   | 8,756                       | 84,427                                                  | 50,579      | 2008                                  |
| Camden Manor Park        | 2,535        | 47,159                                                        | 1,165                                                    | 2,535      | 48,324                                                        | 50,859   | 12,985                      | 37,874                                                  | 29,675      | 2006                                  |

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|                              |        |        |        |        |        |        |        |        |        |           |
|------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-----------|
| Camden<br>Martinique         | 28,401 | 51,861 | 14,168 | 28,401 | 66,029 | 94,430 | 31,599 | 62,831 | 36,284 | 1998      |
| Camden<br>Midtown            | 4,583  | 18,026 | 7,442  | 4,583  | 25,468 | 30,051 | 11,066 | 18,985 | 28,058 | 1999      |
| Camden<br>Midtown<br>Atlanta | 6,196  | 33,828 | 3,351  | 6,196  | 37,179 | 43,375 | 10,877 | 32,498 | 20,565 | 2005      |
| Camden<br>Miramar            | —      | 38,784 | 9,198  | —      | 47,982 | 47,982 | 17,426 | 30,556 |        | 1994-2013 |
| Camden<br>Montague           | 3,576  | 16,534 | 8      | 3,576  | 16,542 | 20,118 | 1,490  | 18,628 |        | 2012      |
| Camden<br>Montierra          | 13,687 | 31,727 | 2,682  | 13,687 | 34,409 | 48,096 | 1,229  | 46,867 |        | 2012      |
| Camden<br>Monument<br>Place  | 9,030  | 54,089 | 429    | 9,030  | 54,518 | 63,548 | 12,411 | 51,137 |        | 2007      |
| Camden Oak<br>Crest          | 2,078  | 20,941 | 2,511  | 2,078  | 23,452 | 25,530 | 8,584  | 16,946 | 17,309 | 2003      |
| Camden Old<br>Creek          | 20,360 | 71,777 | 678    | 20,360 | 72,455 | 92,815 | 16,758 | 76,057 |        | 2007      |
| Camden<br>Orange Court       | 5,319  | 40,733 | 532    | 5,319  | 41,265 | 46,584 | 8,676  | 37,908 |        | 2008      |
| Camden<br>Overlook           | 4,591  | 25,563 | 4,829  | 4,591  | 30,392 | 34,983 | 8,860  | 26,123 |        | 2005      |
| Camden<br>Palisades          | 8,406  | 31,497 | 8,171  | 8,406  | 39,668 | 48,074 | 21,292 | 26,782 |        | 1998      |
| Camden Park                  | 4,922  | 16,453 | 1,050  | 4,922  | 17,503 | 22,425 | 1,315  | 21,110 |        | 2012      |
| Camden<br>Parkside           | 29,730 | 34,368 | 751    | 29,730 | 35,119 | 64,849 | 2,491  | 62,358 |        | 2012      |

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Camden Property Trust  
Real Estate and Accumulated Depreciation  
As of December 31, 2013  
(in thousands)

