

CAMDEN PROPERTY TRUST  
Form 10-K  
February 20, 2015  
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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, 2014  
OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number: 1-12110

CAMDEN PROPERTY TRUST  
(Exact name of registrant as specified in its charter)

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

11 Greenway Plaza, Suite 2400 77046  
Houston, Texas (Zip Code)  
(Address of principal executive offices)

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

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

| Title of each class                                   | Name of each exchange on which registered |
|---|---|
| Common Shares of Beneficial Interest, \$.01 par value | New York Stock Exchange                   |

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

None

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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

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10-K.

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

Large accelerated filer  Accelerated filer

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

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

No

The aggregate market value of voting and non-voting common equity held by non-affiliates of the registrant was \$6,016,759,052 based on a June 30, 2014 share price of \$71.15.

On February 13, 2015, 86,718,520 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 8, 2015 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.

Narrative Description of Business

As of December 31, 2014, we owned interests in, operated, or were developing 181 multifamily properties comprised of 63,163 apartment homes across the United States. Of the 181 properties, 13 properties were under construction and when completed will consist of a total of 4,215 apartment homes. We also own land holdings which 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 the following:

• Strong economic growth leading to household formation and job growth, which in turn should support higher demand for our apartments; and  
• An attractive quality of life, which may lead to higher demand and retention for our apartments and allow us to more readily increase rents.

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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, 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 new leases and 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 are closed to future investments. Additionally, the investors in the funds have agreed to the terms of a new fund, in which our investment will be 20%, for additional multifamily investments of up to \$450 million (including leverage of approximately 70% of the estimated value of the underlying real estate), although there can be no assurance we will consummate this transaction. See Note 8, "Investments in Joint Ventures," and Note 13, "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 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, 2014, 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, 2014, 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.

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

Volatility in capital and credit markets, or other unfavorable changes in economic conditions, either nationally or regionally in one or more of the markets in which we operate, could adversely impact us.

The capital and credit markets are subject to volatility and disruption. We therefore 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 generally 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.

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.

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 may fluctuate significantly. 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 may preclude 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.



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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 May 2014, the U.S. Senate Banking Committee approved legislation to wind down Fannie Mae and Freddie Mac and redesign the U.S. mortgage finance system, which legislation has to date not been acted on in the broader Senate. A final decision by the government to eliminate Fannie Mae or Freddie Mac or reduce their role in the mortgage market, or otherwise restructure the U.S. mortgage finance system, may adversely affect interest rates, capital availability, and the development and potential sales of multifamily communities.

**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. In 2015, we expect between approximately \$250 million and \$270 million will be incurred on the construction of 12 consolidated projects. Additionally, we expect to incur between approximately \$80 million and \$100 million of costs related to the start of new development activities and between approximately \$21 million and \$25 million of additional redevelopment expenditures during 2015. 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 contractors or 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 (which may include our nonconsolidated affiliates). 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 the applicable jurisdictions.

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 or force 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, include the following:

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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.

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.

Our acquisition strategy may not produce the cash flows expected.

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

- we may not be able to successfully integrate acquired properties into our existing operations;
- our estimates of the costs, if any, of repositioning or redeveloping the acquired property may prove inaccurate;
- the expected occupancy, 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.

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

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

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

- we would be subject to federal income tax on our taxable income at regular corporate rates, including any applicable alternative minimum tax;
- we would be disqualified from treatment as a REIT for the four taxable years following the year in which we failed to qualify, thereby reducing our net income, including any distributions to shareholders, as we would be required to pay significant income taxes for the year or years involved; and
- our ability to expand our business and raise capital would be impaired, which may adversely affect the value of our common shares.

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

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



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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.

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

We use technology in substantially all aspects of our business operations. We also use mobile devices, social networking, outside vendors and other online activities to connect with our employees, suppliers and 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 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.

**Risks Associated with Our Indebtedness and Financing**

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

As of December 31, 2014, we had outstanding debt of approximately \$2.7 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.

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
- increases in operating expenses.

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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.

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. 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.

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

Moody's, Fitch, and Standard & Poor's, the major debt rating agencies, routinely evaluate our debt and have given us ratings of Baa1 with stable outlook, BBB+ with positive outlook, and BBB+ with stable outlook, respectively, on our senior unsecured debt. These ratings are based on a number of factors, which include their assessment of our financial strength, liquidity, capital structure, asset quality, and sustainability of cash flow and earnings. Due to changes in market conditions, we may not be able to maintain our current credit ratings, which could adversely affect our cost of funds and related margins, liquidity, and access to capital markets.

**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:

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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 and regional 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 common to multifamily rental properties.

Operating Properties (including properties held through unconsolidated joint ventures)

The 168 operating properties in which we owned interests and operated at December 31, 2014 averaged 945 square feet of living area per apartment home. For the year ended December 31, 2014, no single operating property accounted for greater than 1.7% of our total revenues. Our operating properties had a weighted average occupancy rate of approximately 96% and 95% for the years ended December 31, 2014 and 2013, respectively, and an average annual rental revenue per apartment home of \$1,230 and \$1,157 for the years ended December 31, 2014 and 2013, respectively. Resident lease terms generally range from six to fifteen months. At December 31, 2014, 148 of our operating properties had over 200 apartment homes, with the largest having 1,005 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:

| Year Placed in Service | Number of Operating Properties |
|------------------------|--------------------------------|
| 2010-2014              | 18                             |
| 2005-2009              | 36                             |
| 2000-2004              | 42                             |
| 1995-1999              | 46                             |
| 1990-1994              | 10                             |
| 1985-1989              | 12                             |
| Prior to 1985          | 4                              |

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## Property Table

The following table sets forth information with respect to our 168 operating properties at December 31, 2014:

| OPERATING PROPERTIES        |                        |                                  |                      |                            |  |
|-----------------------------|------------------------|----------------------------------|----------------------|----------------------------|--|
| Property and Location       | Year Placed in Service | Average Apartment Size (Sq. Ft.) | Number of Apartments | 2014 Average Occupancy (1) | 2014 Average Monthly Rental Rate per Apartment (2) |
| <b>ARIZONA</b>              |                        |                                  |                      |                            |  |
| Phoenix/Scottsdale          |                        |                                  |                      |                            |  |
| Camden Copper Square        | 2000                   | 786                              | 332                  | 96.1                       | % \$ 958   |
| Camden Foothills (3)        | 2014                   | 1,032                            | 220                  | Lease-up                   | 1,582  |
| Camden Legacy               | 1996                   | 1,067                            | 428                  | 95.1                       | 1,044  |
| Camden Montierra            | 1999                   | 1,071                            | 249                  | 95.0                       | 1,182  |
| Camden Pecos Ranch          | 2001                   | 924                              | 272                  | 94.6                       | 910  |
| Camden San Marcos           | 1995                   | 984                              | 320                  | 94.1                       | 1,057  |
| Camden San Paloma           | 1993/1994              | 1,042                            | 324                  | 95.7                       | 1,048  |
| Camden Sotelo               | 2008/2012              | 1,303                            | 170                  | 92.0                       | 1,461  |
| <b>CALIFORNIA</b>           |                        |                                  |                      |                            |  |
| Los Angeles/Orange County   |                        |                                  |                      |                            |  |
| Camden Crown Valley         | 2001                   | 1,009                            | 380                  | 96.0                       | 1,763  |
| Camden Harbor View          | 2004                   | 975                              | 538                  | 96.1                       | 2,120  |
| Camden Main & Jamboree (4)  | 2008                   | 1,011                            | 290                  | 96.4                       | 1,913  |
| Camden Martinique           | 1986                   | 794                              | 714                  | 95.5                       | 1,491  |
| Camden Parkside             | 1972                   | 836                              | 421                  | 87.4                       | 1,431  |
| Camden Sea Palms            | 1990                   | 891                              | 138                  | 97.1                       | 1,645  |
| San Diego/Inland Empire     |                        |                                  |                      |                            |  |
| Camden Landmark             | 2006                   | 982                              | 469                  | 95.0                       | 1,375  |
| Camden Old Creek            | 2007                   | 1,037                            | 350                  | 96.6                       | 1,712  |
| Camden Sierra at Otay Ranch | 2003                   | 962                              | 422                  | 94.5                       | 1,599  |
| Camden Tuscany              | 2003                   | 896                              | 160                  | 95.8                       | 2,216  |
| Camden Vineyards            | 2002                   | 1,053                            | 264                  | 95.5                       | 1,286  |
| <b>COLORADO</b>             |                        |                                  |                      |                            |  |
| Denver                      |                        |                                  |                      |                            |  |
| Camden Belleview Station    | 2009                   | 888                              | 270                  | 95.2                       | 1,242  |
| Camden Caley                | 2000                   | 925                              | 218                  | 95.2                       | 1,171  |
| Camden Denver West          | 1997                   | 1,015                            | 320                  | 96.3                       | 1,360  |
| Camden Highlands Ridge      | 1996                   | 1,149                            | 342                  | 94.7                       | 1,405  |
| Camden Interlocken          | 1999                   | 1,010                            | 340                  | 96.2                       | 1,325  |
| Camden Lakeway              | 1997                   | 932                              | 451                  | 95.7                       | 1,179  |
| <b>WASHINGTON DC METRO</b>  |                        |                                  |                      |                            |  |
| Camden Ashburn Farm         | 2000                   | 1,062                            | 162                  | 95.5                       | 1,511  |
| Camden Clearbrook           | 2007                   | 1,048                            | 297                  | 96.0                       | 1,378  |
| Camden College Park (4)     | 2008                   | 942                              | 508                  | 94.7                       | 1,576  |
| Camden Dulles Station       | 2009                   | 978                              | 382                  | 95.7                       | 1,620  |
| Camden Fair Lakes           | 1999                   | 1,056                            | 530                  | 96.2                       | 1,689  |
| Camden Fairfax Corner       | 2006                   | 934                              | 489                  | 95.4                       | 1,739  |
| Camden Fallsgrrove          | 2004                   | 996                              | 268                  | 95.3                       | 1,719  |



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| OPERATING PROPERTIES           |                        |                                  |                      |                            |  |
|--------------------------------|------------------------|----------------------------------|----------------------|----------------------------|--|
| Property and Location          | Year Placed in Service | Average Apartment Size (Sq. Ft.) | Number of Apartments | 2014 Average Occupancy (1) | 2014 Average Monthly Rental Rate per Apartment (2) |
| Camden Grand Parc              | 2002                   | 674                              | 105                  | 96.3                       | % \$ 2,422   |
| Camden Lansdowne               | 2002                   | 1,006                            | 690                  | 96.0                       | 1,455  |
| Camden Largo Town Center       | 2000/2007              | 1,027                            | 245                  | 95.5                       | 1,602  |
| Camden Monument Place          | 2007                   | 856                              | 368                  | 95.3                       | 1,525  |
| Camden NoMa (5)                | 2014                   | 770                              | 321                  | 95.3                       | 2,230  |
| Camden Potomac Yard            | 2008                   | 835                              | 378                  | 96.2                       | 2,024  |
| Camden Roosevelt               | 2003                   | 856                              | 198                  | 96.3                       | 2,543  |
| Camden Russett                 | 2000                   | 992                              | 426                  | 95.2                       | 1,424  |
| Camden Silo Creek              | 2004                   | 975                              | 284                  | 97.3                       | 1,475  |
| Camden South Capitol (5) (6)   | 2013                   | 821                              | 276                  | 94.1                       | 2,174  |
| Camden Summerfield             | 2008                   | 957                              | 291                  | 94.7                       | 1,593  |
| Camden Summerfield II          | 2012                   | 936                              | 187                  | 94.2                       | 1,598  |
| FLORIDA                        |                        |                                  |                      |                            |  |
| Southeast Florida              |                        |                                  |                      |                            |  |
| Camden Aventura                | 1995                   | 1,108                            | 379                  | 95.5                       | 1,764  |
| Camden Boca Raton (3)          | 2014                   | 843                              | 261                  | Lease-up                   | 1,801  |
| Camden Brickell                | 2003                   | 937                              | 405                  | 97.4                       | 1,876  |
| Camden Doral                   | 1999                   | 1,120                            | 260                  | 96.5                       | 1,667  |
| Camden Doral Villas            | 2000                   | 1,253                            | 232                  | 96.3                       | 1,789  |
| Camden Las Olas                | 2004                   | 1,043                            | 420                  | 95.7                       | 1,928  |
| Camden Plantation              | 1997                   | 1,201                            | 502                  | 96.8                       | 1,426  |
| Camden Portofino               | 1995                   | 1,112                            | 322                  | 96.8                       | 1,457  |
| Orlando                        |                        |                                  |                      |                            |  |
| Camden Hunter's Creek          | 2000                   | 1,075                            | 270                  | 96.5                       | 1,113  |
| Camden Lago Vista              | 2005                   | 955                              | 366                  | 96.6                       | 975  |
| Camden LaVina                  | 2012                   | 970                              | 420                  | 95.5                       | 1,095  |
| Camden Lee Vista               | 2000                   | 937                              | 492                  | 96.9                       | 941  |
| Camden Orange Court            | 2008                   | 817                              | 268                  | 95.9                       | 1,180  |
| Camden Renaissance             | 1996/1998              | 899                              | 578                  | 94.6                       | 876  |
| Camden Town Square             | 2012                   | 986                              | 438                  | 95.0                       | 1,153  |
| Camden Waterford Lakes (5) (6) | 2013                   | 971                              | 300                  | 98.0                       | 1,180  |
| Camden World Gateway           | 2000                   | 979                              | 408                  | 95.5                       | 1,050  |
| Tampa/St. Petersburg           |                        |                                  |                      |                            |  |
| Camden Bay                     | 1997/2001              | 943                              | 760                  | 95.5                       | 944  |
| Camden Bayside (7)             | 1987/1989              | 748                              | 832                  | 95.3                       | 841  |
| Camden Lakes                   | 1982/1983              | 732                              | 688                  | 95.1                       | 790  |
| Camden Montague                | 2012                   | 975                              | 192                  | 96.5                       | 1,149  |
| Camden Preserve                | 1996                   | 942                              | 276                  | 94.4                       | 1,163  |
| Camden Providence Lakes        | 1996                   | 1,024                            | 260                  | 96.2                       | 937  |
| Camden Royal Palms             | 2006                   | 1,017                            | 352                  | 95.6                       | 991  |
| Camden Visconti (6)            | 2007                   | 1,125                            | 450                  | 95.6                       | 1,163  |
| Camden Westchase Park          | 2012                   | 993                              | 348                  | 96.7                       | 1,243  |
| Camden Westshore               | 1986                   | 728                              | 278                  | 96.6                       | 919  |



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| OPERATING PROPERTIES    |                        |                                  |                      |                            |  |
|-------------------------|------------------------|----------------------------------|----------------------|----------------------------|--|
| Property and Location   | Year Placed in Service | Average Apartment Size (Sq. Ft.) | Number of Apartments | 2014 Average Occupancy (1) | 2014 Average Monthly Rental Rate per Apartment (2) |
| Camden Woods            | 1986                   | 1,223                            | 444                  | 96.4                       | % \$ 923   |
| GEORGIA                 |                        |                                  |                      |                            |  |
| Atlanta                 |                        |                                  |                      |                            |  |
| Camden Brookwood        | 2002                   | 912                              | 359                  | 96.1                       | 1,167  |
| Camden Creekstone       | 2002                   | 990                              | 223                  | 95.9                       | 1,065  |
| Camden Deerfield        | 2000                   | 1,187                            | 292                  | 95.3                       | 1,154  |
| Camden Dunwoody         | 1997                   | 1,007                            | 324                  | 95.1                       | 1,091  |
| Camden Fourth Ward (8)  | 2014                   | 847                              | 276                  | 90.4                       | 1,535  |
| Camden Midtown Atlanta  | 2001                   | 935                              | 296                  | 96.2                       | 1,207  |
| Camden Peachtree City   | 2001                   | 1,027                            | 399                  | 96.5                       | 1,078  |
| Camden Phipps (6)       | 1996                   | 1,018                            | 234                  | 96.7                       | 1,410  |
| Camden Shiloh           | 1999/2002              | 1,143                            | 232                  | 96.1                       | 1,013  |
| Camden St. Clair        | 1997                   | 999                              | 336                  | 95.2                       | 1,123  |
| Camden Stockbridge      | 2003                   | 1,009                            | 304                  | 95.4                       | 811  |
| Camden Vantage          | 2010                   | 901                              | 592                  | 95.1                       | 1,165  |
| NEVADA                  |                        |                                  |                      |                            |  |
| Las Vegas               |                        |                                  |                      |                            |  |
| Camden Bel Air          | 1988/1995              | 943                              | 528                  | 94.5                       | 734  |
| Camden Breeze           | 1989                   | 846                              | 320                  | 94.8                       | 743  |
| Camden Canyon           | 1995                   | 987                              | 200                  | 96.2                       | 884  |
| Camden Commons          | 1988                   | 936                              | 376                  | 95.1                       | 774  |
| Camden Cove             | 1990                   | 898                              | 124                  | 96.1                       | 746  |
| Camden Del Mar          | 1995                   | 986                              | 560                  | 95.8                       | 946  |
| Camden Fairways         | 1989                   | 896                              | 320                  | 96.9                       | 896  |
| Camden Hills            | 1991                   | 439                              | 184                  | 95.4                       | 508  |
| Camden Legends          | 1994                   | 792                              | 113                  | 95.9                       | 837  |
| Camden Palisades        | 1991                   | 905                              | 624                  | 95.5                       | 739  |
| Camden Pines            | 1997                   | 982                              | 315                  | 96.0                       | 815  |
| Camden Pointe           | 1996                   | 983                              | 252                  | 96.3                       | 755  |
| Camden Summit           | 1995                   | 1,187                            | 234                  | 96.0                       | 1,104  |
| Camden Tiara            | 1996                   | 1,043                            | 400                  | 95.9                       | 873  |
| Camden Vintage          | 1994                   | 978                              | 368                  | 95.2                       | 710  |
| NORTH CAROLINA          |                        |                                  |                      |                            |  |
| Charlotte               |                        |                                  |                      |                            |  |
| Camden Ballantyne       | 1998                   | 1,045                            | 400                  | 96.5                       | 1,155  |
| Camden Cotton Mills     | 2002                   | 905                              | 180                  | 97.7                       | 1,404  |
| Camden Dilworth         | 2006                   | 857                              | 145                  | 97.7                       | 1,356  |
| Camden Fairview         | 1983                   | 1,036                            | 135                  | 97.5                       | 1,056  |
| Camden Foxcroft         | 1979                   | 940                              | 156                  | 98.2                       | 911  |
| Camden Grandview        | 2000                   | 1,057                            | 266                  | 97.7                       | 1,527  |
| Camden Sedgebrook       | 1999                   | 972                              | 368                  | 96.8                       | 1,000  |
| Camden Simsbury         | 1985                   | 874                              | 100                  | 97.4                       | 1,042  |
| Camden South End Square | 2003                   | 882                              | 299                  | 97.5                       | 1,279  |



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| OPERATING PROPERTIES       |                        |                                  |                      |                            |  |
|----------------------------|------------------------|----------------------------------|----------------------|----------------------------|--|
| Property and Location      | Year Placed in Service | Average Apartment Size (Sq. Ft.) | Number of Apartments | 2014 Average Occupancy (1) | 2014 Average Monthly Rental Rate per Apartment (2) |
| Camden Stonecrest          | 2001                   | 1,098                            | 306                  | 96.7                       | % \$ 1,174   |
| Camden Touchstone          | 1986                   | 899                              | 132                  | 97.6                       | 879  |
| Raleigh                    |                        |                                  |                      |                            |  |
| Camden Asbury Village (6)  | 2009                   | 1,009                            | 350                  | 96.0                       | 1,050  |
| Camden Crest               | 2001                   | 1,013                            | 438                  | 90.4                       | 887  |
| Camden Governor's Village  | 1999                   | 1,046                            | 242                  | 95.2                       | 940  |
| Camden Lake Pine           | 1999                   | 1,066                            | 446                  | 96.3                       | 943  |
| Camden Manor Park          | 2006                   | 966                              | 484                  | 96.5                       | 959  |
| Camden Overlook            | 2001                   | 1,060                            | 320                  | 95.6                       | 1,083  |
| Camden Reunion Park        | 2000/2004              | 972                              | 420                  | 94.9                       | 821  |
| Camden Westwood            | 1999                   | 1,027                            | 354                  | 94.8                       | 891  |
| TEXAS                      |                        |                                  |                      |                            |  |
| Austin                     |                        |                                  |                      |                            |  |
| Camden Amber Oaks (6)      | 2009                   | 862                              | 348                  | 96.1                       | 951  |
| Camden Amber Oaks II (6)   | 2012                   | 910                              | 244                  | 95.5                       | 1,044  |
| Camden Brushy Creek (6)    | 2008                   | 882                              | 272                  | 96.1                       | 978  |
| Camden Cedar Hills         | 2008                   | 911                              | 208                  | 96.4                       | 1,111  |
| Camden Gaines Ranch        | 1997                   | 955                              | 390                  | 95.4                       | 1,268  |
| Camden Huntingdon          | 1995                   | 903                              | 398                  | 95.2                       | 942  |
| Camden Ridgecrest (7)      | 1995                   | 855                              | 284                  | 95.3                       | 847  |
| Camden Shadow Brook (6)    | 2009                   | 909                              | 496                  | 96.3                       | 1,002  |
| Camden Stoneleigh          | 2001                   | 908                              | 390                  | 94.9                       | 1,117  |
| Corpus Christi             |                        |                                  |                      |                            |  |
| Camden Breakers            | 1996                   | 868                              | 288                  | 95.4                       | 1,164  |
| Camden Copper Ridge        | 1986                   | 775                              | 344                  | 95.2                       | 863  |
| Camden Miramar (9)         | 1994-2014              | 494                              | 1,005                | 75.1                       | 988  |
| Camden South Bay (6)       | 2007                   | 1,055                            | 270                  | 94.7                       | 1,248  |
| Dallas/Fort Worth          |                        |                                  |                      |                            |  |
| Camden Addison             | 1996                   | 942                              | 456                  | 95.5                       | 979  |
| Camden Belmont             | 2010/2012              | 945                              | 477                  | 94.5                       | 1,336  |
| Camden Buckingham          | 1997                   | 919                              | 464                  | 95.8                       | 1,021  |
| Camden Centreport          | 1997                   | 911                              | 268                  | 95.8                       | 960  |
| Camden Cimarron            | 1992                   | 772                              | 286                  | 95.2                       | 979  |
| Camden Design District (6) | 2009                   | 939                              | 355                  | 95.1                       | 1,270  |
| Camden Farmers Market      | 2001/2005              | 932                              | 904                  | 94.9                       | 1,128  |
| Camden Henderson           | 2012                   | 967                              | 106                  | 96.3                       | 1,464  |
| Camden Legacy Creek        | 1995                   | 831                              | 240                  | 95.8                       | 1,025  |
| Camden Legacy Park         | 1996                   | 871                              | 276                  | 95.7                       | 1,053  |
| Camden Panther Creek (6)   | 2009                   | 946                              | 295                  | 95.9                       | 1,074  |
| Camden Riverwalk (6)       | 2008                   | 982                              | 600                  | 94.6                       | 1,268  |
| Camden Valley Park         | 1986                   | 743                              | 516                  | 96.5                       | 897  |
| Houston                    |                        |                                  |                      |                            |  |
| Camden City Centre         | 2007                   | 932                              | 379                  | 96.7                       | 1,615  |





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## OPERATING PROPERTIES

| Property and Location           | Year Placed in Service | Average Apartment Size (Sq. Ft.) | Number of Apartments | 2014 Average Occupancy (1) | 2014 Average Monthly Rental Rate per Apartment (2) |
|---------------------------------|------------------------|----------------------------------|----------------------|----------------------------|--|
| Camden City Centre II           | 2013                   | 868                              | 268                  | 95.7 %                     | \$ 1,683   |
| Camden Cypress Creek (6)        | 2009                   | 993                              | 310                  | 95.2                       | 1,222  |
| Camden Downs at Cinco Ranch (6) | 2004                   | 1,075                            | 318                  | 95.4                       | 1,233  |
| Camden Grand Harbor (6)         | 2008                   | 959                              | 300                  | 96.0                       | 1,148  |
| Camden Greenway                 | 1999                   | 861                              | 756                  | 95.7                       | 1,380  |
| Camden Heights (6)              | 2004                   | 927                              | 352                  | 96.5                       | 1,523  |
| Camden Holly Springs            | 1999                   | 934                              | 548                  | 94.7                       | 1,201  |
| Camden Midtown                  | 1999                   | 844                              | 337                  | 95.8                       | 1,701  |
| Camden Northpointe (6)          | 2008                   | 940                              | 384                  | 96.3                       | 1,043  |
| Camden Oak Crest                | 2003                   | 870                              | 364                  | 96.4                       | 1,056  |
| Camden Park                     | 1995                   | 866                              | 288                  | 95.8                       | 1,016  |
| Camden Plaza                    | 2007                   | 915                              | 271                  | 96.0                       | 1,552  |
| Camden Post Oak                 | 2003                   | 1,200                            | 356                  | 93.7                       | 2,629  |
| Camden Royal Oaks               | 2006                   | 923                              | 236                  | 98.7                       | 1,224  |
| Camden Royal Oaks II            | 2012                   | 1,054                            | 104                  | 98.6                       | 1,420  |
| Camden Spring Creek (6)         | 2004                   | 1,080                            | 304                  | 96.4                       | 1,156  |
| Camden Stonebridge              | 1993                   | 845                              | 204                  | 95.9                       | 1,044  |
| Camden Sugar Grove              | 1997                   | 921                              | 380                  | 96.2                       | 1,061  |
| Camden Travis Street            | 2010                   | 819                              | 253                  | 96.8                       | 1,620  |
| Camden Vanderbilt               | 1996/1997              | 863                              | 894                  | 95.6                       | 1,411  |
| Camden Whispering Oaks          | 2008                   | 934                              | 274                  | 97.1                       | 1,217  |
| Camden Woodson Park (6)         | 2008                   | 916                              | 248                  | 96.2                       | 1,075  |
| Camden Yorktown (6)             | 2008                   | 995                              | 306                  | 96.2                       | 1,139  |

(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 under lease-up at December 31, 2014.

(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) Development property stabilized during 2014—average occupancy calculated from date at which occupancy exceeded 90% through December 31, 2014.

(6) Property owned through an unconsolidated joint venture in which we currently own a 31.3% interest. The remaining interest is owned by an unaffiliated third party.

(7) Property was included in properties held for sale at December 31, 2014. We sold this property in January 2015.

(8) Property acquired during 2014. Property had recently completed construction and was stabilized during 2014.

(9) Average occupancy was calculated from date at which occupancy exceeded 90% through December 31, 2014.

Miramar is a student housing project for Texas A&M at Corpus Christi. Average occupancy includes summer months which are normally subject to high vacancies. Phase IXB was completed during 2014 and is comprised of 75 apartments.

## Item 3. Legal Proceedings

None.

## Item 4. Mine Safety Disclosures

None.



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## PART II

## Item 5. Market for Registrant's Common Equity, Related Shareholder 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 |
|----------------|---------|---------|---------------|
| 2014 Quarters: |         |         |               |
| First          | \$67.59 | \$57.64 | \$0.66        |
| Second         | 72.08   | 66.69   | 0.66          |
| Third          | 75.51   | 67.83   | 0.66          |
| Fourth         | 77.87   | 68.47   | 0.66          |
| 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          |

In the first quarter of 2015, the Company's Board of Trust Managers increased the quarterly dividend rate from \$0.66 to \$0.70 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 similar dividend distributions for the remainder of 2015, our annualized dividend rate for 2015 would be \$2.80.

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This graph assumes the investment of \$100 on December 31, 2009 and quarterly reinvestment of dividends. (Source: SNL Financial LC)

| Index                    | Years Ended December 31, |          |          |          |          |
|--------------------------|--------------------------|----------|----------|----------|----------|
|                          | 2010                     | 2011     | 2012     | 2013     | 2014     |
| Camden Property Trust    | \$132.48                 | \$157.99 | \$179.18 | \$155.39 | \$209.52 |
| FTSE NAREIT Equity       | 127.96                   | 138.57   | 163.60   | 167.63   | 218.16   |
| S&P 500                  | 115.06                   | 117.49   | 136.30   | 180.44   | 205.14   |
| Russell 2000             | 126.86                   | 121.56   | 141.43   | 196.34   | 205.95   |
| MSCI US REIT (RMS) Index | 128.48                   | 139.65   | 164.46   | 168.52   | 219.72   |

As of February 12, 2015, there were approximately 447 shareholders of record and approximately 25,215 beneficial owners of our common shares.

In May 2011, we created 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 \$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. 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 under the 2011 ATM program. These amounts 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 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 could, but had 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

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determined, into the existing trading market at current market prices as well as through negotiated transactions. 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. During the year ended December 31, 2014, we issued approximately 0.7 million common shares at an average price of \$74.60 per share for total net consideration of approximately \$50.5 million under the 2012 ATM program. These amounts were used for general corporate purposes, which included repayment of outstanding balances on our unsecured line of credit and short-term borrowings, and funding for development, redevelopment, and capital improvement activities. The 2012 ATM program was terminated in the fourth quarter of 2014, and no further common shares are available for sale under this program.

In November 2014, 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 \$331.3 million (the "2014 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. During the year ended December 31, 2014, we issued approximately 0.2 million common shares at an average price of \$76.28 per share for total net consideration of approximately \$15.7 million under the 2014 ATM program which was used for general corporate purposes, which included funding for development and capital improvement projects. We intend to use the remaining net proceeds from the 2014 ATM program for general corporate purposes, which may include funding for development, redevelopment and capital improvement projects, financing for acquisitions, the redemption or other repurchase of outstanding debt or equity securities, reducing future borrowings under our \$500 million unsecured line of credit, and the repayment of other indebtedness. As of the date of this filing, we had common shares having an aggregate offering price of up to \$315.3 million remaining available for sale under the 2014 ATM program. 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.

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, 2014. 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, 2014. There were no repurchases of our equity securities during the years ended December 31, 2014, 2013 and 2012.

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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, 2010 through 2014. 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.

## COMPARATIVE SUMMARY OF SELECTED FINANCIAL AND PROPERTY DATA

| (in thousands, except per share amounts and property data)                   | Year Ended December 31, |             |             |             |             |
|--|-------------------------|-------------|-------------|-------------|-------------|
|  | 2014                    | 2013        | 2012        | 2011        | 2010        |
| <b>Operating Data (a)</b>  |                         |             |             |             |             |
| Total property revenues  | \$843,978               | \$788,851   | \$698,318   | \$599,401   | \$547,756   |
| Total property expenses  | 305,308                 | 285,691     | 256,430     | 230,212     | 217,309     |
| Total non-property income  | 14,611                  | 21,197      | 16,407      | 21,395      | 28,337      |
| Total other expenses   | 415,224                 | 392,478     | 373,254     | 352,627     | 353,427     |
| Income (loss) from continuing operations attributable to common shareholders | 292,089                 | 151,594     | 154,116     | 7,383       | (5,357 )    |
| Net income attributable to common shareholders                               | 292,089                 | 336,364     | 283,390     | 49,379      | 23,216      |
| <b>Earnings (loss) per common share from continuing operations:</b>          |                         |             |             |             |             |
| Basic  | \$3.29                  | \$1.70      | \$1.81      | \$0.09      | \$(0.08 )   |
| Diluted  | 3.27                    | 1.69        | 1.79        | 0.09        | (0.08 )     |
| <b>Total earnings per common share:</b>                                      |                         |             |             |             |             |
| Basic  | \$3.29                  | \$3.82      | \$3.35      | \$0.67      | \$0.33      |
| Diluted  | 3.27                    | 3.78        | 3.30        | 0.66        | 0.33        |
| Distributions declared per common share                                      | \$2.64                  | \$2.52      | \$2.24      | \$1.96      | \$1.80      |
| <b>Balance Sheet Data (at end of year)</b>                                   |                         |             |             |             |             |
| Total real estate assets, at cost (b)  | \$7,485,088             | \$7,114,336 | \$6,749,523 | \$5,875,515 | \$5,675,309 |
| Total assets   | 6,056,907               | 5,632,141   | 5,385,172   | 4,622,075   | 4,699,737   |
| Notes payable  | 2,743,539               | 2,530,766   | 2,510,468   | 2,432,112   | 2,563,754   |
| Non-Qualified deferred compensation share awards                             | 68,134                  | 47,180      | —           | —           | —           |
| Perpetual preferred units  | —                       | —           | —           | 97,925      | 97,925      |
| Equity   | 2,888,409               | 2,760,181   | 2,626,708   | 1,827,768   | 1,757,373   |
| <b>Other Data</b>  |                         |             |             |             |             |
| <b>Cash flows provided by (used in):</b>                                     |                         |             |             |             |             |
| Operating activities   | \$418,528               | \$404,291   | \$324,267   | \$244,834   | \$224,036   |
| Investing activities   | (325,886 )              | (258,985 )  | (527,685 )  | (187,364 )  | 35,150      |
| Financing activities   | 43,482                  | (154,181 )  | 174,928     | (172,886 )  | (152,767 )  |
| Funds from operations – diluted (c)  | 378,043                 | 368,321     | 313,337     | 207,535     | 194,309     |
| <b>Property Data</b>   |                         |             |             |             |             |
| Number of operating properties (at the end of year) (d)                      | 168                     | 170         | 193         | 196         | 186         |
| Number of operating apartment homes (at end of year) (d)                     | 58,948                  | 59,899      | 65,775      | 66,997      | 63,316      |
| Number of operating apartment homes (weighted average) (e)                   | 52,833                  | 54,181      | 54,194      | 50,905      | 50,794      |
| Weighted average monthly total property revenue per apartment home           | \$1,331                 | \$1,270     | \$1,207     | \$1,142     | \$1,072     |

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Properties under development (at end of period) 13 14 9 10 2

(a) Excludes discontinued operations.

(b) Includes properties held for sale at net book value at December 31, 2014, 2012 and 2011.

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

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("GAAP")), excluding gains (or losses) associated with the sale of previously depreciated operating properties, real estate depreciation and amortization, impairments of depreciable assets, and adjustments for unconsolidated joint ventures. Our calculation of diluted FFO also assumes conversion of all potentially dilutive securities, including certain non-controlling interests, which are convertible into common shares. We consider FFO to be an appropriate supplemental measure of operating performance because, by excluding gains or losses on dispositions of operating properties and excluding depreciation, FFO can assist in the comparison of the operating performance of a company's real estate between periods or as compared to different companies. See "Funds from Operations" in Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" for a reconciliation of net income attributable to common shareholders to FFO.

(d) Includes properties held for sale at December 31, 2014, 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 performance, 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, either nationally or regionally in one or more of the markets in which we operate, could adversely impact us;
- Short-term leases expose us to the effects of declining market rents;
- Competition could limit our ability to lease apartments or increase or maintain rental income;
- We face risks associated with land holdings and related activities;
- We could be negatively impacted by the elimination of Fannie Mae or Freddie Mac;
- Development, redevelopment and construction risks could impact our profitability;
- Investments through joint ventures and discretionary funds involve risks not present in investments in which we are the sole investor;
- Competition could adversely affect our ability to acquire properties;
- Our acquisition strategy may not produce the cash flows expected;
  - Tax matters, including failure to qualify as a REIT, could have adverse consequences;
- Losses from catastrophes may exceed our insurance coverage;
- A cybersecurity incident and other technology disruptions could negatively impact our business;
- We have significant debt, which could have important adverse consequences;
- Insufficient cash flows could limit our ability to make required payments for debt obligations or pay distributions to shareholders;
- Issuances of additional debt may adversely impact our financial condition;
- We may be unable to renew, repay, or refinance our outstanding debt;
- Variable rate debt is subject to interest rate risk;
- 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;
- 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 and 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.



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Executive Summary

We are primarily engaged in the ownership, management, development, redevelopment, acquisition and construction of multifamily apartment communities. As of December 31, 2014, we owned interests in, operated, or were developing 181 multifamily properties comprised of 63,163 apartment homes across the United States as detailed in the following Property Portfolio table. In addition, we own other land holdings which we may develop into multifamily apartment communities in the future.

Property Operations

Our results for the year ended December 31, 2014 reflect an increase in same store revenues of 4.5% as compared to 2013. We believe this increase was due to the continuation of improving economic conditions, including job growth, favorable demographics, a manageable supply of new multifamily housing and more individuals choosing to rent versus buy as evidenced by the moderating level of homeownership rates, all of which have resulted in higher rental rates and average occupancy levels. We believe U.S. economic and employment growth is likely to continue during the remainder of 2015 and the supply of new multifamily homes, although increasing, will likely remain at manageable levels. If economic conditions were to worsen, our operating results could be adversely affected.

Construction Activity

At December 31, 2014, we had a total of 13 projects under construction to be comprised of 4,215 apartment homes, including one development project to be comprised of 266 apartment homes owned by one of the discretionary funds ("the funds") in which we currently have a 31.3% interest, with initial occupancy scheduled to occur within the next 28 months. Excluding the projects owned by one of the funds, as of December 31, 2014, we estimate the additional cost to complete the construction of 12 consolidated projects to be approximately \$371.2 million.

Acquisitions

During the year ended December 31, 2014, we acquired one operating property, comprised of 276 apartment homes, located in Atlanta, Georgia for approximately \$62.6 million. We also acquired two land parcels comprised of 10.5 acres of land located in Houston, Texas and Rockville, Maryland for approximately \$39.4 million.

Fund Restructuring

In December 2014, the partnership agreements for each of the funds were amended, resulting in the extension of the term of each fund to December 31, 2026. In addition, our ownership interests in the funds were increased from 20% to 31.3% effective December 23, 2014.

Dispositions

During the year ended December 31, 2014, we sold five operating properties comprised of 1,847 apartment homes located in Atlanta, Georgia, Dallas, Texas, Orlando and Tampa, Florida and Charlotte, North Carolina for approximately \$218.3 million and we recognized a gain of approximately \$155.7 million relating to these property sales. We also sold four land holdings comprised of an aggregate of approximately 29.3 acres located adjacent to current operating and development communities in Dallas and Houston, Texas and Atlanta, Georgia for approximately \$23.7 million and we recognized a gain of approximately \$3.6 million relating to these land sales; we also recognized a \$1.2 million impairment charge related to one of the land parcels sold in Dallas, Texas in June 2014, which represented the difference between the land holding's carrying value and the fair value based upon the sales contract. In February 2014, each of the funds sold an operating property comprised of an aggregate of 558 apartment homes; one of the operating properties was located in San Antonio, Texas and the other operating property was in Houston, Texas. Our proportionate share of the gains on these two transactions was approximately \$3.6 million.

In January 2015, we sold two operating properties comprised of 1,116 apartment homes located in Tampa, Florida and Austin, Texas for approximately \$114.4 million.

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## Future Outlook

Subject to market conditions, we intend to continue to seek opportunities to develop and acquire existing communities. We also intend to evaluate our operating property and land development portfolio and plan to continue our practice of selective dispositions as market conditions warrant and opportunities arise. 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, 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, 2014, we had approximately \$153.9 million in cash and cash equivalents, no balances outstanding on our \$500 million unsecured line of credit and, as of the date of this filing, we had common shares having an aggregate offering price of up to \$315.3 million remaining available for sale under our 2014 ATM program. We believe debt maturing in 2015 is manageable at \$251.8 million, which represents approximately 9% of our total outstanding debt and includes scheduled principal amortizations of approximately \$1.8 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, 2014 |            | December 31, 2013 |            |
|---------------------------------------|-------------------|------------|-------------------|------------|
|                                       | Apartment Homes   | Properties | Apartment Homes   | Properties |
| Operating Properties                  |                   |            |                   |            |
| Houston, Texas                        | 8,434             | 24         | 8,752             | 25         |
| Washington, D.C. Metro                | 6,405             | 19         | 6,083             | 18         |
| Dallas, Texas                         | 5,243             | 13         | 5,667             | 14         |
| Las Vegas, Nevada                     | 4,918             | 15         | 4,918             | 15         |
| Tampa, Florida (1)                    | 4,880             | 11         | 5,108             | 12         |
| Atlanta, Georgia                      | 3,867             | 12         | 3,943             | 12         |
| Orlando, Florida                      | 3,540             | 9          | 3,676             | 9          |
| Raleigh, North Carolina               | 3,054             | 8          | 3,054             | 8          |
| Austin, Texas (2)                     | 3,030             | 9          | 3,030             | 9          |
| Southeast Florida                     | 2,781             | 8          | 2,520             | 7          |
| Charlotte, North Carolina             | 2,487             | 11         | 2,894             | 12         |
| Los Angeles/Orange County, California | 2,481             | 6          | 2,481             | 6          |
| Phoenix, Arizona                      | 2,315             | 8          | 2,095             | 7          |
| Denver, Colorado                      | 1,941             | 6          | 1,941             | 6          |
| San Diego/Inland Empire, California   | 1,665             | 5          | 1,665             | 5          |
| Other                                 | 1,907             | 4          | 2,072             | 5          |
| Total Operating Properties            | 58,948            | 168        | 59,899            | 170        |

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|   | December 31, 2014 |            | December 31, 2013 |            |
|---|-------------------|------------|-------------------|------------|
|   | Apartment Homes   | Properties | Apartment Homes   | Properties |
| Properties Under Construction                     |                   |            |                   |            |
| Denver, Colorado                                  | 691               | 2          | 424               | 1          |
| Austin, Texas                                     | 614               | 2          | 614               | 2          |
| Phoenix, Arizona                                  | 614               | 2          | 454               | 2          |
| Los Angeles/Orange County, California             | 590               | 2          | 590               | 2          |
| Charlotte, North Carolina                         | 589               | 2          | 589               | 2          |
| Dallas, Texas                                     | 423               | 1          | 423               | 1          |
| Atlanta, Georgia                                  | 379               | 1          | 379               | 1          |
| Houston, Texas                                    | 315               | 1          | —                 | —          |
| Southeast Florida                                 | —                 | —          | 261               | 1          |
| Washington, D.C. Metro                            | —                 | —          | 320               | 1          |
| Orlando, Florida                                  | —                 | —          | 300               | 1          |
| Other (3)   | —                 | —          | 75                | —          |
| Total Properties Under Construction               | 4,215             | 13         | 4,429             | 14         |
| Total Properties                                  | 63,163            | 181        | 64,328            | 184        |
| Less: Unconsolidated Joint Venture Properties (4) |                   |            |                   |            |
| Houston, Texas                                    | 2,522             | 8          | 2,840             | 9          |
| 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                                  | 300               | 1          | 300               | 1          |
| Washington, D.C. Metro                            | 276               | 1          | 276               | 1          |
| Charlotte, North Carolina (5)                     | 266               | 1          | 266               | 1          |
| Atlanta, Georgia                                  | 234               | 1          | 234               | 1          |
| Other   | 270               | 1          | 510               | 2          |
| Total Unconsolidated Joint Venture Properties     | 7,278             | 22         | 7,836             | 24         |
| Total Properties Fully Consolidated               | 55,885            | 159        | 56,492            | 160        |

(1) Includes an operating property consisting of 832 apartment homes which was included in properties held for sale at December 31, 2014. This property was sold in January 2015.