Schedule III

|                               | Initial Cost |                                                                  |                                                          | Total Cost |                                                                  |          |                             |                                                         |                                       |
|-------------------------------|--------------|------------------------------------------------------------------|----------------------------------------------------------|------------|------------------------------------------------------------------|----------|-----------------------------|---------------------------------------------------------|---------------------------------------|
|                               | Land         | Building/<br>Construction<br>in<br>Progress<br>&<br>Improvements | Cost<br>Subsequent<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 | Year of<br>Completion/<br>Acquisition |
| Camden<br>Peachtree City      | \$6,536      | \$ 29,063                                                        | \$ 2,439                                                 | \$6,536    | \$ 31,502                                                        | \$38,038 | \$ 9,254                    | \$ 28,784                                               | 2005                                  |
| Camden Pecos<br>Ranch         | 3,362        | 24,492                                                           | 3,216                                                    | 3,362      | 27,708                                                           | 31,070   | 2,108                       | 28,962                                                  | 2012                                  |
| Camden<br>Pinehurst           | 3,380        | 14,807                                                           | 8,084                                                    | 3,380      | 22,891                                                           | 26,271   | 20,593                      | 5,678                                                   | 1997                                  |
| Camden Pines                  | 3,496        | 21,852                                                           | 641                                                      | 3,496      | 22,493                                                           | 25,989   | 1,654                       | 24,335                                                  | 2012                                  |
| Camden<br>Plantation          | 6,299        | 77,964                                                           | 5,679                                                    | 6,299      | 83,643                                                           | 89,942   | 22,929                      | 67,013                                                  | 2005                                  |
| Camden Plaza                  | 7,204        | 31,044                                                           | 406                                                      | 7,204      | 31,450                                                           | 38,654   | 3,388                       | 35,266                                                  | 21,5062007                            |
| Camden Pointe                 | 2,058        | 14,879                                                           | 2,881                                                    | 2,058      | 17,760                                                           | 19,818   | 9,101                       | 10,717                                                  | 1998                                  |
| Camden<br>Portofino           | 9,867        | 38,702                                                           | 3,511                                                    | 9,867      | 42,213                                                           | 52,080   | 11,608                      | 40,472                                                  | 2005                                  |
| Camden Post<br>Oak            | 14,302       | 92,557                                                           | 2,494                                                    | 14,302     | 95,051                                                           | 109,353  | 2,134                       | 107,219                                                 | 2013                                  |
| Camden<br>Potomac Yard        | 16,498       | 88,317                                                           | 354                                                      | 16,498     | 88,671                                                           | 105,169  | 18,653                      | 86,516                                                  | 2008                                  |
| Camden<br>Preserve            | 1,206        | 17,982                                                           | 5,311                                                    | 1,206      | 23,293                                                           | 24,499   | 10,568                      | 13,931                                                  | 1997                                  |
| Camden<br>Providence<br>Lakes | 2,020        | 14,855                                                           | 5,742                                                    | 2,020      | 20,597                                                           | 22,617   | 8,572                       | 14,045                                                  | 2002                                  |
| Camden<br>Renaissance         | 4,144        | 39,987                                                           | 5,005                                                    | 4,144      | 44,992                                                           | 49,136   | 20,598                      | 28,538                                                  | 1997                                  |
| Camden<br>Reunion Park        | 3,302        | 18,457                                                           | 4,034                                                    | 3,302      | 22,491                                                           | 25,793   | 6,458                       | 19,335                                                  | 19,9612005                            |
| Camden<br>Ridgecrest          | 1,008        | 12,720                                                           | 3,377                                                    | 1,008      | 16,097                                                           | 17,105   | 9,139                       | 7,966                                                   | 1995                                  |
| Camden River                  | 5,386        | 24,025                                                           | 3,834                                                    | 5,386      | 27,859                                                           | 33,245   | 8,496                       | 24,749                                                  | 21,6142005                            |
| Camden<br>Roosevelt           | 11,470       | 45,785                                                           | 776                                                      | 11,470     | 46,561                                                           | 58,031   | 12,782                      | 45,249                                                  | 2005                                  |
| Camden Royal<br>Oaks          | 1,055        | 20,046                                                           | 376                                                      | 1,055      | 20,422                                                           | 21,477   | 5,896                       | 15,581                                                  | 2006                                  |
| Camden Royal<br>Oaks II       | 587          | 12,743                                                           | 9                                                        | 587        | 12,752                                                           | 13,339   | 1,083                       | 12,256                                                  | 2012                                  |
| Camden Royal<br>Palms         | 2,147        | 38,339                                                           | 1,727                                                    | 2,147      | 40,066                                                           | 42,213   | 8,607                       | 33,606                                                  | 2007                                  |
|                               | 13,460       | 61,837                                                           | 3,130                                                    | 13,460     | 64,967                                                           | 78,427   | 17,778                      | 60,649                                                  | 45,0632005                            |

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|                                |        |        |       |        |        |        |        |        |            |
|--------------------------------|--------|--------|-------|--------|--------|--------|--------|--------|------------|
| Camden<br>Russett              |        |        |       |        |        |        |        |        |            |
| Camden San<br>Marcos           | 11,520 | 35,166 | 3,207 | 11,520 | 38,373 | 49,893 | 1,409  | 48,484 | 2012       |
| Camden San<br>Paloma           | 6,480  | 23,045 | 6,382 | 6,480  | 29,427 | 35,907 | 10,585 | 25,322 | 2002       |
| Camden Sea<br>Palms            | 4,336  | 9,930  | 2,550 | 4,336  | 12,480 | 16,816 | 6,564  | 10,252 | 1998       |
| Camden<br>Sedgebrook           | 5,266  | 29,211 | 5,674 | 5,266  | 34,885 | 40,151 | 9,649  | 30,502 | 21,3062005 |
| Camden<br>Shiloh               | 4,181  | 18,798 | 2,690 | 4,181  | 21,488 | 25,669 | 6,203  | 19,466 | 10,5762005 |
| Camden Sierra<br>at Otay Ranch | 10,585 | 49,781 | 3,471 | 10,585 | 53,252 | 63,837 | 17,389 | 46,448 | 2003       |
| Camden Silo<br>Creek           | 9,707  | 45,301 | 1,430 | 9,707  | 46,731 | 56,438 | 12,548 | 43,890 | 2005       |
| Camden<br>Simsbury             | 1,152  | 6,499  | 1,864 | 1,152  | 8,363  | 9,515  | 2,357  | 7,158  | 2005       |
| Camden Sotelo                  | 3,376  | 30,576 | 345   | 3,376  | 30,921 | 34,297 | 378    | 33,919 | 2013       |
| Camden South<br>End Square     | 6,625  | 29,175 | 5,066 | 6,625  | 34,241 | 40,866 | 9,371  | 31,495 | 2005       |
| Camden St.<br>Clair            | 7,526  | 27,486 | 5,923 | 7,526  | 33,409 | 40,935 | 9,135  | 31,800 | 21,6462005 |