(2) Includes an operating property consisting of 284 apartment homes which was included in properties held for sale at December 31, 2014. This property was sold in January 2015.

(3) Represents the units under construction at December 31, 2013 for Phase IXB of Camden Miramar, our one student housing community, located in Corpus Christi, Texas.

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

(5) Represents a property under development owned by one of the funds. See communities under construction below for details.

## Acquisitions

During the year ended December 31, 2014, we completed the acquisition of one operating property as follows:

| Acquisition of Operating Property | Location    | Number of Apartment Homes | Date of Acquisition |
|-----------------------------------|-------------|---------------------------|---------------------|
| Camden Fourth Ward                | Atlanta, GA | 276                       | 10/29/2014          |



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## Dispositions

During the year ended December 31, 2014, we sold five operating properties, and each of the funds, in which we had a 20% interest at the time of sale, sold one operating property as follows:

| Dispositions of Consolidated Operating Properties   | Location        | Number of Apartment Homes | Date of Disposition |
|---|-----------------|---------------------------|---------------------|
| Camden River  | Atlanta, GA     | 352                       | 11/10/2014          |
| Camden Glen Lakes                                   | Dallas, TX      | 424                       | 11/18/2014          |
| Camden Club   | Orlando, FL     | 436                       | 12/4/2014           |
| Camden Lakeside                                     | Tampa, FL       | 228                       | 12/9/2014           |
| Camden Pinehurst                                    | Charlotte, NC   | 407                       | 12/18/2014          |
| Consolidated total                                  |                 | 1,847                     |                     |
| Dispositions of Unconsolidated Operating Properties | Location        | Number of Apartment Homes | Date of Disposition |
| Camden Braun Station                                | San Antonio, TX | 240                       | 2/12/2014           |
| Camden Piney Point                                  | Houston, TX     | 318                       | 2/27/2014           |
| Unconsolidated total                                |                 | 558                       |                     |

## Stabilized Communities

We generally consider a property stabilized once it reaches 90% occupancy. During the year ended December 31, 2014, stabilization was achieved at one consolidated operating property, a subsequent phase at one consolidated operating property, and two unconsolidated development properties as follows:

| Stabilized Property and Location           | Number of Apartment Homes | Date of Construction Completion | Date of Stabilization |
|--|---------------------------|---------------------------------|-----------------------|
| <b>Consolidated Operating Properties</b>   |                           |                                 |                       |
| Camden NoMa                                |                           |                                 |                       |
| Washington, DC                             | 321                       | 2Q14                            | 4Q14                  |
| Camden Miramar Phase IXB (1)               |                           |                                 |                       |
| Corpus Christi, TX                         | 75                        | 3Q14                            | 3Q14                  |
| Consolidated total                         | 396                       |                                 |                       |
| <b>Unconsolidated Operating Properties</b> |                           |                                 |                       |
| Camden South Capitol                       |                           |                                 |                       |
| Washington, DC                             | 276                       | 3Q13                            | 3Q14                  |
| Camden Waterford Lakes                     |                           |                                 |                       |
| Orlando, FL                                | 300                       | 1Q14                            | 3Q14                  |
| Unconsolidated total                       | 576                       |                                 |                       |

(1) Represents the completed units for Phase IXB of Camden Miramar, a subsequent phase to our one student housing community.



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## Completed Construction in Lease-Up

At December 31, 2014, we had two consolidated completed operating properties in lease-up as follows:

| (\$ in millions)<br>Property and Location | Number of<br>Apartment<br>Homes | Cost<br>Incurred | % Leased<br>at 1/25/15 | Date of<br>Construction<br>Completion | Estimated<br>Date of<br>Stabilization |
|---|---------------------------------|------------------|------------------------|---------------------------------------|---------------------------------------|
| <b>Consolidated Operating Properties</b>  |                                 |                  |                        |                                       |                                       |
| <b>Camden Boca Raton</b>                  |                                 |                  |                        |                                       |                                       |
| Boca Raton, FL                            | 261                             | \$51.7           | 77%                    | 4Q14                                  | 3Q15                                  |
| <b>Camden Foothills</b>                   |                                 |                  |                        |                                       |                                       |
| Scottsdale, AZ                            | 220                             | 44.3             | 51%                    | 4Q14                                  | 3Q15                                  |
| <b>Total Consolidated</b>                 | <b>481</b>                      | <b>\$96.0</b>    |                        |                                       |                                       |

## Properties Under Development and Land

Our consolidated balance sheet at December 31, 2014 included approximately \$527.6 million related to properties under development and land. Of this amount, approximately \$411.3 million related to our projects currently under construction. In addition, we had approximately \$116.3 million primarily invested in land held for future development and land holdings, which included approximately \$105.7 million related to projects we expect to begin constructing during the next three years, and approximately \$10.6 million invested in land holdings which we may develop in the future.

**Communities Under Construction.** At December 31, 2014, we had 12 consolidated properties and one property held by one of the funds, in which we currently own a 31.3% interest, 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 |
|--|---------------------------------|-------------------|------------------|---|--|---------------------------------------|
| <b>Consolidated Communities Under Construction</b> |                                 |                   |                  |   |  |                                       |
| Camden La Frontera (1)<br>Round Rock, TX           | 300                             | \$36.0            | \$35.0           | \$6.7   | 1Q15   | 4Q15                                  |
| Camden Lamar Heights (2)<br>Austin, TX             | 314                             | 47.0              | 45.6             | 16.8  | 1Q15   | 4Q15                                  |
| Camden Flatirons (3)<br>Denver, CO                 | 424                             | 78.0              | 74.2             | 37.6  | 2Q15   | 3Q16                                  |
| Camden Paces (4)<br>Atlanta, GA                    | 379                             | 110.0             | 98.3             | 47.7  | 3Q15   | 4Q16                                  |
| Camden Hayden (5)<br>Tempe, AZ                     | 234                             | 48.0              | 41.1             | 27.9  | 2Q15   | 3Q15                                  |
| Camden Glendale<br>Glendale, CA                    | 303                             | 115.0             | 94.8             | 94.8  | 3Q15   | 1Q16                                  |
| Camden Gallery<br>Charlotte, NC                    | 323                             | 58.0              | 28.9             | 28.9  | 1Q16   | 3Q16                                  |
| Camden Chandler<br>Chandler, AZ                    | 380                             | 75.0              | 36.4             | 36.4  | 1Q16   | 1Q17                                  |
| Camden Victory Park<br>Dallas, TX                  | 423                             | 82.0              | 33.2             | 33.2  | 1Q16   | 1Q18                                  |
| The Camden<br>Los Angeles, CA                      | 287                             | 145.0             | 61.7             | 61.7  | 4Q16   | 2Q17                                  |
| Camden Lincoln Station<br>Denver, CO               | 267                             | 56.0              | 8.4              | 8.4   | 2Q17   | 1Q18                                  |
| Camden McGowen Station                             | 315                             | 90.0              | 11.2             | 11.2  | 4Q17   | 1Q19                                  |

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|   |       |         |         |         |      |      |
|---|-------|---------|---------|---------|------|------|
| Houston, TX                                 |       |         |         |         |      |      |
| Total Consolidated                          | 3,949 | \$940.0 | \$568.8 | \$411.3 |      |      |
| Unconsolidated Community Under Construction |       |         |         |         |      |      |
| Camden Southline (6)                        |       |         |         |         |      |      |
| Charlotte, NC                               | 266   | \$48.0  | \$36.5  | \$36.4  | 3Q15 | 4Q15 |

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- (1) Property in lease-up and was 64% leased at January 25, 2015.  
 (2) Property in lease-up and was 51% leased at January 25, 2015.  
 (3) Property in lease-up and was 40% leased at January 25, 2015.  
 (4) Property in lease-up and was 24% leased at January 25, 2015.  
 (5) Property in lease-up and was 12% leased at January 25, 2015.  
 (6) Property owned through an unconsolidated joint venture in which we currently own a 31.3% interest.

Development Pipeline Communities. At December 31, 2014, we had the following consolidated communities undergoing development activities:

| (\$ in millions)                    | Projected Homes | Total Estimated Cost (1) | Cost to Date |
|-------------------------------------|-----------------|--------------------------|--------------|
| Property and Location               |                 |                          |              |
| Camden NoMa II<br>Washington, DC    | 405             | \$116.0                  | \$22.1       |
| Camden Shady Grove<br>Rockville, MD | 457             | 115.0                    | 31.6         |
| Camden Buckhead<br>Atlanta, GA      | 336             | 80.0                     | 20.9         |
| Camden Conte (2)<br>Houston, TX     | 519             | 170.0                    | 18.3         |
| Camden Atlantic<br>Plantation, FL   | 286             | 62.0                     | 12.8         |
| Total                               | 2,003           | \$543.0                  | \$105.7      |

(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.

(2) The property will be developed in two phases. The estimated units, estimated cost, and cost to date represent both phases.

Land Holdings. At December 31, 2014, we had the following land holdings:

| (\$ in millions) | Acres | Cost to Date |
|------------------|-------|--------------|
| Location         |       |              |
| Las Vegas, NV    | 19.6  | \$4.2        |
| Other            | 4.8   | 6.4          |
| Total            | 24.4  | \$10.6       |

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## Geographic Diversification

At December 31, 2014 and 2013, our real estate assets by various markets, excluding depreciation, investments in joint ventures and properties held for sale, were as follows:

| (\$ in thousands)                     | 2014        |        | 2013        |        |
|---------------------------------------|-------------|--------|-------------|--------|
| Washington, D.C. Metro                | \$1,361,793 | 18.4%  | \$1,319,513 | 18.7%  |
| Houston, Texas                        | 707,894     | 9.5    | 680,985     | 9.6    |
| Los Angeles/Orange County, California | 653,750     | 8.8    | 571,976     | 8.1    |
| Atlanta, Georgia                      | 585,066     | 7.9    | 498,255     | 7.0    |
| Southeast Florida                     | 551,938     | 7.4    | 514,445     | 7.3    |
| Dallas, Texas                         | 428,603     | 5.8    | 442,537     | 6.3    |
| Las Vegas, Nevada                     | 423,284     | 5.7    | 417,041     | 5.9    |
| Phoenix, Arizona                      | 404,138     | 5.5    | 310,109     | 4.4    |
| Orlando, Florida                      | 382,012     | 5.1    | 419,117     | 5.9    |
| Denver, Colorado                      | 358,854     | 4.8    | 320,631     | 4.5    |
| Tampa, Florida                        | 333,723     | 4.5    | 390,392     | 5.5    |
| San Diego/Inland Empire, California   | 326,550     | 4.4    | 323,349     | 4.6    |
| Charlotte, North Carolina             | 325,580     | 4.4    | 332,656     | 4.7    |
| Raleigh, North Carolina               | 258,647     | 3.5    | 253,704     | 3.6    |
| Austin, Texas                         | 224,399     | 3.0    | 192,250     | 2.7    |
| Corpus Christi, Texas                 | 95,285      | 1.3    | 85,221      | 1.2    |
| Total                                 | \$7,421,516 | 100.0% | \$7,072,181 | 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)  | 2014    | 2013    | 2012    |   |
|--|---------|---------|---------|---|
| Average monthly property revenue per apartment home                  | \$1,331 | \$1,270 | \$1,207 |   |
| Annualized total property expenses per apartment home                | \$5,779 | \$5,520 | \$5,321 |   |
| Weighted average number of operating apartment homes owned 100%      | 52,833  | 51,759  | 48,194  |   |
| Weighted average occupancy of operating apartment homes owned 100% * | 95.7    | % 95.3  | % 95.3  | % |

\* Our one 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, 2014 as compared to 2013 and for the year ended December 31, 2013 as compared to 2012:

| (\$ in thousands)                    | Apartment<br>Homes at<br>12/31/14 | Year Ended<br>December 31, |           | Change   |       |   |
|--------------------------------------|-----------------------------------|----------------------------|-----------|----------|-------|---|
|                                      |                                   | 2014                       | 2013      | \$       | %     |   |
| Property revenues:                   |                                   |                            |           |          |       |   |
| Same store communities               | 46,069                            | \$730,488                  | \$699,027 | \$31,461 | 4.5   | % |
| Non-same store communities           | 5,386                             | 84,440                     | 61,761    | 22,679   | 36.7  |   |
| Development and lease-up communities | 4,430                             | 3,546                      | —         | 3,546    | *     |   |
| Dispositions/other                   | —                                 | 25,504                     | 28,063    | (2,559)  | (9.1) | ) |
| Total property revenues              | 55,885                            | \$843,978                  | \$788,851 | \$55,127 | 7.0   | % |
| Property expenses:                   |                                   |                            |           |          |       |   |
| Same store communities               | 46,069                            | \$261,000                  | \$251,331 | \$9,669  | 3.8   | % |
| Non-same store communities           | 5,386                             | 32,302                     | 22,789    | 9,513    | 41.7  |   |
| Development and lease-up communities | 4,430                             | 1,191                      | 12        | 1,179    | *     |   |
| Dispositions/other                   | —                                 | 10,815                     | 11,559    | (744)    | (6.4) | ) |
| Total property expenses              | 55,885                            | \$305,308                  | \$285,691 | \$19,617 | 6.9   | % |

\* Not a meaningful percentage.

(1) Same store communities are communities we owned and were stabilized since January 1, 2013. Non-same store communities are stabilized communities not owned or stabilized since January 1, 2013. Development and lease-up communities are non-stabilized communities we have acquired or developed since January 1, 2013. Dispositions/other includes operating communities sold subsequent to January 1, 2014 and also includes results from non-multifamily rental properties, below market lease amortization related to acquired communities, and expenses related to land holdings not under active development. There were no properties held for sale which were considered to be discontinued operations during the years ended December 31, 2014 or 2013.

| (\$ in thousands)                    | Apartment<br>Homes at<br>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, below market lease amortization related to acquired communities, and expenses related to land holdings not under active development. Properties held for sale and considered to be

discontinued operations are excluded from the above results.

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## Same Store Analysis

Same store property revenues for the year ended December 31, 2014 increased approximately \$31.5 million, or 4.5%, from 2013. Same store rental revenues for the year ended December 31, 2014 increased approximately \$27.1 million, or 4.5%, from 2013, primarily due to a 4.0% increase in average rental rates and an increase in average occupancy for our same store portfolio from 95.3% in 2013 to 95.8% in 2014. We believe the increase to rental revenue was due to the continuation of improving economic conditions, including job growth, favorable demographics, a manageable supply of new multifamily housing and more individuals choosing to rent versus buy as evidenced by the moderating level of homeownership rates, all of which have resulted in higher rental rates and average occupancy levels. Additionally, there was a \$4.4 million increase in other property revenue during the year ended December 31, 2014 as compared to 2013 primarily due to increases in miscellaneous income combined with ancillary income from our utility rebilling programs.

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.

Property expenses from our same store communities increased approximately \$9.7 million, or 3.8%, for the year ended December 31, 2014 as compared to 2013. The increase was primarily due to a \$4.3 million, or 5.7%, 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 higher salaries and benefits primarily due to higher medical costs. The increase was also due to higher utility expenses and higher repairs and maintenance costs, and partially offset by a \$1.1 million decrease in property insurance expenses due to lower self-insured losses and premiums for the year ended December 31, 2014 as compared to 2013.

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.

## 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 \$26.2 million and \$10.7 million, respectively, for the year ended December 31, 2014 as compared to 2013. These increases in revenues and expenses in our non-same store communities for 2014 as compared to 2013 were primarily due to the acquisition of one operating property in 2014 and three operating properties in 2013. These increases were also due to revenues and expenses recognized in 2014 related to the stabilization of one operating property and 75 units at one of our consolidated operating properties in 2014, and the stabilization of three operating properties and an additional 75 units at another one of our consolidated operating properties in 2013. The increases in revenues and expenses from our development and lease-up communities for 2014 as compared to 2013 were primarily due to the completion and partial lease up of two properties in 2014 and the partial lease up of four properties which were under construction at December 31, 2014.

Property revenues and property expenses from non-same store and development and lease-up communities increased approximately \$60.4 million and \$22.5 million, respectively, for the year ended December 31, 2013 as compared to 2012. These 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 the stabilization of four operating properties in

2012 and three operating properties and 75 units at one of our consolidated operating properties in 2013 and increases in revenues and expenses at our other non-same store communities.

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The following table details the impact of the foregoing on our revenues and expenses:

| (in millions)                                     | For the year ended December 31, |         |
|---|---------------------------------|---------|
|   | 2014                            | 2013    |
| Revenues from acquisitions                        | \$ 12.8                         | \$ 39.3 |
| Revenues from stabilized properties               | 8.6                             | 15.7    |
| Revenues from development and lease-up properties | 3.5                             | —       |
| Other   | 1.3                             | 5.4     |
|   | \$ 26.2                         | \$ 60.4 |
| Expenses from acquisitions                        | \$ 6.0                          | \$ 15.1 |
| Expenses from stabilized properties               | 2.4                             | 6.0     |
| Expenses from development and lease-up properties | 1.2                             | —       |
| Other   | 1.1                             | 1.4     |
|   | \$ 10.7                         | \$ 22.5 |

## Disposition/Other Property Analysis

Disposition/other property revenues decreased approximately \$2.6 million for the year ended December 31, 2014 as compared to 2013, and were relatively flat in 2013 as compared to 2012. The decrease in 2014 was primarily due to a \$0.9 million decrease in revenue from dispositions due to the timing of completion of the disposition of five operating properties in 2014. The decrease was also due to a lower below market lease amortization of approximately \$0.9 million due to the timing of completion of the acquisition of operating properties in 2012 and 2013. Below market leases are generally amortized over approximately six months upon completion of an acquisition, which reflects the remaining average term of acquired leases. The decrease was also due to a decrease in other income of approximately \$0.8 million for the year ended December 31, 2014 resulting from our non-multifamily rental properties.

Disposition/other property expenses decreased approximately \$0.7 million for the year ended December 31, 2014 as compared to 2013, and were relatively flat in 2013 as compared to 2012. The decrease in 2014 was primarily due to lower property taxes expensed on land holdings on which we initiated development activities in the fourth quarter of 2013 as we start capitalizing expenses, including property taxes, on development properties at such time.

## Non-Property Income

| (\$ in thousands)                        | Year Ended<br>December 31, |           | Change    |         | Year Ended<br>December 31, |           | Change   |        |
|--|----------------------------|-----------|-----------|---------|----------------------------|-----------|----------|--------|
|  | 2014                       | 2013      | \$        | %       | 2013                       | 2012      | \$       | %      |
| Fee and asset management                 | \$ 9,832                   | \$ 11,690 | \$(1,858) | (15.9)% | \$ 11,690                  | \$ 12,345 | \$(655)  | (5.3)% |
| Interest and other income<br>(loss)      | 842                        | 1,217     | (375)     | (30.8)  | 1,217                      | (710)     | 1,927    | *      |
| Income on deferred<br>compensation plans | 3,937                      | 8,290     | (4,353)   | (52.5)  | 8,290                      | 4,772     | 3,518    | 73.7   |
| Total non-property income                | \$ 14,611                  | \$ 21,197 | \$(6,586) | (31.1)% | \$ 21,197                  | \$ 16,407 | \$ 4,790 | 29.2%  |

\* Not a meaningful percentage.

Fee and asset management income, which represents income related to property management of our joint ventures and third-party construction projects, decreased approximately \$1.9 million for the year ended December 31, 2014 as compared to 2013 and decreased approximately \$0.7 million for the year ended December 31, 2013 as compared to 2012. The decrease for 2014 as compared to 2013 was primarily due to the sale of 18 operating properties by three of our unconsolidated joint ventures in 2013 and 2014. This decrease was also due to lower construction fees resulting from a reduced level of third-party construction activities and lower development and construction fees earned due to the timing of development communities started and completed by our funds during 2013 and 2014. 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. This decrease was partially offset by higher construction fees due to an increase in third-party

construction activities.

Interest and other income (loss) decreased approximately \$0.4 million for the year ended December 31, 2014 as compared to 2013 and increased approximately \$1.9 million for the year ended December 31, 2013 as compared to 2012. The decrease during 2014 as compared to 2013, and the increase during 2013 as compared to 2012, were 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

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sold to an unaffiliated third party in 2006. The increase during 2013 as compared to 2012 was also due to losses of approximately \$0.8 million recognized in 2012 relating to non-designated derivatives.