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Camden Property Trust  
Real Estate and Accumulated Depreciation  
As of December 31, 2013  
(in thousands)

Schedule

|                             | 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>Stockbridge       | \$5,071      | \$22,693                                                   | \$2,721                                               | \$5,071 | \$25,414                                                      | \$30,485 | \$7,449                     | \$23,036                                             | \$14,332    | 2005                                 |
| Camden<br>Stonebridge       | 1,016        | 7,137                                                      | 3,131                                                 | 1,016   | 10,268                                                        | 11,284   | 6,380                       | 4,904                                                |             | 1993                                 |
| Camden<br>Stonecrest        | 3,941        | 22,021                                                     | 5,058                                                 | 3,941   | 27,079                                                        | 31,020   | 7,546                       | 23,474                                               |             | 2005                                 |
| Camden<br>Stoneleigh        | 3,498        | 31,285                                                     | 4,865                                                 | 3,498   | 36,150                                                        | 39,648   | 8,854                       | 30,794                                               |             | 2006                                 |
| Camden<br>Sugar Grove       | 7,614        | 27,594                                                     | 655                                                   | 7,614   | 28,249                                                        | 35,863   | 1,999                       | 33,864                                               |             | 2012                                 |
| Camden<br>Summerfield       | 14,659       | 48,404                                                     | 530                                                   | 14,659  | 48,934                                                        | 63,593   | 10,705                      | 52,888                                               |             | 2008                                 |
| Camden<br>Summerfield<br>II | 4,459        | 20,566                                                     | 3                                                     | 4,459   | 20,569                                                        | 25,028   | 1,869                       | 23,159                                               |             | 2012                                 |
| Camden<br>Summit            | 11,212       | 18,399                                                     | 664                                                   | 11,212  | 19,063                                                        | 30,275   | 1,377                       | 28,898                                               |             | 2012                                 |
| Camden Tiara                | 7,709        | 28,644                                                     | 692                                                   | 7,709   | 29,336                                                        | 37,045   | 2,131                       | 34,914                                               |             | 2012                                 |
| Camden<br>Touchstone        | 1,203        | 6,772                                                      | 2,400                                                 | 1,203   | 9,172                                                         | 10,375   | 3,216                       | 7,159                                                |             | 2005                                 |
| Camden<br>Town Square       | 13,127       | 45,997                                                     | 5                                                     | 13,127  | 46,002                                                        | 59,129   | 3,084                       | 56,045                                               |             | 2012                                 |
| Camden<br>Travis Street     | 1,780        | 29,104                                                     | 103                                                   | 1,780   | 29,207                                                        | 30,987   | 5,407                       | 25,580                                               |             | 2010                                 |
| Camden<br>Tuscany           | 3,330        | 36,466                                                     | 2,799                                                 | 3,330   | 39,265                                                        | 42,595   | 12,292                      | 30,303                                               |             | 2003                                 |
| Camden<br>Valley Park       | 3,096        | 14,667                                                     | 12,679                                                | 3,096   | 27,346                                                        | 30,442   | 22,412                      | 8,030                                                |             | 1994                                 |
| Camden<br>Vanderbilt        | 16,076       | 44,918                                                     | 14,642                                                | 16,076  | 59,560                                                        | 75,636   | 33,007                      | 42,629                                               | 73,165      | 1994/1                               |
| Camden<br>Vantage           | 11,787       | 68,822                                                     | 350                                                   | 11,787  | 69,172                                                        | 80,959   | 878                         | 80,081                                               |             | 2013                                 |
| Camden<br>Vineyards         | 4,367        | 28,494                                                     | 1,699                                                 | 4,367   | 30,193                                                        | 34,560   | 10,922                      | 23,638                                               |             | 2002                                 |
| Camden<br>Vintage           | 3,641        | 19,255                                                     | 5,036                                                 | 3,641   | 24,291                                                        | 27,932   | 14,244                      | 13,688                                               |             | 1998                                 |
| Camden<br>Westchase<br>Park | 11,955       | 36,254                                                     | 17                                                    | 11,955  | 36,271                                                        | 48,226   | 2,696                       | 45,530                                               |             | 2012                                 |