Our deferred compensation plans recognized income of approximately \$3.9 million, \$8.3 million and \$4.8 million in 2014, 2013 and 2012, respectively. The changes were related to the performance of the investments held in the deferred compensation plans for participants and were directly offset by the expense related to these plans, as discussed below.

## Other Expenses

| (\$ in thousands)                        | Year Ended<br>December 31, |           | Change   |        | Year Ended<br>December 31, |           | Change   |        |   |
|--|----------------------------|-----------|----------|--------|----------------------------|-----------|----------|--------|---|
|  | 2014                       | 2013      | \$       | %      | 2013                       | 2012      | \$       | %      |   |
| Property management                      | \$22,689                   | \$21,774  | \$915    | 4.2    | % \$21,774                 | \$21,796  | \$(22)   | (0.1)  | % |
| Fee and asset management                 | 5,341                      | 5,756     | (415)    | (7.2)  | ) 5,756                    | 6,631     | (875)    | (13.2) | ) |
| General and administrative               | 51,005                     | 40,586    | 10,419   | 25.7   | 40,586                     | 37,528    | 3,058    | 8.1    |   |
| Interest                                 | 93,263                     | 98,129    | (4,866)  | (5.0)  | ) 98,129                   | 104,246   | (6,117)  | (5.9)  | ) |
| Depreciation and amortization            | 235,634                    | 214,395   | 21,239   | 9.9    | 214,395                    | 194,673   | 19,722   | 10.1   |   |
| Amortization of deferred financing costs | 3,355                      | 3,548     | (193)    | (5.4)  | ) 3,548                    | 3,608     | (60)     | (1.7)  | ) |
| Expense on deferred compensation plans   | 3,937                      | 8,290     | (4,353)  | (52.5) | ) 8,290                    | 4,772     | 3,518    | 73.7   |   |
| Total other expenses                     | \$415,224                  | \$392,478 | \$22,746 | 5.8    | % \$392,478                | \$373,254 | \$19,224 | 5.2    | % |

Property management expense, which represents regional supervision and accounting costs related to property operations, increased approximately \$0.9 million for the year ended December 31, 2014 as compared to 2013 and was relatively flat in 2013 as compared to 2012. The increase for 2014 as compared to 2013 was primarily due to increases in salaries, benefits, and incentive compensation expenses. Property management expenses were 2.7%, 2.8%, and 3.1% of total property revenues for the years ended December 31, 2014, 2013, and 2012, respectively.

Fee and asset management expense, which represents expenses related to property management of our joint ventures and third-party construction projects, decreased approximately \$0.4 million for the year ended December 31, 2014 as compared to 2013 and decreased approximately \$0.9 million for the year ended December 31, 2013 as compared to 2012. The decrease for 2014 as compared to 2013 was primarily due to decreases in expenses relating to the sale of 18 operating properties by three of our unconsolidated joint ventures in 2013 and 2014. The decrease for 2014 as compared to 2013 was also due to lower expenses related to the timing of communities started and completed by the funds during 2013 and 2014.

The decrease in fee and asset management expense for 2013 as compared to 2012 was primarily due to the sale of 23 operating properties by three of our unconsolidated joint ventures in 2012 and 2013, 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. The decrease was partially offset by higher expenses related to an increase in third-party construction activities during 2013 as compared to 2012.

General and administrative expenses increased approximately \$10.4 million during the year ended December 31, 2014 as compared to 2013 and increased approximately \$3.1 million during the year ended December 31, 2013 as compared to 2012. General and administrative expenses were 6.0%, 5.1% and 5.3% of total revenues, excluding income on deferred compensation plans, for the years ended December 31, 2014, 2013 and 2012, respectively. The increase in 2014 as compared to 2013 was primarily due to approximately \$10.0 million in one-time bonuses paid to employees relating to the restructuring of the funds in December 2014. Excluding this one-time bonus, general and administrative

expenses were 4.8% of total revenues, excluding income on deferred compensation plans, for the year ended December 31, 2014.

The increase in general and administrative expenses 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 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.

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Interest expense decreased approximately \$4.9 million for the year ended December 31, 2014 as compared to 2013 and decreased approximately \$6.1 million for the year ended December 31, 2013 as compared to 2012. The decrease in interest expense in 2014 as compared to 2013 was primarily due to higher capitalized interest in 2014 of approximately \$6.4 million resulting from higher average balances in our development pipeline. The decrease was also due to the repayment of a secured note payable in April 2014, the repayment of a secured note payable in January 2013 and a net decrease in interest expense relating to the repayment in December 2013 of \$200 million, 5.45% senior unsecured notes payable, which was partially offset by the concurrent issuance of \$250 million, 4.27% senior unsecured notes payable. The decrease was also partially offset by an increase in interest expense relating to borrowings on our line of credit in 2014 as compared to 2013, and the issuance in September 2014 of \$250 million, 3.59% senior unsecured notes payable.

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 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.

Depreciation and amortization expense increased approximately \$21.2 million during the year ended December 31, 2014 as compared to 2013 and increased approximately \$19.7 million during the year ended December 31, 2013 as compared to 2012. The increase in 2014 as compared to 2013 was primarily due to the acquisition of three operating properties during 2013 and one operating property during 2014. The increase was also due to the completion of units in our development pipeline, the completion of repositions during 2013 and 2014, and increases in capital improvements placed in service during 2013 and 2014.

The increase in depreciation and amortization expense 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.

Our deferred compensation plans incurred expenses of approximately \$3.9 million, \$8.3 million and \$4.8 million in 2014, 2013 and 2012, 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

| (in thousands)  | Year Ended   |          | Change     | Year Ended   |          | Change    |
|---|--------------|----------|------------|--------------|----------|-----------|
|   | December 31, |          |            | December 31, |          |           |
|   | 2014         | 2013     | \$         | 2013         | 2012     | \$        |
| Gain on sale of operating properties, including land          | \$ 159,289   | \$ 698   | \$ 158,591 | \$ 698       | \$—      | \$ 698    |
| Gain on acquisition of controlling interest in joint ventures | —            | —        | —          | —            | 57,418   | (57,418 ) |
| Impairment associated with land holdings                      | (1,152 )     | —        | (1,152 )   | —            | —        | —         |
| Equity in income of joint ventures                            | 7,023        | 24,865   | (17,842 )  | 24,865       | 20,175   | 4,690     |
| Income tax expense  | (1,903 )     | (1,826 ) | (77 )      | (1,826 )     | (1,208 ) | (618 )    |

Gain on sale of operating properties, including land, for the year ended December 31, 2014 was due to the sale of five operating properties located in Atlanta, Georgia, Dallas, Texas, Orlando and Tampa, Florida and Charlotte, North Carolina for a total gain on sale of operating properties of approximately \$155.7 million. The gain was also due to the

sale of approximately 29.3 acres located adjacent to current operating and development communities in Dallas and Houston, Texas and Atlanta, Georgia for a total gain on sale of land of approximately \$3.6 million. The gain in 2013 was due to the sale of approximately 3.7 acres located adjacent to current development communities in Atlanta, Georgia and Houston, Texas for a total gain on sale of approximately \$0.7 million.

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

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\$57.4 million, which represented the difference between the fair market value of our previously owned equity interests and the cost basis.

The \$1.2 million impairment associated with land holdings in 2014 reflects an impairment charge to the carrying value of a disposed land parcel located in Dallas, Texas, which represented the difference between the land holding's carrying value and the fair value based upon the sales contract.

Equity in income of joint ventures decreased approximately \$17.8 million for the year ended December 31, 2014 as compared to 2013, and increased approximately \$4.7 million for the year ended December 31, 2013 as compared to 2012. The decrease in 2014 as compared to 2013 was primarily related 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 decrease was also due to the sale of two operating properties during the first quarter of 2014. The decrease in 2014 was partially offset by a \$3.6 million proportionate gain relating to the sale of the two operating properties in the first quarter 2014. The decrease in earnings was further offset by higher rental income recognized by the stabilized operating joint venture properties during the year ended December 31, 2014 as compared to the same period in 2013.

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.

We had income tax expense of approximately \$1.9 million, \$1.8 million, and \$1.2 million for the tax years ended December 31, 2014, 2013, and 2012, 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.

**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 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 FFO for the years ended December 31 are as follows:

| (\$ in thousands)  | 2014       | 2013       | 2012       |
|--|------------|------------|------------|
| Funds from operations  |            |            |            |
| Net income attributable to common shareholders (1) (2)                       | \$292,089  | \$336,364  | \$283,390  |
| Real estate depreciation and amortization, including discontinued operations | 230,638    | 214,729    | 205,437    |
| Adjustments for unconsolidated joint ventures                                | 5,337      | 5,738      | 7,939      |
| Gain on acquisition of controlling interests in joint ventures               | —          | —          | (57,418 )  |
| Gain on sale of unconsolidated joint venture properties (3)                  | (3,566 )   | (16,277 )  | (17,418 )  |
| Gain on sale of operating properties, net of tax                             | (155,680 ) | —          | —          |
| Gain on sale of discontinued operations, net of tax                          | —          | (182,160 ) | (115,068 ) |
| Income allocated to non-controlling interests                                | 9,225      | 9,927      | 6,475      |
| Funds from operations  | \$378,043  | \$368,321  | \$313,337  |
| Weighted average shares – basic  | 88,084     | 87,204     | 83,772     |
| Incremental shares issuable from assumed conversion of:                      |            |            |            |
| Common share options and awards granted                                      | 384        | 476        | 647        |
| Common units   | 1,898      | 1,900      | 2,200      |
| Weighted average shares – diluted  | 90,366     | 89,580     | 86,619     |

Net income attributable to common shareholders for the year ended December 31, 2014 includes a gain on sale of (1) \$3.6 million related to the sale of three land holdings and a \$1.2 million impairment charge to the carrying value of a disposed land parcel.

Net income attributable to common shareholders for the year ended December 31, 2013 includes a gain on sale of \$0.7 million related to the sale of two land holdings. Net income attributable to common shareholders also includes (2) a promoted equity interest of approximately \$5.1 million 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 in 2013.

The gain in 2014 represents our proportionate share of the gain on sale of two operating properties sold by the (3) funds in 2014. The gain in 2013 represents our proportionate share of the gain on sale of 16 operating properties by two of our unconsolidated joint ventures in 2013. The gain in 2012 represents our proportionate share of the gain on sale of seven operating properties by two of our unconsolidated joint ventures in 2012.

## 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 5.0, 4.7, and 4.0 times for the years ended December 31, 2014, 2013, and 2012, 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 79.5%, 77.6%, and 76.5% of our properties (based on invested capital) were unencumbered at December 31, 2014, 2013, and 2012, respectively. Our weighted average maturity of debt was approximately 6.3 years at December 31, 2014.

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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, 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 believe our liquidity and financial condition are sufficient to meet all of our reasonably anticipated cash needs during 2015 including:

- normal recurring operating expenses;
- current debt service requirements, including debt maturities;
- recurring capital expenditures;
- reposition expenditures;
- funding of property developments, redevelopments, 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, 2014 and 2013.

Net cash from operating activities was approximately \$418.5 million during the year ended December 31, 2014 as compared to approximately \$404.3 million during the year ended December 31, 2013. The increase was primarily due to growth in property revenues directly attributable to increased rental rates and higher occupancy from our same store communities and growth in non-same store revenues primarily relating to the acquisition of one operating property in 2014 and three operating properties in 2013. The increase in non-same store revenues is also related to the stabilization of one property during 2014 and three operating properties during 2013. These increases in revenues were partially offset by the increase in property expenses from our same store and non-same store communities which include the property expenses of one operating property acquired in 2014 and three operating properties acquired in 2013 and the stabilization of one property during 2014 and three operating properties during 2013. For a further discussion of our 2014 operations as compared to 2013, see “Results of Operations.” These increases in net cash from operating activities were partially offset by the disposition of 12 operating properties in 2013, and the timing of receipts in working capital accounts.

Net cash used in investing activities during the year ended December 31, 2014 totaled approximately \$325.9 million as compared to approximately \$259.0 million during the year ended December 31, 2013. Cash outflows for property development and capital improvements were approximately \$503.3 million during 2014 as compared to approximately \$356.8 million during 2013, primarily due to the addition of three development communities added in 2014 and three development communities added in the fourth quarter of 2013. The property development and capital improvements during the years ended December 31, 2014 and 2013 included the following:

| (in millions)   | December 31, |          |
|---|--------------|----------|
|   | 2014         | 2013     |
| Expenditures for new development, including land                              | \$ 342.1     | \$ 174.7 |
| Capitalized interest, real estate taxes, and other capitalized indirect costs | 34.1         | 25.1     |
| Reposition expenditures   | 64.4         | 91.4     |
| Capital expenditures  | 62.7         | 65.6     |
| Total   | \$ 503.3     | \$ 356.8 |

Cash outflows during the year ended December 31, 2014 also related to the acquisition of one operating property for approximately \$62.3 million. Net cash used in investing activities during the year ended December 31, 2014 was partially offset by cash inflows of approximately \$237.7 million from the sale of five operating properties and four land holdings in 2014, and the distributions received from our joint ventures of approximately \$6.4 million relating to

the sale of two operating properties in February 2014. Additional cash outflows for the year ended December 31, 2013 related to the acquisition of three operating properties for approximately \$224.1 million and increases in non-real estate assets of approximately \$17.5 million. Net cash used in investing activities during the year ended December 31, 2013 was partially offset by cash inflows of

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

Net cash provided by financing activities totaled approximately \$43.5 million during the year ended December 31, 2014 as compared to net cash used in financing activities of \$154.2 million during the year ended December 31, 2013. During 2014, we received net proceeds of approximately \$248.1 million from the issuance in September 2014 of \$250 million unsecured notes payable and net proceeds of approximately \$66.2 million from the issuance of approximately 0.9 million common shares from our ATM program. The cash inflows during 2014 were partially offset by approximately \$236.5 million used for distributions paid to common shareholders and non-controlling interest holders, approximately \$32.3 million used to repay maturing secured mortgage notes payable, approximately \$4.0 million used for principal amortization payments, and approximately \$3.1 million of deferred financing costs. 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 in December 2013 of \$250 million unsecured notes payable, 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.

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 the London Interbank Offered Rate ("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, 2014, we had no short-term balances outstanding, no balances outstanding on our \$500 million unsecured line of credit, and we had outstanding letters of credit totaling approximately \$6.4 million, leaving approximately \$493.6 million available under our unsecured line of credit.

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, 2014 we had approximately 86.6 million common shares outstanding, net of treasury shares and shares held in our deferred compensation arrangements, and no preferred shares outstanding.

In November 2014, 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 \$331.3 million (the "2014 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, 2014 were used for general corporate purposes, which included funding for development, redevelopment and capital improvement projects. We intend to use the net proceeds from the remaining 2014 ATM program for general corporate purposes, which may include reducing future borrowings under our \$500 million unsecured line of credit, the repayment of other indebtedness, the redemption or other repurchase of outstanding debt or equity securities, funding for development, redevelopment and investment

projects and financing for acquisitions. As of the date of this filing, we had common shares having an aggregate offering price of up to \$315.3 million remaining available for sale under the 2014 ATM program.

We believe our ability to access capital markets is enhanced by our senior unsecured debt ratings by Moody's, Fitch, and Standard and Poor's, which are currently Baa1 with stable outlook, BBB+ with positive outlook, and BBB+ with stable outlook, respectively. We believe our ability to access capital markets is also enhanced by our ability to borrow on a secured basis from various institutions including banks, Fannie Mae, Freddie Mac, or life insurance companies. However, we may not be able to maintain our current credit ratings and may not be able to borrow on a secured or unsecured basis in the future.

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## 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 the remainder of 2015, approximately \$251.8 million of debt, which represents approximately 9% of our total outstanding debt and includes scheduled principal amortizations of approximately \$1.8 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 cost to complete the construction of 12 consolidated projects to be approximately \$371.2 million. Of this amount, we expect between approximately \$250 million and \$270 million will be incurred during 2015 and the remaining costs will be incurred during 2016 and 2017. Additionally, we expect to incur between approximately \$80 million and \$100 million of costs related to the start of new development activities, between approximately \$21 million and \$25 million of additional redevelopment expenditures and between approximately \$61 million and \$65 million of additional other capital expenditures during 2015.

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 arise.

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 2014, we announced our Board of Trust Managers had declared a quarterly dividend of \$0.66 per common share, to our common shareholders of record as of December 17, 2014. The dividend was subsequently paid on January 16, 2015 and we paid equivalent amounts per unit to holders of common operating partnership units. When aggregated with previous 2014 dividends, this distribution to common shareholders and holders of the common operating partnership units equates to an annual dividend rate of \$2.64 per share or unit for the year ended December 31, 2014.

In the first quarter of 2015, the Company's Board of Trust Managers increased the quarterly dividend rate from \$0.66 to \$0.70 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 similar dividend distributions for the remainder of 2015, our annualized dividend rate for 2015 would be \$2.80.

The following table summarizes our known contractual cash obligations as of December 31, 2014:

| (in millions)                 | Total     | 2015    | 2016    | 2017    | 2018    | 2019    | Thereafter |
|-------------------------------|-----------|---------|---------|---------|---------|---------|------------|
| Debt maturities (1)           | \$2,743.5 | \$251.8 | \$2.0   | \$249.0 | \$177.4 | \$646.5 | \$1,416.8  |
| Interest payments (2)         | 672.5     | 112.1   | 106.4   | 97.4    | 88.5    | 63.4    | 204.7      |
| Non-cancelable lease payments | 25.7      | 2.4     | 2.7     | 2.7     | 2.5     | 2.3     | 13.1       |
|                               | \$3,441.7 | \$366.3 | \$111.1 | \$349.1 | \$268.4 | \$712.2 | \$1,634.6  |

(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, 2014.

## 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, 2014, our unconsolidated joint ventures had outstanding debt of approximately \$523.6 million, of which our proportionate share was approximately \$163.9 million. As of December 31, 2014, 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,

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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. 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.

## Recent Accounting Pronouncements

See Note 2, "Summary of Significant Accounting Policies and Recent Accounting Pronouncements" in the notes to Consolidated Financial Statements for further discussion of recent accounting pronouncements issued during the year ended December 31, 2014.

## 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, 2014 and 2013:

|                    | December 31, 2014          |  |   |               | December 31, 2013          |  |   |               |
|--------------------|----------------------------|--|---|---------------|----------------------------|--|---|---------------|
|                    | 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    | \$2,533.8                  | 6.4  | 4.6                                     | % 92.4        | % \$2,319.5                | 7.0  | 4.7                                     | % 91.7        |
| Variable rate debt | 209.7                      | 5.4  | 1.0                                     | 7.6           | 211.3                      | 6.4  | 1.0                                     | 8.3           |

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 \$140.9 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, interest rate caps, and treasury locks to protect ourselves against fluctuations in the rates of our floating rate debt or future debt issuances. 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.

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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, 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, 2014. In making this assessment, management used the criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on our assessment, management concluded our internal control over financial reporting is effective as of December 31, 2014.

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 20, 2015

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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, 2014, based on criteria established in Internal Control — Integrated Framework (2013) 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, 2014, based on the criteria established in Internal Control — Integrated Framework (2013) 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, 2014 of the Company and our report dated February 20, 2015 expressed an unqualified opinion on those financial statements and financial statement schedule and included an explanatory paragraph regarding the Company’s adoption of a new accounting standard.

/s/ DELOITTE & TOUCHE LLP

Houston, Texas

February 20, 2015



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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 27, 2015 in connection with the Annual Meeting of Shareholders to be held May 8, 2015.

## 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 27, 2015 in connection with the Annual Meeting of Shareholders to be held May 8, 2015.

## Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholder 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 27, 2015 in connection with the Annual Meeting of Shareholders to be held May 8, 2015 to the extent not set forth below.

The following table gives information about the equity compensation plans as of December 31, 2014.

## 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     | 321,811   | \$ 38.97  | 1,596,215  |
| Equity compensation plans not approved by security holders | —   | —   | —  |
| Total  | 321,811   | \$ 38.97  | 1,596,215  |

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.

At December 31, 2014, approximately 5.5 million fungible units were available under the 2011 Share Plan, which results in approximately 1.6 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 27, 2015 in connection with the Annual Meeting of Shareholders to be held May 8, 2015.

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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 27, 2015 in connection with the Annual Meeting of Shareholders to be held May 8, 2015.