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|                        |       |        |       |       |        |        |        |        |        |      |
|------------------------|-------|--------|-------|-------|--------|--------|--------|--------|--------|------|
| Camden Westshore       | 1,734 | 10,819 | 6,792 | 1,734 | 17,611 | 19,345 | 11,854 | 7,491  |        | 1997 |
| Camden Westwood        | 4,567 | 25,519 | 3,864 | 4,567 | 29,383 | 33,950 | 8,191  | 25,759 | 19,907 | 2005 |
| Camden Whispering Oaks | 1,188 | 26,242 | 180   | 1,188 | 26,422 | 27,610 | 6,262  | 21,348 |        | 2008 |
| Camden Woods           | 2,693 | 19,930 | 9,516 | 2,693 | 29,446 | 32,139 | 19,412 | 12,727 |        | 1999 |
| Camden World Gateway   | 5,785 | 51,821 | 3,373 | 5,785 | 55,194 | 60,979 | 14,325 | 46,654 |        | 2005 |

Total Current communities: \$963,677 \$4,993,078 \$602,850 \$963,677 \$5,595,928 \$6,559,605 \$1,643,490 \$4,916,115 \$941,968

Communities under construction:

|                   |     |          |     |     |          |          |     |          |  |     |
|-------------------|-----|----------|-----|-----|----------|----------|-----|----------|--|-----|
| Camden Boca Raton | \$— | \$25,968 | \$— | \$— | \$25,968 | \$25,968 | \$6 | \$25,962 |  | N/A |
| Camden Flatirons  | —   | 46,275   | —   | —   | 46,275   | 46,275   | 137 | 46,138   |  | N/A |
| Camden Foothills  | —   | 17,492   | —   | —   | 17,492   | 17,492   | —   | 17,492   |  | N/A |
| Camden Gallery    | —   | 14,022   | —   | —   | 14,022   | 14,022   | —   | 14,022   |  | N/A |

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Camden Property Trust  
Real Estate and Accumulated Depreciation  
As of December 31, 2013  
(in thousands)

Schedule

|                                                | 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 | Year of<br>Completion<br>Acquisition |
| Camden<br>Glendale                             | \$—          | \$52,312                                                   | \$—                                                   | \$—  | \$52,312                                                      | \$52,312  | \$—                         | \$52,312                                             | N/A                                  |
| Camden<br>Hayden                               | —            | 13,222                                                     | —                                                     | —    | 13,222                                                        | 13,222    | —                           | 13,222                                               | N/A                                  |
| Camden La<br>Frontera                          | —            | 9,345                                                      | —                                                     | —    | 9,345                                                         | 9,345     | —                           | 9,345                                                | N/A                                  |
| Camden<br>Lamar                                | —            | 27,481                                                     | —                                                     | —    | 27,481                                                        | 27,481    | —                           | 27,481                                               | N/A                                  |
| Camden<br>Heights                              | —            | 98,572                                                     | —                                                     | —    | 98,572                                                        | 98,572    | 73                          | 98,499                                               | N/A                                  |
| Camden<br>NOMA (1)                             | —            | 46,726                                                     | —                                                     | —    | 46,726                                                        | 46,726    | —                           | 46,726                                               | N/A                                  |
| Camden<br>Paces                                | —            | 17,702                                                     | —                                                     | —    | 17,702                                                        | 17,702    | 7                           | 17,695                                               | N/A                                  |
| Camden<br>Victory Park                         | —            | 104                                                        | —                                                     | —    | 104                                                           | 104       | —                           | 104                                                  | N/A                                  |
| Camden<br>Miramar                              | —            | 30,665                                                     | —                                                     | —    | 30,665                                                        | 30,665    | —                           | 30,665                                               | N/A                                  |
| IX-B                                           |              |                                                            |                                                       |      |                                                               |           |                             |                                                      |                                      |
| The Camden                                     | —            |                                                            |                                                       |      |                                                               |           |                             |                                                      | N/A                                  |
| Total<br>Communities<br>under<br>construction: | \$—          | \$399,886                                                  | \$—                                                   | \$—  | \$399,886                                                     | \$399,886 | \$223                       | \$399,663                                            | \$—                                  |
| Development<br>pipeline<br>communities:        |              |                                                            |                                                       |      |                                                               |           |                             |                                                      |                                      |
| Camden<br>Atlantic                             | \$—          | \$11,143                                                   | \$—                                                   | \$—  | \$11,143                                                      | \$11,143  | \$—                         | \$11,143                                             | N/A                                  |
| Camden<br>Buckhead                             | —            | 18,850                                                     | —                                                     | —    | 18,850                                                        | 18,850    | —                           | 18,850                                               | N/A                                  |
| Camden<br>Chandler                             | —            | 6,490                                                      | —                                                     | —    | 6,490                                                         | 6,490     | —                           | 6,490                                                | N/A                                  |
| Camden<br>Lincoln<br>Station                   | —            | 5,852                                                      | —                                                     | —    | 5,852                                                         | 5,852     | —                           | 5,852                                                | N/A                                  |
|                                                | —            | 7,978                                                      | —                                                     | —    | 7,978                                                         | 7,978     | —                           | 7,978                                                | N/A                                  |

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|                                                   |           |             |           |           |             |             |             |             |           |
|---------------------------------------------------|-----------|-------------|-----------|-----------|-------------|-------------|-------------|-------------|-----------|
| Camden<br>McGowen<br>Station<br>Camden<br>NOMA II | —         | 19,795      | —         | —         | 19,795      | 19,795      | —           | 19,795      | N/A       |
| Total<br>Development<br>pipeline<br>communities:  | \$—       | \$70,108    | \$—       | \$—       | \$70,108    | \$70,108    | \$—         | \$70,108    | \$—       |
| Land<br>Holdings                                  | \$—       | \$34,373    | \$—       | \$—       | \$34,373    | \$34,373    | \$—         | \$34,373    | N/A       |
| Corporate                                         | —         | 8,209       | —         | —         | 8,209       | 8,209       | —           | 8,209       | N/A       |
|                                                   | \$—       | \$42,582    | \$—       | \$—       | \$42,582    | \$42,582    | \$—         | \$42,582    | \$—       |
| TOTAL                                             | \$963,677 | \$5,505,654 | \$602,850 | \$963,677 | \$6,108,504 | \$7,072,181 | \$1,643,713 | \$5,428,468 | \$941,968 |

(1) Property in lease-up at December 31, 2013. Balance presented here includes costs which are included in buildings and improvements and land on the balance sheet at December 31, 2013. These costs related to completed unit turns for this property.

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Camden Property Trust  
Real Estate and Accumulated Depreciation  
As of December 31, 2013  
(in thousands)

Schedule III

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

|                                                                       | 2013        | 2012        | 2011        |
|-----------------------------------------------------------------------|-------------|-------------|-------------|
| Balance, beginning of period                                          | \$6,673,914 | \$5,819,540 | \$5,647,677 |
| Additions during period:                                              |             |             |             |
| Acquisition of operating properties and unconsolidated joint ventures | 221,421     | 797,477     | —           |
| Development and repositions                                           | 306,950     | 232,296     | 180,028     |
| Improvements                                                          | 67,049      | 60,426      | 61,037      |
| Deductions during period:                                             |             |             |             |
| Cost of real estate sold contributed to joint venture                 | —           | —           | (12,578 )   |
| Cost of real estate sold – other                                      | (197,153 )  | (176,872 )  | (32,673 )   |
| Classification to held for sale                                       | —           | (58,953 )   | (23,951 )   |
| Balance, end of period                                                | \$7,072,181 | \$6,673,914 | \$5,819,540 |

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

|                              | 2013        | 2012        | 2011        |
|------------------------------|-------------|-------------|-------------|
| Balance, beginning of period | \$1,518,896 | \$1,432,799 | \$1,292,924 |
| Depreciation                 | 203,897     | 185,546     | 171,009     |
| Dispositions                 | (79,080 )   | (72,465 )   | (18,877 )   |
| Transfers to held for sale   | —           | (26,984 )   | (12,257 )   |
| Balance, end of period       | \$1,643,713 | \$1,518,896 | \$1,432,799 |

The aggregate cost for federal income tax purposes at December 31, 2013 was \$6.1 billion.