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, 2014 and 2013</u>  | <u>F-2</u> |
| <u>Consolidated Statements of Income and Comprehensive Income for the Years Ended December 31, 2014, 2013, and 2012</u>      | <u>F-3</u> |
| <u>Consolidated Statements of Equity and Perpetual Preferred Units for the Years Ended December 31, 2014, 2013, and 2012</u> | <u>F-5</u> |
| <u>Consolidated Statements of Cash Flows for the Years Ended December 31, 2014, 2013, and 2012</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         | Indenture for Senior Debt Securities dated as of February 11, 2003 between Camden Property Trust | Exhibit 4.1 to Form S-3 filed on February 12, 2003 (Registration No. 333-103119) |

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and U. S. Bank National Association, as successor  
to SunTrust Bank, as Trustee

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

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

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| Exhibit No. | Description   | Filed Herewith or Incorporated Herein by Reference (1)            |
|-------------|---|---|
| 4.5         | Registration Rights Agreement dated as of February 28, 2005 between Camden Property Trust and the holders named therein   | Form S-4 filed on November 24, 2004 (Registration No. 333-120733) |
| 4.6         | Form of Camden Property Trust 5.00% 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                 |
| 4.12        | Form of Camden Property Trust 3.50% Notes due 2024  | Exhibit 4.1 to Form 8-K filed on September 12, 2014               |
| 10.1        | Form of Indemnification Agreement between Camden Property Trust and certain of its trust managers and executive officers  | Form S-11 filed on July 9, 1993 (Registration No. 33-63588)       |
| 10.2        | Second Amended and Restated Employment Agreement dated July 11, 2003 between Camden Property Trust and Richard J. Campo   | Exhibit 10.1 to Form 10-Q for the quarter ended June 30, 2003     |
| 10.3        | Second Amended and Restated Employment Agreement dated July 11, 2003 between Camden Property Trust and D. Keith Oden  | Exhibit 10.2 to Form 10-Q for the quarter ended June 30, 2003     |
| 10.4        | Form of First Amendment to Second Amended and Restated Employment Agreements, effective as of January 1, 2008, between Camden Property Trust and each of Richard J. Campo and D. Keith Oden | Exhibit 99.1 to Form 8-K filed on November 30, 2007               |
| 10.5        | Second Amendment to Second Amended and Restated Employment Agreement, dated as of March 14, 2008, between Camden Property Trust and D. Keith Oden   | Exhibit 99.1 to Form 8-K filed on March 18, 2008                  |

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|       |  |   |
|-------|--|---|
| 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  | 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             |
| 10.9  | 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              |
| 10.10 | Form of Amended and Restated Master Exchange Agreement between Camden Property Trust and certain key employees                           | Exhibit 10.7 to Form 10-K for the year ended December 31, 2003  |
| 10.11 | Form of Amended and Restated Master Exchange Agreement between Camden Property Trust and certain trust managers                          | Exhibit 10.8 to Form 10-K for the year ended December 31, 2003  |

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| Exhibit No. | Description   | Filed Herewith or Incorporated Herein by Reference (1)                           |
|-------------|---|--|
| 10.12       | 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                   |
| 10.13       | 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                  |
| 10.14       | 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                                 |
| 10.15       | 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                                 |
| 10.16       | 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) |
| 10.17       | 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                                 |
| 10.18       | 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                  |
| 10.19       | 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                  |
| 10.20       | 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                  |
| 10.21       | 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                  |
| 10.22       | Amended and Restated Limited Liability Company Agreement of Sierra-Nevada Multifamily Investments, LLC, adopted as of June 29, 1998 by Camden Subsidiary, Inc. and TMT-Nevada, L.L.C. | Exhibit 99.1 to Form 8-K filed on July 15, 1998                                  |

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|       |   |   |
|-------|---|---|
| 10.23 | 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 |
| 10.24 | Amended and Restated Camden Property Trust 1999 Employee Share Purchase Plan  | Exhibit 10.1 to Form 10-Q for the quarter ended June 30, 2014   |
| 10.25 | 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  |
| 10.26 | 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                   |
| 10.27 | 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                 |
| 10.28 | Camden Property Trust 2011 Share Incentive Plan, effective as of May 11, 2011   | Exhibit 99.1 to Form 8-K filed on May 12, 2011                  |
| 10.29 | 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                |
| 10.30 | 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                |

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| Exhibit No. | Description   | Filed Herewith or Incorporated Herein by Reference (1)   |
|-------------|---|--|
| 10.31       | Camden Property Trust Short Term Incentive Plan   | Exhibit 10.2 to Form 10-Q for the quarter ended March 31, 2002   |
| 10.32       | Second Amended and Restated Camden Property Trust Non-Qualified Deferred Compensation Plan  | Exhibit 99.1 to Form 8-K filed on February 21, 2014  |
| 10.33       | 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)                                |
| 10.34       | 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)                                |
| 10.35       | 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) |
| 10.36       | 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)    |
| 10.37       | Employment Agreement dated February 15, 1999, by and among William F. Paulsen, Summit Properties Inc. and Summit Management Company, as restated on April 3, 2001   | Exhibit 10.1 to Summit Properties Inc.'s Form 10-Q for the quarter ended June 30, 2001 (File No. 000-12792)      |
| 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       | Master Credit Agreement, dated as of September 24, 2008, among CSP Community Owner, LLC, CPT Community Owner, LLC, and Red Mortgage   | Exhibit 10.4 to Form 10-Q filed on July 30, 2010   |



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 November 3, 2014, between Camden Property Trust and Jefferies LLC   | Exhibit 1.1 to Form 8-K filed on November 5, 2014 |
| 10.44 | Distribution Agency Agreement, dated November 3, 2014, between Camden Property Trust and J.P. Morgan Securities LLC  | Exhibit 1.2 to Form 8-K filed on November 5, 2014 |

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| Exhibit No. | Description   | Filed Herewith or Incorporated Herein by Reference (1) |
|-------------|---|--|
| 10.45       | Distribution Agency Agreement, dated November 3, 2014, between Camden Property Trust and Merrill Lynch, Pierce, Fenner & Smith Incorporated   | Exhibit 1.3 to Form 8-K filed on November 5, 2014      |
| 10.46       | Distribution Agency Agreement, dated November 3, 2014, between Camden Property Trust and SunTrust Robinson Humphrey, Inc.   | Exhibit 1.4 to Form 8-K filed on November 5, 2014      |
| 10.47       | Distribution Agency Agreement, dated November 3, 2014, between Camden Property Trust and Wells Fargo Securities, LLC  | Exhibit 1.5 to Form 8-K filed on November 5, 2014      |
| 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     | XBRL Taxonomy Extension Calculation Linkbase Document   | Filed Herewith   |

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|         |  |                |
|---------|--|----------------|
| 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 20, 2015

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 20, 2015 |
| /s/ D. Keith Oden<br>D. Keith Oden               | President and Trust Manager   | February 20, 2015 |
| /s/ Alexander J. Jessett<br>Alexander J. Jessett | Executive Vice President - Finance,<br>Chief Financial Officer and Treasurer (Principal<br>Financial Officer) | February 20, 2015 |
| /s/ Michael P. Gallagher<br>Michael P. Gallagher | Senior Vice President - Chief Accounting<br>Officer (Principal Accounting<br>Officer)                         | February 20, 2015 |
| *  |   |                   |
| Scott S. Ingraham                                | Trust Manager   | February 20, 2015 |
| *  |   |                   |
| Lewis A. Levey                                   | Trust Manager   | February 20, 2015 |
| *  |   |                   |
| William B. McGuire, Jr.                          | Trust Manager   | February 20, 2015 |
| *  |   |                   |
| F. Gardner Parker                                | Trust Manager   | February 20, 2015 |
| *  |   |                   |
| William F. Paulsen                               | Trust Manager   | February 20, 2015 |
| *  |   |                   |
| Frances Aldrich Sevilla-Sacasa                   | Trust Manager   | February 20, 2015 |
| *  |   |                   |
| Steven A. Webster                                | Trust Manager   | February 20, 2015 |
| *  |   |                   |
| Kelvin R. Westbrook                              | Trust Manager   | February 20, 2015 |

\*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, 2014 and 2013, 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, 2014. 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, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014, 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.

As discussed in Note 2 to the consolidated financial statements, the Company has changed its method of accounting for and disclosure of discontinued operations for the year ended December 31, 2014 due to the adoption of Accounting Standards Update 2014-08, "Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity."

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, 2014, based on the criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 20, 2015 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

Houston, Texas  
February 20, 2015

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CONSOLIDATED BALANCE SHEETS

| (in thousands, except per share amounts)  | December 31, |             |
|---|--------------|-------------|
|   | 2014         | 2013        |
| Assets  |              |             |
| Real estate assets, at cost   |              |             |
| Land  | \$1,003,422  | \$969,711   |
| Buildings and improvements  | 5,890,498    | 5,629,904   |
|   | \$6,893,920  | \$6,599,615 |
| Accumulated depreciation  | (1,738,862)  | (1,643,713) |
| Net operating real estate assets  | \$5,155,058  | \$4,955,902 |
| Properties under development, including land  | 527,596      | 472,566     |
| Investments in joint ventures   | 36,429       | 42,155      |
| Properties held for sale  | 27,143       | —           |
| Total real estate assets  | \$5,746,226  | \$5,470,623 |
| Accounts receivable – affiliates  | 25,977       | 27,724      |
| Other assets, net   | 124,888      | 109,401     |
| Cash and cash equivalents   | 153,918      | 17,794      |
| Restricted cash   | 5,898        | 6,599       |
| Total assets  | \$6,056,907  | \$5,632,141 |
| Liabilities and equity  |              |             |
| Liabilities   |              |             |
| Notes payable   |              |             |
| Unsecured   | \$1,837,911  | \$1,588,798 |
| Secured   | 905,628      | 941,968     |
| Accounts payable and accrued expenses   | 157,232      | 113,307     |
| Accrued real estate taxes   | 39,149       | 35,648      |
| Distributions payable   | 60,386       | 56,787      |
| Other liabilities   | 100,058      | 88,272      |
| Total liabilities   | \$3,100,364  | \$2,824,780 |
| Commitments and contingencies (Note 13)   |              |             |
| Non-Qualified deferred compensation share awards  | 68,134       | 47,180      |
| Equity  |              |             |
| Common shares of beneficial interest; \$0.01 par value per share; 175,000 shares authorized; 100,620 and 99,645 issued; 97,604 and 96,660 outstanding at December 31, 2014 and 2013, respectively | 976          | 967         |
| Additional paid-in capital  | 3,667,448    | 3,596,069   |
| Distributions in excess of net income attributable to common shareholders   | (453,777)    | (494,167)   |
| Treasury shares, at cost (10,975 and 11,352 common shares, at December 31, 2014 and 2013, respectively)   | (396,626)    | (410,227)   |
| Accumulated other comprehensive loss  | (2,419)      | (1,106)     |
| Total common equity   | \$2,815,602  | \$2,691,536 |
| Non-controlling interests   | 72,807       | 68,645      |
| Total equity  | \$2,888,409  | \$2,760,181 |
| Total liabilities and equity  | \$6,056,907  | \$5,632,141 |

See Notes to Consolidated Financial Statements.





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CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

| (in thousands, except per share amounts)   | Year Ended December 31, |           |           |
|--|-------------------------|-----------|-----------|
|  | 2014                    | 2013      | 2012      |
| Property revenues  |                         |           |           |
| Rental revenues  | \$731,874               | \$683,362 | \$602,004 |
| Other property revenues  | 112,104                 | 105,489   | 96,314    |
| Total property revenues  | \$843,978               | \$788,851 | \$698,318 |
| Property expenses  |                         |           |           |
| Property operating and maintenance   | \$211,253               | \$199,650 | \$185,720 |
| Real estate taxes  | 94,055                  | 86,041    | 70,710    |
| Total property expenses  | \$305,308               | \$285,691 | \$256,430 |
| Non-property income  |                         |           |           |
| Fee and asset management   | \$9,832                 | \$11,690  | \$12,345  |
| Interest and other income (loss)   | 842                     | 1,217     | (710)     |
| Income on deferred compensation plans  | 3,937                   | 8,290     | 4,772     |
| Total non-property income  | \$14,611                | \$21,197  | \$16,407  |
| Other expenses   |                         |           |           |
| Property management  | \$22,689                | \$21,774  | \$21,796  |
| Fee and asset management   | 5,341                   | 5,756     | 6,631     |
| General and administrative   | 51,005                  | 40,586    | 37,528    |
| Interest   | 93,263                  | 98,129    | 104,246   |
| Depreciation and amortization  | 235,634                 | 214,395   | 194,673   |
| Amortization of deferred financing costs   | 3,355                   | 3,548     | 3,608     |
| Expense on deferred compensation plans   | 3,937                   | 8,290     | 4,772     |
| Total other expenses   | \$415,224               | \$392,478 | \$373,254 |
| Gain on sale of operating properties, including land   | 159,289                 | 698       | —         |
| Gain on acquisition of controlling interest in joint ventures  | —                       | —         | 57,418    |
| Impairment associated with land holdings   | (1,152)                 | )         | —         |
| Equity in income of joint ventures   | 7,023                   | 24,865    | 20,175    |
| Income from continuing operations before income taxes  | \$303,217               | \$157,442 | \$162,634 |
| Income tax expense   | (1,903)                 | )         | (1,208)   |
| Income from continuing operations  | \$301,314               | \$155,616 | \$161,426 |
| Income from discontinued operations  | —                       | 8,515     | 17,406    |
| Gain on sale of discontinued operations, net of tax  | —                       | 182,160   | 115,068   |
| Net income   | \$301,314               | \$346,291 | \$293,900 |
| Less income allocated to non-controlling interests from continuing operations                            | (9,225)                 | )         | (4,459)   |
| Less income, including gain on sale, allocated to non-controlling interests from discontinued operations | —                       | (5,905)   | )         |
| Less income allocated to perpetual preferred units   | —                       | —         | (776)     |
| Less write off of original issuance costs of redeemed perpetual preferred units                          | —                       | —         | (2,075)   |
| Net income attributable to common shareholders   | \$292,089               | \$336,364 | \$283,390 |
| See Notes to Consolidated Financial Statements.  |                         |           |           |

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

| (In thousands, except per share amounts)  | Year Ended December 31, |           |           |
|---|-------------------------|-----------|-----------|
|   | 2014                    | 2013      | 2012      |
| Earnings per share – basic  |                         |           |           |
| Earnings per common share from continuing operations  | \$3.29                  | \$1.70    | \$1.81    |
| Earnings per common share from discontinued operations  | —                       | 2.12      | 1.54      |
| Total earnings per common share – basic   | \$3.29                  | \$3.82    | \$3.35    |
| Earnings per share – diluted  |                         |           |           |
| Earnings per common share from continuing operations  | \$3.27                  | \$1.69    | \$1.79    |
| Earnings per common share from discontinued operations  | —                       | 2.09      | 1.51      |
| Total earnings per common share – diluted   | \$3.27                  | \$3.78    | \$3.30    |
| Weighted average number of common shares outstanding – basic  | 88,084                  | 87,204    | 83,772    |
| Weighted average number of common shares outstanding – diluted  | 88,468                  | 88,494    | 85,556    |
| Net income attributable to common shareholders  |                         |           |           |
| Income from continuing operations   | \$301,314               | \$155,616 | \$161,426 |
| Less income allocated to non-controlling interests from continuing operations   | (9,225                  | ) (4,022  | ) (4,459  |
| Less income allocated to perpetual preferred units  | —                       | —         | (776      |
| Less write off original issuance costs of redeemed perpetual preferred units  | —                       | —         | (2,075    |
| Income from continuing operations attributable to common shareholders   | \$292,089               | \$151,594 | \$154,116 |
| Income from discontinued operations, including gain on sale   | \$—                     | \$190,675 | \$132,474 |
| Less income, including gain on sale, allocated to non-controlling interests from discontinued operations                    | —                       | (5,905    | ) (3,200  |
| Income from discontinued operations, including gain on sale, attributable to common shareholders                            | \$—                     | \$184,770 | \$129,274 |
| Net income attributable to common shareholders  | \$292,089               | \$336,364 | \$283,390 |
| Consolidated Statements of Comprehensive Income   |                         |           |           |
| Net income  | \$301,314               | \$346,291 | \$293,900 |
| Other comprehensive income  |                         |           |           |
| Unrealized loss on cash flow hedging activities   | (417                    | ) —       | —         |
| Unrealized loss and unamortized prior service cost on post retirement obligation  | (970                    | ) (99     | ) (409    |
| Reclassification of net loss on cash flow hedging activities, prior service cost and net loss on post retirement obligation | 74                      | 54        | 30        |
| Comprehensive income  | \$300,001               | \$346,246 | \$293,521 |
| Less income allocated to non-controlling interests from continuing operations   | (9,225                  | ) (4,022  | ) (4,459  |
| Less income, including gain on sale, allocated to non-controlling interests from discontinued operations                    | —                       | (5,905    | ) (3,200  |
| Less income allocated to perpetual preferred units  | —                       | —         | (776      |
| Less write off of original issuance costs of redeemed perpetual preferred units   | —                       | —         | (2,075    |
| Comprehensive income attributable to common shareholders  | \$290,776               | \$336,319 | \$283,011 |
| See Notes to Consolidated Financial Statements.   |                         |           |           |



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CONSOLIDATED STATEMENTS OF EQUITY AND PERPETUAL PREFERRED UNITS

| (in thousands, except per share amounts)                         | Common Shareholders                  |                            |                                       | Treasury shares, at cost | Accumulated other comprehensive loss | Non-controlling interests | Total equity | Perpetual preferred units |
|--|--------------------------------------|----------------------------|---------------------------------------|--------------------------|--------------------------------------|---------------------------|--------------|---------------------------|
|  | Common shares of beneficial interest | Additional paid-in capital | Distributions in excess of net income |                          |                                      |                           |              |                           |
| Equity, 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 loss   |                                      |                            |                                       |                          | (379)                                |                           | (379)        |                           |
| Common shares issued (11,192 shares)                             | 112                                  | 693,243                    |                                       |                          |                                      |                           | 693,355      |                           |
| Net share awards   |                                      | 1,008                      |                                       | 14,138                   |                                      |                           | 15,146       |                           |
| Employee share purchase plan                                     |                                      | 617                        |                                       | 717                      |                                      |                           | 1,334        |                           |
| Common share options exercised                                   |                                      | 2,173                      |                                       | 11,793                   |                                      |                           | 13,966       |                           |
| Conversions of operating partnership units (558 shares)          | 6                                    | 8,988                      |                                       |                          |                                      | (9,143)                   | (149)        |                           |
| Cash distributions declared to perpetual preferred units         |                                      |                            |                                       |                          |                                      |                           |              | (776)                     |
| Cash distributions declared to equity holders (\$2.24 per share) |                                      |                            | (191,875)                             |                          |                                      | (7,025)                   | (198,900)    |                           |
| Redemption of perpetual preferred units                          |                                      |                            |                                       |                          |                                      |                           |              | (100,000)                 |
| Purchase of non-controlling interests                            |                                      | (19,549)                   |                                       |                          |                                      | 3,067                     | (16,482)     |                           |
| Other  | (1)                                  | 1                          |                                       |                          |                                      |                           | —            |                           |
| 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          |                           |

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|   |           |             |             |             |            |          |             |     |
|---|-----------|-------------|-------------|-------------|------------|----------|-------------|-----|
| 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 EQUITY AND PERPETUAL PREFERRED UNITS (Continued)

| (in thousands, except per share amounts)                          | Common Shareholders                  |                            |                                       |                          |                                      |                           | Total equity |
|---|--------------------------------------|----------------------------|---------------------------------------|--------------------------|--------------------------------------|---------------------------|--------------|
|   | Common shares of beneficial interest | Additional paid-in capital | Distributions in excess of net income | Treasury shares, at cost | Accumulated other comprehensive loss | Non-controlling interests |              |
| Equity, December 31, 2013   | \$967                                | \$ 3,596,069               | \$ (494,167 )                         | \$ (410,227 )            | \$ (1,106 )                          | \$ 68,645                 | \$2,760,181  |
| Net income  |                                      |                            | 292,089                               |                          |                                      | 9,225                     | 301,314      |
| Other comprehensive loss  |                                      |                            |                                       |                          | (1,313 )                             |                           | (1,313 )     |
| Common shares issued (898 shares)                                 | 9                                    | 66,216                     |                                       |                          |                                      |                           | 66,225       |
| Net share awards  |                                      | 8,010                      |                                       | 11,358                   |                                      |                           | 19,368       |
| Employee share purchase plan                                      |                                      | 1,012                      |                                       | 1,259                    |                                      |                           | 2,271        |
| Common share options exercised (55 shares)                        | 1                                    | 517                        |                                       | 984                      |                                      |                           | 1,502        |
| Change in classification of deferred compensation plan            |                                      | (7,702 )                   |                                       |                          |                                      |                           | (7,702 )     |
| Change in redemption value of non-qualified share awards          |                                      |                            | (17,921 )                             |                          |                                      |                           | (17,921 )    |
| Diversification of share awards within deferred compensation plan |                                      | 3,273                      | 1,396                                 |                          |                                      |                           | 4,669        |
| Conversions of operating partnership units (1 share)              | —                                    | 52                         |                                       |                          |                                      | (52 )                     | —            |
| Cash distributions declared to equity holders (\$2.64 per share)  |                                      |                            | (235,174 )                            |                          |                                      | (5,011 )                  | (240,185 )   |
| Other   | (1 )                                 | 1                          |                                       |                          |                                      |                           |              |
| Equity, December 31, 2014   | \$976                                | \$ 3,667,448               | \$ (453,777 )                         | \$ (396,626 )            | \$ (2,419 )                          | \$ 72,807                 | \$2,888,409  |

See Notes to Consolidated Financial Statements.

Table of ContentsCAMDEN PROPERTY TRUST  
CONSOLIDATED STATEMENTS OF CASH FLOWS

| (in thousands)   | Year Ended December 31, |             |             |
|--|-------------------------|-------------|-------------|
|  | 2014                    | 2013        | 2012        |
| Cash flows from operating activities   |                         |             |             |
| Net income   | \$301,314               | \$346,291   | \$293,900   |
| Adjustments to reconcile net income to net cash from operating activities:                   |                         |             |             |
| Depreciation and amortization  | 235,634                 | 219,650     | 209,872     |
| Gain on sale of operating properties, including land   | (159,289)               | (698)       | —           |
| Gain on acquisition of controlling interest in joint ventures                                | —                       | —           | (57,418)    |
| Gain on sale of discontinued operations, net of tax  | —                       | (182,160)   | (115,068)   |
| Impairment associated with land holdings   | 1,152                   | —           | —           |
| Distributions of income from joint ventures  | 7,399                   | 8,884       | 6,321       |
| Equity in income of joint ventures   | (7,023)                 | (24,865)    | (20,175)    |
| Share-based compensation   | 15,552                  | 14,063      | 13,086      |
| Amortization of deferred financing costs   | 3,355                   | 3,548       | 3,608       |
| Net change in operating accounts and other   | 20,434                  | 19,578      | (9,859)     |
| Net cash from operating activities   | \$418,528               | \$404,291   | \$324,267   |
| Cash flows from investing activities   |                         |             |             |
| Development and capital improvements   | \$(503,328)             | \$(356,815) | \$(290,728) |
| Acquisition of operating properties, including joint venture interests, net of cash acquired | (62,260)                | (224,109)   | (465,400)   |
| Proceeds from sales of operating properties, including land                                  | 237,712                 | 5,686       | —           |
| Proceeds from discontinued operations  | —                       | 323,755     | 226,869     |
| Investments in joint ventures  | (1,000)                 | (1,886)     | (7,006)     |
| Distributions from investments in joint ventures   | 6,350                   | 11,295      | 17,417      |
| Increase in non-real estate assets   | (4,695)                 | (17,497)    | (4,787)     |
| Other  | 1,335                   | 586         | (4,050)     |
| Net cash from investing activities   | \$(325,886)             | \$(258,985) | \$(527,685) |
| See Notes to Consolidated Financial Statements.  |                         |             |             |



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

| (in thousands)   | Year Ended December 31, |              |            |
|--|-------------------------|--------------|------------|
|  | 2014                    | 2013         | 2012       |
| Cash flows from financing activities   |                         |              |            |
| Borrowings on unsecured line of credit and other short-term borrowings                         | \$2,246,000             | \$952,900    | \$603,000  |
| Repayments on unsecured line of credit and other short-term borrowings                         | (2,246,000 )            | (952,900 )   | (603,000 ) |
| Repayment of notes payable   | (36,340 )               | (230,288 )   | (567,575 ) |
| Proceeds from notes payable  | 248,078                 | 249,535      | 346,308    |
| Proceeds from issuance of common shares  | 66,225                  | 40,044       | 693,355    |
| Distributions to common shareholders, perpetual preferred units, and non-controlling interests | (236,514 )              | (220,083 )   | (189,018 ) |
| Redemption of perpetual preferred units  | —                       | —            | (100,000 ) |
| Purchase of non-controlling interests  | —                       | —            | (16,482 )  |
| Payment of deferred financing costs  | (3,136 )                | (3,165 )     | (3,737 )   |
| Common share options exercised   | 1,149                   | 2,458        | 13,038     |
| Net decrease (increase) in accounts receivable – affiliates                                    | 1,747                   | 5,901        | (2,586 )   |
| Other  | 2,273                   | 1,417        | 1,625      |
| Net cash from financing activities   | \$43,482                | \$(154,181 ) | \$174,928  |
| Net increase (decrease) in cash and cash equivalents   | 136,124                 | (8,875 )     | (28,490 )  |
| Cash and cash equivalents, beginning of year   | 17,794                  | 26,669       | 55,159     |
| Cash and cash equivalents, end of year   | \$153,918               | \$17,794     | \$26,669   |
| Supplemental information   |                         |              |            |
| Cash paid for interest, net of interest capitalized  | \$86,711                | \$98,101     | \$106,405  |
| Cash paid for income taxes   | 1,658                   | 2,114        | 1,561      |
| Supplemental schedule of noncash investing and financing activities                            |                         |              |            |
| Distributions declared but not paid  | \$60,386                | \$56,787     | \$49,969   |
| Value of shares issued under benefit plans, net of cancellations                               | 19,310                  | 20,195       | 20,933     |
| Net change in redemption of non-qualified share awards   | 16,525                  | 9,443        | —          |
| Conversion of operating partnership units to common shares                                     | —                       | 71           | 9,143      |
| Accrual associated with construction and capital expenditures                                  | 22,456                  | 21,071       | 18,993     |
| 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, 2014, we owned interests in, operated, or were developing 181 multifamily properties comprised of 63,163 apartment homes across the United States. Of the 181 properties, 13 properties were under construction, and when completed will consist of a total of 4,215 apartment homes. We also own land holdings which we may develop into multifamily apartment communities in the future.

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

Principles of Consolidation. Our consolidated financial statements include our accounts and the accounts of other subsidiaries and joint ventures (including partnerships and limited liability companies) over which we have control. All intercompany transactions, balances, and profits have been eliminated in consolidation. Investments acquired or created are 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. We did not have any interests in VIEs at December 31, 2014 or 2013.

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 difference between the carrying value of the previously held equity investment and the fair value 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, 2014 and 2013 are as follows:

| (in millions)                              | December 31, |        |
|--|--------------|--------|
|  | 2014         | 2013   |
| Below market leases (Gross carrying value) | \$0.5        | \$0.4  |
| Accumulated amortization                   | (0.4         | ) (0.2 |
| Value of below market leases, net          | \$0.1        | \$0.2  |
| In-place leases (Gross carrying value)     | \$3.0        | \$2.3  |
| Accumulated amortization                   | (2.5         | ) (1.1 |
| Value of in-place leases, net              | \$0.5        | \$1.2  |

Revenues recognized related to below market leases and amortization expense related to in-place leases for the years ended December 31, 2014, 2013 and 2012 are as follows:

| (in millions) | December 31, |      |      |
|---------------|--------------|------|------|
|               | 2014         | 2013 | 2012 |

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|   |       |       |        |
|---|-------|-------|--------|
| Revenues related to below market leases | \$0.2 | \$1.1 | \$1.4  |
| Amortization of in-place leases         | \$1.4 | \$5.6 | \$13.1 |

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The weighted average amortization period of below market leases and in-place leases was approximately seven months for the year ended December 31, 2014 and six months for the years ended December 31, 2013 and 2012. 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. We did not record any impairment charges for the years ended December 31, 2013 or 2012. See Note 7, "Acquisitions, Dispositions, Impairment, Assets Held for Sale, and Discontinued Operations," for discussion of impairment during the year ended December 31, 2014.

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 prepare the underlying real estate 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 \$21.8 million, \$15.4 million, and \$12.5 million for the years ended December 31, 2014, 2013, and 2012, respectively. Capitalized real estate taxes were approximately \$4.4 million, \$3.0 million, and \$2.8 million for the years ended December 31, 2014, 2013, and 2012, 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

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corporate headquarters. In conjunction with this relocation, we capitalized approximately \$12.2 million related to leasehold improvements which is depreciated over the life of our new lease.

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. We adopted ASU 2014-08 on January 1, 2014, as discussed below in "Recent Accounting Pronouncements," and do not believe individual operating properties will generally be considered discontinued operations. Prior to January 1, 2014 a property was classified as a discontinued operation when (i) the operations and cash flows of the property could be clearly distinguished and had been or would be eliminated from our ongoing operations; (ii) the property either had been disposed of or was classified as held for sale; and (iii) we would not have any significant continuing involvement in the operations of the property after the disposal transaction.

The results of operations for properties sold during the period or classified as held for sale at the end of the current period, and meeting the above criteria of discontinued operations, 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 meeting the criteria of discontinued operations 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 which do not meet the above criteria of discontinued operations 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.

There were no disposals reported as discontinued operations for the year ended December 31, 2014.

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 if they are impaired using the fair value methodologies used to measure long-lived assets described above at "Asset Impairment." Non-recurring fair value disclosures are not provided for impairments on assets disposed during the period because they are no longer owned by us. The inputs

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associated with the valuation of long-lived assets are generally included in Level 3 of the fair value hierarchy, unless a quoted price for a similar long-lived asset in an active market exists, at which time they are included in Level 2 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 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.

**Recent Accounting Pronouncements.** In April 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2014-08 ("ASU 2014-08"), "Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity." ASU 2014-08 changes the threshold for disclosing discontinued operations and the related disclosure requirements, requiring only disposals representing a strategic shift, such as a major line of business, a major geographical area or a major equity investment, to be presented as a discontinued operation. If the disposal does qualify as a discontinued operation under ASU 2014-08, the entity will be required to provide expanded disclosures. The guidance will be applied prospectively to new disposals and new classifications of disposal groups as held for sale after the effective date. ASU 2014-08 is effective for annual periods beginning on or after December 15, 2014 with early adoption permitted but only for disposals or classifications as held for sale which have not been reported in financial statements previously issued or available for issuance. We adopted ASU 2014-08 as of January 1, 2014 and generally believe future sales of our individual operating properties will no longer qualify as discontinued operations.

In May 2014, the FASB issued Accounting Standards Update 2014-09 ("ASU 2014-09"), "Revenue from Contracts with Customers (Topic 606)." ASU 2014-09 provides a single comprehensive revenue recognition model for contracts with customers (excluding certain contracts, such as lease contracts) to improve comparability within industries. ASU 2014-09 requires an entity to recognize revenue to reflect the transfer of goods or services to customers at an amount the entity expects to be paid in exchange for those goods and services and provide enhanced disclosures, all to provide more comprehensive guidance for transactions such as service revenue and contract modifications. ASU 2014-09 is effective for interim and annual periods beginning after December 15, 2016 and may be applied using either a full retrospective or a modified approach upon adoption. We expect to adopt ASU 2014-09 as of January 1, 2017 and are currently evaluating the impact this standard may have on our financial statements.

**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, and other miscellaneous receivables. Investments under deferred compensation plans are classified as trading securities and are adjusted to fair market value at period end. For a further discussion of our investments under deferred compensation plans, see Note 10, "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 long-term 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 99% of our total property revenues and total non-property

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income, excluding income on deferred compensation plans for the year ended December 31, 2014, and 98% for each of the years ended December 31, 2013 and 2012.

**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.

### 3. Per 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 2.8 million, 2.1 million, and 2.3 million for the years ended December 31, 2014, 2013, and 2012, 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, |            |            |
|--|-------------------------|------------|------------|
|  | 2014                    | 2013       | 2012       |
| Earnings per common share calculation – basic  |                         |            |            |
| Income from continuing operations attributable to common shareholders  | \$ 292,089              | \$ 151,594 | \$ 154,116 |
| Amount allocated to participating securities   | (2,687                  | ) (3,177   | ) (2,784   |
| Income from continuing operations attributable to common shareholders, net of amount allocated to participating securities | \$ 289,402              | \$ 148,417 | \$ 151,332 |
| Discontinued operations, including gain on sale, attributable to common shareholders                                       | —                       | 184,770    | 129,274    |
| Net income attributable to common shareholders – basic   | \$ 289,402              | \$ 333,187 | \$ 280,606 |
| Earnings per common share from continuing operations   | \$ 3.29                 | \$ 1.70    | \$ 1.81    |
| Earnings per common share from discontinued operations   | —                       | 2.12       | 1.54       |
| Total earnings per common share – basic  | \$ 3.29                 | \$ 3.82    | \$ 3.35    |
| Weighted average number of common shares outstanding – basic   | 88,084                  | 87,204     | 83,772     |



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| (in thousands, except per share amounts)   | Year Ended December 31, |           |           |
|--|-------------------------|-----------|-----------|
|  | 2014                    | 2013      | 2012      |
| Earnings per common share calculation – diluted  |                         |           |           |
| Income from continuing operations attributable to common shareholders, net of amount allocated to participating securities | \$289,402               | \$148,417 | \$151,332 |
| Income allocated to common units from continuing operations  | —                       | 1,133     | 1,984     |
| Income from continuing operations attributable to common shareholders, as adjusted   | \$289,402               | \$149,550 | \$153,316 |
| Discontinued operations, including gain on sale, attributable to common shareholders                                       | —                       | 184,770   | 129,274   |
| Net income attributable to common shareholders – diluted   | \$289,402               | \$334,320 | \$282,590 |
| Earnings per common share from continuing operations   | \$3.27                  | \$1.69    | \$1.79    |
| Earnings per common share from discontinued operations   | —                       | 2.09      | 1.51      |
| Total earnings per common share – diluted  | \$3.27                  | \$3.78    | \$3.30    |
| Weighted average number of common shares outstanding – basic   | 88,084                  | 87,204    | 83,772    |
| Incremental shares issuable from assumed conversion of:  |                         |           |           |
| Common share options and share awards granted  | 384                     | 476       | 647       |
| Common units   | —                       | 814       | 1,137     |
| Weighted average number of common shares outstanding – diluted   | 88,468                  | 88,494    | 85,556    |

## 4. Common Shares

In November 2014, 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 \$331.3 million (the "2014 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, 2014 were used for general corporate purposes, which included funding for development, redevelopment and capital improvement projects. We intend to use the net proceeds from the remaining 2014 ATM program for general corporate purposes, which may include reducing future borrowings under our \$500 million unsecured line of credit, the repayment of other indebtedness, the redemption or other repurchase of outstanding debt or equity securities, funding for development, redevelopment and investment projects and financing for acquisitions.

The following table presents activity under our 2014 ATM program for the year ended December 31, 2014:

| (in thousands, except per share amounts) | Year Ended<br>December 31, 2014 |
|--|---------------------------------|
| Total net consideration                  | \$15,690.2                      |
| Common shares sold                       | 209.7                           |
| Average price per share                  | \$76.28                         |

As of the date of this filing, we had common shares having an aggregate offering price of up to \$315.3 million remaining available for sale under the 2014 ATM program. No additional shares were sold subsequent to December 31, 2014 through the date of this filing.

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. The net proceeds resulting from the 2012 ATM program were used for general corporate purposes, which included repayment of outstanding balances on our unsecured line of credit and short-term borrowings, and funding for development, redevelopment, and capital improvement activities. The 2012 ATM program terminated in the fourth quarter of 2014, and no further common shares are available for sale under the 2012 ATM program.

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

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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 during 2012 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.

The following table presents activity under our 2011 and 2012 ATM programs for the periods presented:

| (in thousands, except per share amounts) | Year Ended December 31, |            |             |
|--|-------------------------|------------|-------------|
|  | 2014                    | 2013       | 2012        |
| Total net consideration                  | \$50,535.3              | \$40,044.1 | \$301,735.5 |
| Common shares sold                       | 688.3                   | 555.1      | 4,579.3     |
| Average price per share                  | \$74.60                 | \$73.73    | \$66.93     |

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, 2014, we had approximately 86.6 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, 2014, approximately 8% of our consolidated 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, 2014, we held 92.2% 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 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, 2014, approximately 30% of our consolidated 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, 2014, 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. 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 recorded income, franchise, and excise taxes in the consolidated statements of income and comprehensive income for the years ended December 31, 2014, 2013 and 2012 as income tax expense. Income taxes for the years ended December 31, 2014, 2013 and 2012, primarily related to state income tax and federal taxes on certain of our taxable REIT subsidiaries. We have no significant temporary or permanent differences or tax credits associated with our taxable REIT subsidiaries.

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

| (in thousands)  | Year Ended December 31, |                |                |
|---|-------------------------|----------------|----------------|
|   | 2014                    | 2013           | 2012           |
| Net income attributable to common shareholders                        | \$292,089               | \$336,364      | \$283,390      |
| (Income) loss from taxable REIT subsidiaries included above           | (1,523 )                | (2,940 )       | 3,323          |
| Net income from REIT operations                                       | \$290,566               | \$333,424      | \$286,713      |
| Book depreciation and amortization, including discontinued operations | 238,989                 | 223,198        | 213,479        |
| Tax depreciation and amortization                                     | (200,153 )              | (204,059 )     | (171,060 )     |
| Book/tax difference on gains/losses from capital transactions         | (35,635 )               | (86,358 )      | (63,832 )      |
| Other book/tax differences, net                                       | 8,805                   | (9,427 )       | (40,961 )      |
| REIT taxable income   | \$302,572               | \$256,778      | \$224,339      |
| Dividends paid deduction  | (302,572 ) (1)          | (256,778 ) (2) | (224,339 ) (3) |
| Dividends paid in excess of taxable income                            | \$—                     | \$—            | \$—            |

(1) The dividends paid deduction includes estimated designated dividends from 2015 of approximately \$84.0 million.

(2) We borrowed approximately \$5.1 million from 2014 for designated dividends in 2013.

(3) 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:

| Common Share Distributions                                    | Year Ended December 31, |        |        |   |
|---|-------------------------|--------|--------|---|
|   | 2014                    | 2013   | 2012   |   |
| Ordinary income   | \$1.23                  | \$1.40 | \$0.96 |   |
| Long-term capital gain  | 1.02                    | 0.76   | 0.64   |   |
| Unrecaptured Sec. 1250 gain                                   | 0.39                    | 0.36   | 0.64   |   |
| Total   | \$2.64                  | \$2.52 | \$2.24 |   |
| Percentage of distributions representing tax preference items | 4.17                    | % 4.95 | % 5.72 | % |



We have taxable REIT subsidiaries which are subject to federal and state income taxes. At December 31, 2014, our taxable REIT subsidiaries had net operating loss carryforwards (“NOL’s”) of approximately \$21.5 million which expire in years 2030 to 2034. 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.

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The carrying value of net assets reported in our consolidated financial statements at December 31, 2014 exceeded the tax basis by approximately \$1.2 billion.

**Income Tax Expense.** For the tax years ended December 31, 2014, 2013, and 2012, we had income tax expense of approximately \$1.9 million, \$1.8 million, and \$1.2 million, respectively. Income tax for the year ended December 31, 2014, 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 – Deferred.** For the years ended December 31, 2014, 2013, and 2012, our deferred tax expense was not significant.

The Company and its subsidiaries' income tax returns are subject to examination by federal, state and local tax jurisdictions for years 2011 through 2013. Net income tax loss carry forwards and other tax attributes generated in years prior to 2011 are also subject to challenge in any examination of those tax years. We believe we have no uncertain tax positions or unrecognized tax benefits requiring disclosure as of and for the periods presented.

#### 7. Acquisitions, Dispositions, Impairment, Assets Held for Sale, and Discontinued Operations

**Acquisitions of Operating Properties.** During the year ended December 31, 2014, we completed the acquisition of one operating property as follows:

| (\$ in millions)                     | Location    | Number of<br>Apartment<br>Homes | Date of<br>Acquisition | Purchase Price |
|--------------------------------------|-------------|---------------------------------|------------------------|----------------|
| Acquisitions of Operating Properties |             |                                 |                        |                |
| Camden Fourth Ward                   | Atlanta, GA | 276                             | 10/29/2014             | \$62.6         |

During 2013, we acquired three operating properties comprised of 1,118 units located in Houston, Texas, Tempe, Arizona, and Atlanta, Georgia for approximately \$225.0 million.

The following table summarizes the fair values of the assets acquired and liabilities assumed for the acquisition of the operating properties described above as of the respective acquisition dates:

| (in<br>millions)            | 2014    | 2013     |
|-----------------------------|---------|----------|
| Assets acquired:            |         |          |
| Buildings and improvements  | \$ 51.3 | \$ 192.0 |
| Land                        | 10.5    | 29.5     |
| Intangible and other assets | 0.9     | 4.5      |
| Total assets acquired       | \$ 62.7 | \$ 226.0 |
| Liabilities assumed:        |         |          |
| Other liabilities           | \$ 0.4  | \$ 1.9   |
| Total liabilities assumed   | \$ 0.4  | \$ 1.9   |
| Net assets acquired         | \$ 62.3 | \$ 224.1 |

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 property acquired in 2014 as discussed above contributed revenues of approximately \$0.8 million and property expenses of approximately \$0.3 million from its acquisition date through December 31, 2014. The three operating properties acquired in 2013 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 acquisitions dates through December 31, 2012, and

is included in income from discontinued operations discussed below.

Acquisitions of Land. In January 2014, we acquired approximately 2.9 acres of land located in Houston, Texas for approximately \$15.6 million. In April 2014, we acquired approximately 7.6 acres of land in Rockville, Maryland for

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approximately \$23.8 million. In June 2013, we acquired approximately 38.8 acres in three land parcels located in Scottsdale, Chandler, and Tempe, Arizona for approximately \$25.8 million.

Land Holding Dispositions and Impairment. In July 2014, we sold approximately 2.4 acres of land adjacent to an operating property in Dallas, Texas for approximately \$0.8 million. We recognized a \$1.2 million impairment charge related to this land parcel in June 2014, which represented the difference between the land holding's carrying value and the fair value based upon the sales contract. During the year ended December 31, 2014, we also sold approximately 26.9 acres of land adjacent to current development and operating communities located in Atlanta, Georgia and Houston and Dallas, Texas for approximately \$22.9 million and recognized a gain of approximately \$3.6 million related to these land sales. During the year ended December 31, 2013, we sold two land parcels comprised of an aggregate of approximately 3.7 acres, adjacent to current development communities in Atlanta, Georgia and Houston, Texas, and recognized a gain of approximately \$0.7 million.

Sale of Operating Properties. During the year ended December 31, 2014, we sold five operating properties comprised of 1,847 apartment homes located in Atlanta, Georgia, Dallas, Texas, Orlando and Tampa, Florida and Charlotte, North Carolina for approximately \$218.3 million and we recognized a gain of approximately \$155.7 million relating to these property sales.

Operating Properties Held for Sale. In January 2015, we sold two operating properties, which were included in properties held for sale at December 31, 2014, comprised of 1,116 apartment homes located in Tampa, Florida and Austin, Texas for approximately \$114.4 million.

Discontinued Operations. For the years ended December 31, 2013 and 2012, income from discontinued operations included the results of operations of 12 operating properties, comprised of 3,931 apartment homes, sold during 2013. For the year ended December 31, 2012, income from discontinued operations also included the results of operations of 11 operating properties, comprised of 3,213 apartment homes, sold during 2012. There were no discontinued operations during the year ended December 31, 2014.

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

| (in thousands)   | Year Ended December 31, |           |
|--|-------------------------|-----------|
|  | 2013                    | 2012      |
| Property revenues  | \$24,322                | \$60,198  |
| Property expenses  | (10,552)                | (27,557)  |
|  | \$13,770                | \$32,641  |
| Interest   | —                       | (36)      |
| Depreciation and amortization  | (5,255)                 | (15,199)  |
| Income from discontinued operations  | \$8,515                 | \$17,406  |
| Gain on sale of discontinued operations, net of tax  | \$182,160               | \$115,068 |
| Less income, including gain on sale, allocated to non-controlling interests from discontinued operations | (5,905)                 | (3,200)   |
| Income from discontinued operations, including gain on sale, attributable to common shareholders         | \$184,770               | \$129,274 |

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## 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 joint ventures for the year ended December 31, 2014 and 2013, and four joint ventures for the year ended December 31, 2012. The two joint ventures in which we held an equity investment at December 31, 2014 and 2013 are two discretionary investment funds (the "funds"), in which we had a 31.3% ownership interest at December 31, 2014 and a 20% ownership interest at December 31, 2013. We provide property and asset management and other services to the joint ventures which own operating properties and we may also provide construction and development services to the joint ventures which own properties under development. The following table summarizes the combined balance sheet and statement of income data for the unconsolidated joint ventures as of and for the periods presented:

| (in millions)                                    | 2014    | 2013    | 2012   |     |
|--|---------|---------|--------|-----|
| Total assets                                     | \$757.8 | \$790.2 |        |     |
| Total third-party debt                           | 523.6   | 530.7   |        |     |
| Total equity                                     | 203.3   | 229.6   |        |     |
|  | 2014    | 2013    | 2012   |     |
| Total revenues (1)                               | \$105.6 | \$93.9  | \$91.6 | (2) |
| Gain on sale of operating properties, net of tax | 18.5    | 112.4   | 49.7   |     |
| Net income (loss)                                | 26.9    | 120.7   | 50.5   |     |
| Equity in income (3)                             | 7.0     | 24.9    | 20.2   |     |

Excludes approximately \$1.1 million, \$7.4 million and \$6.8 million of revenue for the years ended December 31, 2014, 2013 and 2012, respectively, related to the sale of two operating properties by the funds during the first quarter of 2014. These properties were held for sale within two of our unconsolidated joint ventures at December 31, 2013. Also excludes approximately \$17.9 million and \$33.5 million, respectively, related to discontinued operations from the sale of 16 operating properties within two of our unconsolidated joint ventures during 2013.

Revenues for the year ended December 31, 2012 also excludes approximately \$23.3 million related to discontinued operations from the sale of seven operating properties within two of our unconsolidated joint ventures during 2012.

(2) Includes approximately \$7.8 million of revenues for the year ended December 31, 2012 related to 13 previously unconsolidated joint ventures acquired by us during the year ended December 31, 2012.

(3) Equity in income excludes our ownership interest of fee income from various services provided by us to the funds. In December 2014, the partnership agreements for each of the funds were amended, resulting in the extension of the term of each fund to December 31, 2026 and our ownership interests in the funds were increased from 20% to 31.3% effective December 23, 2014.

The funds in which we have a partial interest have been funded in part with secured third-party debt. As of December 31, 2014, we had no outstanding guarantees related to loans of the funds.

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 these services were approximately \$8.8 million, \$10.0 million, and \$11.4 million for the years ended December 31, 2014, 2013, and 2012, respectively. We eliminate fee income for services provided to these joint ventures to the extent of our ownership.

In February 2014, each of the funds sold an operating property, comprised of an aggregate of 558 apartment homes, for an aggregate of approximately \$65.6 million. One of the operating properties was located in San Antonio, Texas and the other operating property was located in Houston, Texas. Our proportionate share of the gains on these transactions was approximately \$3.6 million and was reported as a component of equity in income of joint ventures in the consolidated statements of income and comprehensive income.

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## 9. Notes Payable

The following is a summary of our indebtedness:

| (in millions)  | December 31, |           |
|--|--------------|-----------|
|  | 2014         | 2013      |
| Senior unsecured notes   |              |           |
| 5.08% Notes, due 2015  | \$249.9      | \$249.7   |
| 5.75% Notes, due 2017  | 246.5        | 246.4     |
| 4.70% Notes, due 2021  | 249.0        | 248.8     |
| 3.07% Notes, due 2022  | 347.0        | 346.7     |
| 5.00% Notes, due 2023  | 247.8        | 247.7     |
| 4.27% Notes, due 2024  | 249.6        | 249.5     |
| 3.59% Notes, due 2024  | 248.1        | —         |
|  | \$1,837.9    | \$1,588.8 |
| Secured notes  |              |           |
| 0.91% – 5.63% Conventional Mortgage Notes, due 2018 – 2045     | 870.9        | 905.7     |
| Tax-exempt Mortgage Note, due 2028 (1.30% floating rate)       | 34.7         | 36.3      |
|  | 905.6        | 942.0     |
| Total notes payable  | \$2,743.5    | \$2,530.8 |
| Other floating rate debt included in secured notes (0.91%)     | \$175.0      | \$175.0   |
| Value of real estate assets, at cost, subject to secured notes | \$1,541.3    | \$1,582.5 |

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 the London Interbank Offered Rate ("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, 2014, we had no short-term balances outstanding, no balances outstanding on our \$500 million unsecured line of credit, and we had outstanding letters of credit totaling approximately \$6.4 million, leaving approximately \$493.6 million available under our unsecured line of credit.

In September 2014, we issued \$250 million aggregate principal amount of 3.50% senior unsecured notes due September 2024 (the "2024 Notes"). The 2024 Notes were offered to the public at 99.231% of their face amount with a stated rate of 3.50% and a yield to maturity of 3.59%. We received net proceeds of approximately \$245.7 million, net of underwriting discounts and other offering expenses. Interest on the 2024 Notes is payable semi-annually on March 15 and September 15, beginning March 15, 2015. 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 repay outstanding balances on our unsecured line of credit and other short-term borrowings, and for general corporate purposes, including property acquisition and development in the ordinary course of business, capital expenditures and

working capital.

At December 31, 2014 and 2013, the weighted average interest rate on our floating rate debt of approximately \$209.7 million and \$211.3 million, respectively, was approximately 1.0% for each of the years ended December 31, 2014 and 2013.

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Our indebtedness had a weighted average maturity of 6.3 years at December 31, 2014. Scheduled repayments on outstanding debt and scheduled principal amortizations, and the respective weighted average interest rates on maturing debt at December 31, 2014 were as follows:

| (in millions) | Amount    | Weighted Average Interest Rate |   |
|---------------|-----------|--------------------------------|---|
| 2015          | \$251.8   | 5.1                            | % |
| 2016 (1)      | 2.0       | —                              |   |
| 2017          | 249.0     | 5.7                            |   |
| 2018          | 177.4     | 0.9                            |   |
| 2019          | 646.5     | 5.3                            |   |
| Thereafter    | 1,416.8   | 4.0                            |   |
| Total         | \$2,743.5 | 4.4                            | % |

(1)Includes only scheduled principal amortizations.

#### 10. 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.

At December 31, 2014, approximately 5.5 million fungible units were available under the 2011 Share Plan, which results in approximately 1.6 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.

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 0.4 million and 0.2 million options were exercised during the years ended December 31, 2014 and 2013, respectively. The total intrinsic value of options exercised was approximately \$7.4 million, \$5.3 million, and \$12.2 million during the years ended December 31, 2014, 2013 and 2012, respectively. At December 31, 2014, there was no unrecognized compensation cost related to unvested options. Options generally have a vesting period of three to five years. At December 31, 2014, all options outstanding were exercisable and had a weighted average remaining life of approximately 4.1 years.





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The following table summarizes outstanding share options and exercisable options at December 31, 2014:

| Range of Exercise Prices | Options Outstanding and Exercisable (1) |                        |
|--------------------------|---|------------------------|
|                          | Number                                  | Weighted Average Price |
| \$30.06                  | 135,709                                 | \$30.06                |
| \$41.16-\$43.94          | 119,242                                 | 42.46                  |
| \$48.02-\$64.75          | 66,860                                  | 50.84                  |
| Total options            | 321,811                                 | \$38.97                |

The aggregate intrinsic value of options outstanding and exercisable at December 31, 2014 was approximately (1)\$11.2 million. The aggregate intrinsic value was calculated as the excess, if any, between our closing share price of \$73.84 per share on December 31, 2014 and the strike price of the underlying award.

Options Granted and Valuation Assumptions. During the year ended December 31, 2014, we granted approximately 0.1 million reload options. Reload options are granted for the number of shares tendered as payment for the exercise price upon the exercise of an option with a reload provision. The reload options granted have an exercise price equal to the fair market value of a common share on the date of grant and expire on the same date as the original options which were exercised. The reload options granted during the year ended December 31, 2014 vested immediately and approximately \$0.3 million was expensed on the reload date. We estimate the fair values of each option award including reloads on the date of grant using the Black-Scholes option pricing model. The following assumptions were used for the reload options granted during the year ended December 31, 2014:

|  | Year Ended<br>December 31, 2014 |
|--|---------------------------------|
| Weighted average fair value of options granted | \$3.55 - \$8.17                 |
| Expected volatility                            | 22.6% - 23.2%                   |
| Risk-free interest rate                        | 0.1% - 1.1%                     |
| Expected dividend yield                        | 3.5%                            |
| Expected life                                  | 6 months - 4 years              |

Our computation of expected volatility for 2014 is based on the historical volatility of our common shares over a time period equal to the expected life of the option and ending on the grant date. The interest rate for periods within the contractual life of the award is based on the U.S. Treasury yield curve in effect at the time of grant. The expected dividend yield on our common shares is based on the historical dividend yield over the expected term of the options granted. Our computation of expected life is based upon historical experience of similar awards, giving consideration to the contractual terms of the share-based awards.

Share Awards and Vesting. Share awards for employees 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 generally amortized over the vesting period. In the event the holder of the share awards is reaching retirement eligibility age of 65 years and has met the service requirements as defined in the 2011 Share Plan, the value of the share awards is amortized from the date of grant to the retirement eligibility date. To estimate forfeitures, we use actual forfeiture history. At December 31, 2014, 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, 2014, 2013 and 2012 was approximately \$17.1 million, \$15.9 million, and \$13.9 million, respectively.

Total compensation cost for option and share awards charged against income was approximately \$16.0 million, \$14.7 million, and \$13.7 million for 2014, 2013 and 2012, respectively. Total capitalized compensation cost for option and share awards was approximately \$2.7 million, \$2.2 million, and \$1.4 million for 2014, 2013 and 2012, 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, 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  |
| Balance at December 31, 2013  | 634,361                | \$41.59  | 831,298                                     | \$59.77  |
| Granted   | 84,452                 | 64.75  | 314,614                                     | 65.78  |
| Exercised/Vested  | (375,316               | ) 47.85  | (305,372                                    | ) 55.97  |
| Forfeited   | (21,686                | ) 62.32  | (21,597                                     | ) 64.14  |
| Total options and nonvested share awards outstanding at December 31, 2014 | 321,811                | \$38.97  | 818,943                                     | \$63.39  |

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:

|   | 2014    | 2013    | 2012    |
|---|---------|---------|---------|
| Shares purchased                                | 25,728  | 17,171  | 20,137  |
| Weighted average fair value of shares purchased | \$71.19 | \$62.59 | \$67.80 |
| Expense recorded (in millions)                  | \$0.5   | \$0.2   | \$0.3   |

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, 2014 and 2013, approximately 1.8 million and 1.9 million share awards were held in the rabbi trust, respectively. Additionally, as of December 31, 2014 and 2013, the rabbi trust held trading securities totaling approximately \$43.7 million and \$41.3 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, 2014 and 2013, approximately \$24.7 million and \$25.4 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 which is an unfunded arrangement established and maintained primarily for the benefit of a select group of participants. Eligible participants commence participation in this plan on the date the deferral election first becomes effective. We credit to

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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. Approximately 1.2 million share awards were held in the plan at both December 31, 2014 and 2013. Additionally, as of December 31, 2014 and 2013, the plan held trading securities totaling approximately \$27.7 million and \$18.1 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. In February 2014, we further amended and restated the plan to clarify certain terms relating to the deferral based compensation. As a result of such action, the fully vested awards and the proportionate share of nonvested awards eligible for diversification were 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 tables summarize the eligible share award activity as recorded in temporary equity from July 31, 2013, the effective date of the initial amended and restated plan, through December 31, 2014:

| (in thousands)                           | Year Ended<br>December 31, 2014 | From July 31, 2013<br>to December 31, 2013 |
|--|---------------------------------|--|
| Temporary equity:                        |                                 |  |
| Balance at inception/beginning of period | \$47,180                        | \$—  |
| Change in classification                 | 7,702                           | 37,958                                     |
| Change in redemption value               | 17,921                          | 9,575                                      |
| Diversification of share awards          | (4,669                          | ) (353                                     |
| Balance at December 31                   | \$68,134                        | \$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, subject to limitations. 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 each of the years ended December 31, 2014, 2013 and 2012 was approximately \$2.2 million. 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.

#### 11. 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, 2014 and 2013 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, 2014  |   |  |       | December 31, 2013  |   |  |       |
|---------------|--|---|--|-------|--|---|--|-------|
|               | 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) | \$56.1                 | \$ — | \$ — | \$56.1                 | \$43.8 | \$ — | \$ — | \$43.8 |

(1) Approximately \$1.5 million of participant cash was withdrawn from our deferred compensation plan investments during the year ended December 31, 2014.

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Financial Instrument Fair Value Disclosures. As of December 31, 2014 and 2013, the carrying values of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses and distributions payable represent fair value because of the short-term nature of these instruments. The carrying value of restricted cash approximates its fair value based on the nature 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, 2014 |                      | December 31, 2013 |                      |
|-----------------------------|-------------------|----------------------|-------------------|----------------------|
|                             | Carrying Value    | Estimated Fair Value | Carrying Value    | Estimated Fair Value |
| Fixed rate notes payable    | \$2,533.8         | \$2,666.1            | \$2,319.5         | \$2,391.5            |
| Floating rate notes payable | 209.7             | 203.7                | 211.3             | 201.4                |

Nonrecurring Fair Value Disclosures. There were no events during the years ended December 31, 2014 or 2013 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."

#### 12. 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, |            |            |
|--|-------------------------|------------|------------|
|  | 2014                    | 2013       | 2012       |
| Change in assets:                      |                         |            |            |
| Other assets, net                      | \$(2,145 )              | \$(2,639 ) | \$(2,443 ) |
| Change in liabilities:                 |                         |            |            |
| Accounts payable and accrued expenses  | 19,296                  | (8,138 )   | 2,320      |
| Accrued real estate taxes              | 4,009                   | 7,165      | 5,640      |
| Other liabilities                      | (1,666 )                | 22,139     | (16,192 )  |
| Other                                  | 940                     | 1,051      | 816        |
| Change in operating accounts and other | \$20,434                | \$19,578   | \$(9,859 ) |

#### 13. Commitments and Contingencies

Construction Contracts. As of December 31, 2014, we estimate the additional cost to complete 12 consolidated projects currently under construction to be approximately \$371.2 million. We expect to fund this amount 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.

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 resolved in March 2014 and, pursuant to the terms of the settlement, we made a one-time payment to the association in an amount which was 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.

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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 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, 2014, we had earnest money deposits of approximately \$1.3 million for potential acquisitions of land which are included in other assets, net in our consolidated balance sheets. Approximately \$1.0 million of these deposits was non-refundable.

**Lease Commitments.** At December 31, 2014, we had long-term leases covering certain land, office facilities and equipment. Rental expense totaled approximately \$3.0 million, \$2.8 million, and \$2.6 million for the years ended December 31, 2014, 2013 and 2012, respectively. Minimum annual rental commitments for the years ending December 31, 2015 through 2019 are approximately \$2.4 million, \$2.7 million, \$2.7 million, \$2.5 million, and \$2.3 million, respectively, and approximately \$13.1 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 may be 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, 2014, we had employment agreements with 13 of our senior officers, the terms of which expire at various times through August 20, 2015. 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.

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## 14. 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:

|  | 2014      | 2013      | 2012      |
|--|-----------|-----------|-----------|
| Net income attributable to common shareholders   | \$292,089 | \$336,364 | \$283,390 |
| Transfers from the non-controlling interests:  |           |           |           |
| Increase in equity for conversion and redemption of operating partnership units  | 52        | 52        | 8,994     |
| 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   | \$292,141 | \$336,416 | \$272,835 |

(1) 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.

## 15. Quarterly Financial Data (unaudited)

Summarized quarterly financial data, for the years ended December 31, 2014 and 2013, is as follows:

| (in thousands, except per share amounts)                           | First     | Second    | Third     | Fourth    | Total (a) |
|--|-----------|-----------|-----------|-----------|-----------|
| 2014:  |           |           |           |           |           |
| Revenues   | \$205,929 | \$208,492 | \$213,098 | \$216,459 | \$843,978 |
| Net income attributable to common shareholders                     | 40,036    | 35,272    | 38,283    | 178,498   | 292,089   |
| Net income attributable to common shareholders per share – basic   | 0.45      | (b) 0.40  | (c) 0.43  | (d) 1.99  | (e) 3.29  |
| Net income attributable to common shareholders per share – diluted | 0.45      | (b) 0.40  | (c) 0.43  | (d) 1.98  | (e) 3.27  |
| 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      | (f) 0.82  | (g) 0.80  | (h) 1.47  | (i) 3.82  |
| Net income attributable to common shareholders per share – diluted | 0.72      | (f) 0.81  | (g) 0.79  | (h) 1.46  | (i) 3.78  |

(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 \$3,566, or \$0.04 basic and diluted per share, impact related to our proportionate gain on sale of an operating property by each of our funds, which is included in equity in income of joint ventures.

(c) Includes a \$1,447, or \$0.02 basic and diluted per share, impact related to a gain on sale of land, and a \$1,152, or \$0.01 basic and diluted per share, impact related to an impairment charge associated with land holdings

(d) Includes a \$1,808, or \$0.02 basic and diluted per share, impact related to a gain on sale of land.

(e) Includes a \$155,680, or \$1.76 basic and \$1.73 diluted per share, impact related to the gain on sale of operating properties, and a \$10,000, or \$0.11 basic and diluted per share, impact related to incentive compensation expense as a result of joint venture restructuring.

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

(g)

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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.

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

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Includes a \$91,101, or \$1.04 basic and \$1.03 diluted per share, impact related to the gain on sale of discontinued (i) 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.

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Camden Property Trust  
Real Estate and Accumulated Depreciation  
As of December 31, 2014  
(in thousands)

|                           | Initial Cost |  |  | Total Cost |   |          | Total Cost,<br>Accumulated<br>Depreciation | Net of<br>Accumulated<br>Depreciation | Encumb |
|---------------------------|--------------|--|--|------------|---|----------|--|---------------------------------------|--------|
|                           | Land         | Building/<br>Construction<br>in Progress &<br>Improvements | Cost<br>Subsequent<br>to<br>Acquisition/<br>Construction | Land       | Building/<br>Construction<br>in Progress<br>&<br>Improvements | Total    |  |                                       |        |
| Current communities:      |              |  |  |            |   |          |  |                                       |        |
| ARIZONA                   |              |  |  |            |   |          |  |                                       |        |
| Phoenix/Scottsdale        |              |  |  |            |   |          |  |                                       |        |
| Camden                    | \$4,825      | \$23,672   | \$6,574  | \$4,825    | \$30,246  | \$35,071 | \$13,749                                   | \$21,322                              |        |
| Copper Square             |              |  |  |            |   |          |  |                                       |        |
| Camden                    | 11,006       | 33,343   | —  | 11,006     | 33,343  | 44,349   | 542  | 43,807                                |        |
| Foothills                 |              |  |  |            |   |          |  |                                       |        |
| Camden                    | 4,068        | 26,612   | 10,592   | 4,068      | 37,204  | 41,272   | 19,457                                     | 21,815                                |        |
| Legacy                    |              |  |  |            |   |          |  |                                       |        |
| Camden                    | 13,687       | 31,727   | 4,767  | 13,687     | 36,494  | 50,181   | 2,780                                      | 47,401                                |        |
| Montierra                 |              |  |  |            |   |          |  |                                       |        |
| Camden Pecos              | 3,362        | 24,492   | 4,485  | 3,362      | 28,977  | 32,339   | 3,559                                      | 28,780                                |        |
| Ranch                     |              |  |  |            |   |          |  |                                       |        |
| Camden San                | 11,520       | 35,166   | 5,134  | 11,520     | 40,300  | 51,820   | 3,179                                      | 48,641                                |        |
| Marcos                    |              |  |  |            |   |          |  |                                       |        |
| Camden San                | 6,480        | 23,045   | 7,587  | 6,480      | 30,632  | 37,112   | 12,081                                     | 25,031                                |        |
| Paloma                    |              |  |  |            |   |          |  |                                       |        |
| Camden                    | 3,376        | 30,576   | 481  | 3,376      | 31,057  | 34,433   | 1,554                                      | 32,879                                |        |
| Sotelo                    |              |  |  |            |   |          |  |                                       |        |
| CALIFORNIA                |              |  |  |            |   |          |  |                                       |        |
| Los Angeles/Orange County |              |  |  |            |   |          |  |                                       |        |
| Camden                    | 9,381        | 54,210   | 7,597  | 9,381      | 61,807  | 71,188   | 24,723                                     | 46,465                                |        |
| Crown Valley              |              |  |  |            |   |          |  |                                       |        |
| Camden                    | 16,079       | 127,459  | 7,683  | 16,079     | 135,142   | 151,221  | 45,591                                     | 105,630                               | 92,716 |
| Harbor View               |              |  |  |            |   |          |  |                                       |        |
| Camden Main               | 17,363       | 75,387   | 767  | 17,363     | 76,154  | 93,517   | 11,390                                     | 82,127                                | 49,757 |
| and Jamboree              |              |  |  |            |   |          |  |                                       |        |
| Camden                    | 28,401       | 51,861   | 16,153   | 28,401     | 68,014  | 96,415   | 34,197                                     | 62,218                                | 34,751 |
| Martinique                |              |  |  |            |   |          |  |                                       |        |
| Camden                    | 29,730       | 34,368   | 1,209  | 29,730     | 35,577  | 65,307   | 3,909                                      | 61,398                                |        |
| Parkside                  |              |  |  |            |   |          |  |                                       |        |
| Camden Sea                | 4,336        | 9,930  | 3,105  | 4,336      | 13,035  | 17,371   | 7,035                                      | 10,336                                |        |
| Palms                     |              |  |  |            |   |          |  |                                       |        |
| San Diego/Inland Empire   |              |  |  |            |   |          |  |                                       |        |

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|                  |               |         |          |         |         |          |          |          |          |          |
|------------------|---------------|---------|----------|---------|---------|----------|----------|----------|----------|----------|
| Landmark         | Camden        | 17,339  | 71,315   | 1,148   | 17,339  | 72,463   | 89,802   | 6,033    | 83,769   |          |
| Creek            | Camden Old    | 20,360  | 71,777   | 1,067   | 20,360  | 72,844   | 93,204   | 18,884   | 74,320   |          |
| at Otay Ranch    | Camden Sierra | 10,585  | 49,781   | 4,388   | 10,585  | 54,169   | 64,754   | 19,355   | 45,399   |          |
| Tuscany          | Camden        | 3,330   | 36,466   | 3,779   | 3,330   | 40,245   | 43,575   | 13,766   | 29,809   |          |
| Vineyards        | Camden        | 4,367   | 28,494   | 2,356   | 4,367   | 30,850   | 35,217   | 11,952   | 23,265   |          |
| COLORADO         |               |         |          |         |         |          |          |          |          |          |
| Denver           |               |         |          |         |         |          |          |          |          |          |
| Bellevue Station | Camden        | 8,091   | 44,003   | 681     | 8,091   | 44,684   | 52,775   | 3,371    | 49,404   |          |
|                  | Camden Caley  | 2,047   | 17,445   | 4,287   | 2,047   | 21,732   | 23,779   | 9,649    | 14,130   | 15,351   |
| Denver West      | Camden        | 6,396   | 51,552   | 1,407   | 6,396   | 52,959   | 59,355   | 3,472    | 55,883   |          |
| Highlands Ridge  | Camden        | 2,612   | 34,726   | 9,278   | 2,612   | 44,004   | 46,616   | 19,628   | 26,988   |          |
| Interlocken      | Camden        | \$5,293 | \$31,612 | \$7,717 | \$5,293 | \$39,329 | \$44,622 | \$18,449 | \$26,173 | \$27,431 |
| Lakeway          | Camden        | 3,915   | 34,129   | 11,030  | 3,915   | 45,159   | 49,074   | 21,503   | 27,571   | 29,267   |
| WASHINGTON DC    |               |         |          |         |         |          |          |          |          |          |
| METRO            |               |         |          |         |         |          |          |          |          |          |
| Ashburn Farm     | Camden        | 4,835   | 22,604   | 1,446   | 4,835   | 24,050   | 28,885   | 7,360    | 21,525   |          |
| Clearbrook       | Camden        | 2,384   | 44,017   | 925     | 2,384   | 44,942   | 47,326   | 11,810   | 35,516   |          |
| College Park     | Camden        | 16,409  | 91,503   | 1,462   | 16,409  | 92,965   | 109,374  | 12,491   | 96,883   |          |
| Dulles Station   | Camden        | 10,807  | 61,548   | 2,284   | 10,807  | 63,832   | 74,639   | 14,384   | 60,255   |          |
| Lakes            | Camden Fair   | 15,515  | 104,223  | 6,762   | 15,515  | 110,985  | 126,500  | 32,746   | 93,754   |          |
| Fairfax Corner   | Camden        | 8,484   | 72,953   | 3,900   | 8,484   | 76,853   | 85,337   | 21,266   | 64,071   |          |
| Fallsgrove       | Camden        | 9,408   | 43,647   | 4,353   | 9,408   | 48,000   | 57,408   | 14,231   | 43,177   |          |
| Grand Parc       | Camden        | 7,688   | 35,900   | 1,387   | 7,688   | 37,287   | 44,975   | 10,973   | 34,002   |          |
| Lansdowne        | Camden        | 15,502  | 102,267  | 4,865   | 15,502  | 107,132  | 122,634  | 32,559   | 90,075   |          |
| Town Center      | Camden Largo  | 8,411   | 44,163   | 2,589   | 8,411   | 46,752   | 55,163   | 13,748   | 41,415   |          |
| Monument Place   | Camden        | 9,030   | 54,089   | 852     | 9,030   | 54,941   | 63,971   | 13,980   | 49,991   |          |
| NoMa             | Camden        | 19,442  | 82,126   | —       | 19,442  | 82,126   | 101,568  | 3,482    | 98,086   |          |
| Potomac Yard     | Camden        | 16,498  | 88,317   | 584     | 16,498  | 88,901   | 105,399  | 21,131   | 84,268   |          |

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|                      |              |         |          |         |         |          |          |          |          |        |
|----------------------|--------------|---------|----------|---------|---------|----------|----------|----------|----------|--------|
| Roosevelt            | Camden       | 11,470  | 45,785   | 923     | 11,470  | 46,708   | 58,178   | 14,159   | 44,019   |        |
| Russett              | Camden       | 13,460  | 61,837   | 3,746   | 13,460  | 65,583   | 79,043   | 19,913   | 59,130   | 45,063 |
| Creek                | Camden Silo  | 9,707   | 45,301   | 1,672   | 9,707   | 46,973   | 56,680   | 14,021   | 42,659   |        |
| Summerfield          | Camden       | 14,659  | 48,404   | 890     | 14,659  | 49,294   | 63,953   | 12,133   | 51,820   |        |
| Summerfield II       | Camden       | 4,459   | 20,566   | 5       | 4,459   | 20,571   | 25,030   | 2,707    | 22,323   |        |
| FLORIDA              |              |         |          |         |         |          |          |          |          |        |
| Southeast Florida    |              |         |          |         |         |          |          |          |          |        |
| Aventura             | Camden       | 12,185  | 47,616   | 10,130  | 12,185  | 57,746   | 69,931   | 17,712   | 52,219   |        |
| Raton                | Camden Boca  | 2,201   | 49,499   | —       | 2,201   | 49,499   | 51,700   | 599      | 51,101   |        |
| Brickell             | Camden       | 14,621  | 57,031   | 10,296  | 14,621  | 67,327   | 81,948   | 20,430   | 61,518   |        |
|                      | Camden Doral | 10,260  | 40,416   | 4,618   | 10,260  | 45,034   | 55,294   | 13,064   | 42,230   |        |
| Villas               | Camden Doral | 6,476   | 25,543   | 5,294   | 6,476   | 30,837   | 37,313   | 9,210    | 28,103   |        |
| Olas                 | Camden Las   | 12,395  | 79,518   | 7,803   | 12,395  | 87,321   | 99,716   | 26,091   | 73,625   |        |
| Plantation           | Camden       | 6,299   | 77,964   | 6,450   | 6,299   | 84,414   | 90,713   | 25,801   | 64,912   |        |
| Portofino            | Camden       | 9,867   | 38,702   | 3,994   | 9,867   | 42,696   | 52,563   | 13,141   | 39,422   |        |
| Orlando              |              |         |          |         |         |          |          |          |          |        |
| Hunter's             | Camden       | 4,156   | 20,925   | 4,317   | 4,156   | 25,242   | 29,398   | 7,418    | 21,980   |        |
| Vista                | Camden Lago  | \$3,497 | \$29,623 | \$1,281 | \$3,497 | \$30,904 | \$34,401 | \$10,348 | \$24,053 |        |
| LaVina               | Camden       | 12,907  | 42,569   | 58      | 12,907  | 42,627   | 55,534   | 6,148    | 49,386   |        |
| Vista                | Camden Lee   | 4,350   | 34,643   | 4,845   | 4,350   | 39,488   | 43,838   | 18,172   | 25,666   |        |
| Orange Court         | Camden       | 5,319   | 40,733   | 739     | 5,319   | 41,472   | 46,791   | 9,893    | 36,898   |        |
| Renaissance          | Camden       | 4,144   | 39,987   | 5,639   | 4,144   | 45,626   | 49,770   | 22,520   | 27,250   |        |
| Square               | Camden Town  | 13,127  | 45,997   | 33      | 13,127  | 46,030   | 59,157   | 4,968    | 54,189   |        |
| World Gateway        | Camden       | 5,785   | 51,821   | 5,516   | 5,785   | 57,337   | 63,122   | 16,296   | 46,826   |        |
| Tampa/St. Petersburg |              |         |          |         |         |          |          |          |          |        |
|                      | Camden Bay   | 7,450   | 63,283   | 9,141   | 7,450   | 72,424   | 79,874   | 31,189   | 48,685   |        |
|                      | Camden Lakes | 3,106   | 22,746   | 13,812  | 3,106   | 36,558   | 39,664   | 28,262   | 11,402   |        |
| Montague             | Camden       | 3,576   | 16,534   | 22      | 3,576   | 16,556   | 20,132   | 2,258    | 17,874   |        |
|                      |              | 1,206   | 17,982   | 6,578   | 1,206   | 24,560   | 25,766   | 11,860   | 13,906   |        |

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|                         |         |          |         |         |          |          |          |          |        |  |
|-------------------------|---------|----------|---------|---------|----------|----------|----------|----------|--------|--|
| Camden Preserve         |         |          |         |         |          |          |          |          |        |  |
| Camden Providence Lakes | 2,020   | 14,855   | 6,343   | 2,020   | 21,198   | 23,218   | 9,526    | 13,692   |        |  |
| Camden Palms            | 2,147   | 38,339   | 2,117   | 2,147   | 40,456   | 42,603   | 9,957    | 32,646   |        |  |
| Camden Westchase Park   | 11,955  | 36,254   | 80      | 11,955  | 36,334   | 48,289   | 4,221    | 44,068   |        |  |
| Camden Westshore        | 1,734   | 10,819   | 7,037   | 1,734   | 17,856   | 19,590   | 12,855   | 6,735    |        |  |
| Camden Woods            | 2,693   | 19,930   | 10,463  | 2,693   | 30,393   | 33,086   | 20,899   | 12,187   |        |  |
| GEORGIA                 |         |          |         |         |          |          |          |          |        |  |
| Atlanta                 |         |          |         |         |          |          |          |          |        |  |
| Camden Brookwood        | 7,174   | 31,984   | 6,536   | 7,174   | 38,520   | 45,694   | 11,909   | 33,785   | 22,624 |  |
| Camden Creekstone       | 5,017   | 19,912   | 619     | 5,017   | 20,531   | 25,548   | 1,854    | 23,694   |        |  |
| Camden Deerfield        | 4,895   | 21,922   | 5,523   | 4,895   | 27,445   | 32,340   | 8,313    | 24,027   | 19,220 |  |
| Camden Dunwoody         | 5,290   | 23,642   | 6,896   | 5,290   | 30,538   | 35,828   | 9,261    | 26,567   | 21,168 |  |
| Camden Fourth Ward      | 10,477  | 51,258   | 83      | 10,477  | 51,341   | 61,818   | 366      | 61,452   |        |  |
| Camden Midtown Atlanta  | 6,196   | 33,828   | 4,341   | 6,196   | 38,169   | 44,365   | 12,187   | 32,178   | 20,565 |  |
| Camden Peachtree City   | 6,536   | 29,063   | 3,365   | 6,536   | 32,428   | 38,964   | 10,349   | 28,615   |        |  |
| Camden Shiloh           | 4,181   | 18,798   | 4,210   | 4,181   | 23,008   | 27,189   | 7,142    | 20,047   | 10,576 |  |
| Camden St. Clair        | 7,526   | 27,486   | 6,751   | 7,526   | 34,237   | 41,763   | 10,707   | 31,056   | 21,646 |  |
| Camden Stockbridge      | 5,071   | 22,693   | 3,019   | 5,071   | 25,712   | 30,783   | 8,338    | 22,445   | 14,332 |  |
| Camden Vantage          | 11,787  | 68,822   | 918     | 11,787  | 69,740   | 81,527   | 3,578    | 77,949   |        |  |
| NEVADA                  |         |          |         |         |          |          |          |          |        |  |
| Las Vegas               |         |          |         |         |          |          |          |          |        |  |
| Camden Bel Air          | \$3,594 | \$31,221 | \$6,775 | \$3,594 | \$37,996 | \$41,590 | \$22,551 | \$19,039 |        |  |
| Camden Breeze           | 2,894   | 15,828   | 5,309   | 2,894   | 21,137   | 24,031   | 12,176   | 11,855   |        |  |
| Camden Canyon           | 1,802   | 11,666   | 5,038   | 1,802   | 16,704   | 18,506   | 10,047   | 8,459    |        |  |
| Camden Centre           | 172     | 1,166    | 384     | 172     | 1,550    | 1,722    | 951      | 771      |        |  |
| Camden Commons          | 2,476   | 20,073   | 6,569   | 2,476   | 26,642   | 29,118   | 18,016   | 11,102   |        |  |
| Camden Cove             | 1,382   | 6,266    | 1,862   | 1,382   | 8,128    | 9,510    | 5,204    | 4,306    |        |  |
| Camden Del Mar          | 4,404   | 35,264   | 14,183  | 4,404   | 49,447   | 53,851   | 29,696   | 24,155   |        |  |



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|                    |              |         |          |         |         |          |          |          |          |        |
|--------------------|--------------|---------|----------|---------|---------|----------|----------|----------|----------|--------|
| Fairways           | Camden       | 3,969   | 15,543   | 9,981   | 3,969   | 25,524   | 29,493   | 16,874   | 12,619   |        |
|                    | Camden Hills | 853     | 7,834    | 1,703   | 853     | 9,537    | 10,390   | 5,988    | 4,402    |        |
| Legends            | Camden       | 1,370   | 6,382    | 1,355   | 1,370   | 7,737    | 9,107    | 4,344    | 4,763    |        |
| Palisades          | Camden       | 8,406   | 31,497   | 8,797   | 8,406   | 40,294   | 48,700   | 22,914   | 25,786   |        |
|                    | Camden Pines | 3,496   | 21,852   | 1,094   | 3,496   | 22,946   | 26,442   | 2,595    | 23,847   |        |
| Pointe             | Camden       | 2,058   | 14,879   | 3,242   | 2,058   | 18,121   | 20,179   | 9,782    | 10,397   |        |
| Summit             | Camden       | 11,212  | 18,399   | 992     | 11,212  | 19,391   | 30,603   | 2,186    | 28,417   |        |
|                    | Camden Tiara | 7,709   | 28,644   | 1,025   | 7,709   | 29,669   | 37,378   | 3,335    | 34,043   |        |
| Vintage            | Camden       | 3,641   | 19,255   | 5,565   | 3,641   | 24,820   | 28,461   | 15,199   | 13,262   |        |
| NORTH CAROLINA     |              |         |          |         |         |          |          |          |          |        |
| Charlotte          |              |         |          |         |         |          |          |          |          |        |
| Ballantyne         | Camden       | 4,503   | 30,250   | 7,150   | 4,503   | 37,400   | 41,903   | 11,842   | 30,061   | 26,025 |
| Cotton Mills       | Camden       | 4,246   | 19,147   | 5,358   | 4,246   | 24,505   | 28,751   | 7,936    | 20,815   |        |
| Dilworth           | Camden       | 516     | 16,633   | 1,715   | 516     | 18,348   | 18,864   | 5,181    | 13,683   | 13,073 |
| Fairview           | Camden       | 1,283   | 7,223    | 3,575   | 1,283   | 10,798   | 12,081   | 3,847    | 8,234    |        |
| Foxcroft           | Camden       | 1,408   | 7,919    | 3,547   | 1,408   | 11,466   | 12,874   | 4,337    | 8,537    |        |
| Grandview          | Camden       | 7,570   | 33,859   | 6,412   | 7,570   | 40,271   | 47,841   | 12,955   | 34,886   |        |
| Sedgebrook         | Camden       | 5,266   | 29,211   | 6,366   | 5,266   | 35,577   | 40,843   | 11,256   | 29,587   | 21,306 |
| Simsbury           | Camden       | 1,152   | 6,499    | 2,168   | 1,152   | 8,667    | 9,819    | 2,807    | 7,012    |        |
| End Square         | Camden South | 6,625   | 29,175   | 5,981   | 6,625   | 35,156   | 41,781   | 10,825   | 30,956   |        |
| Stonecrest         | Camden       | 3,941   | 22,021   | 5,396   | 3,941   | 27,417   | 31,358   | 8,867    | 22,491   |        |
| Touchstone         | Camden       | 1,203   | 6,772    | 2,574   | 1,203   | 9,346    | 10,549   | 3,657    | 6,892    |        |
| Raleigh            |              |         |          |         |         |          |          |          |          |        |
|                    | Camden Crest | \$4,412 | \$31,108 | \$2,982 | \$4,412 | \$34,090 | \$38,502 | \$10,698 | \$27,804 |        |
| Governor's Village | Camden       | 3,669   | 20,508   | 2,732   | 3,669   | 23,240   | 26,909   | 7,592    | 19,317   | 13,004 |
| Pine               | Camden Lake  | 5,746   | 31,714   | 6,256   | 5,746   | 37,970   | 43,716   | 12,478   | 31,238   | 26,212 |
| Manor Park         | Camden       | 2,535   | 47,159   | 1,498   | 2,535   | 48,657   | 51,192   | 14,480   | 36,712   | 29,675 |
| Overlook           | Camden       | 4,591   | 25,563   | 7,747   | 4,591   | 33,310   | 37,901   | 10,378   | 27,523   |        |
| Reunion Park       | Camden       | 3,302   | 18,457   | 4,480   | 3,302   | 22,937   | 26,239   | 7,522    | 18,717   | 19,961 |

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|                   |                             |         |          |        |         |          |          |         |          |        |
|-------------------|-----------------------------|---------|----------|--------|---------|----------|----------|---------|----------|--------|
| Westwood<br>TEXAS | Camden                      | 4,567   | 25,519   | 4,103  | 4,567   | 29,622   | 34,189   | 9,401   | 24,788   | 19,907 |
| Hills             | Austin<br>Camden Cedar      | 2,684   | 20,931   | 222    | 2,684   | 21,153   | 23,837   | 5,654   | 18,183   |        |
| Gaines Ranch      | Camden                      | 5,094   | 37,100   | 8,667  | 5,094   | 45,767   | 50,861   | 13,411  | 37,450   |        |
| Huntingdon        | Camden                      | 2,289   | 17,393   | 8,229  | 2,289   | 25,622   | 27,911   | 13,566  | 14,345   |        |
| Stoneleigh        | Camden                      | 3,498   | 31,285   | 6,495  | 3,498   | 37,780   | 41,278   | 10,530  | 30,748   |        |
| Breakers          | Corpus Christi<br>Camden    | 1,055   | 13,024   | 7,542  | 1,055   | 20,566   | 21,621   | 10,977  | 10,644   |        |
| Copper Ridge      | Camden                      | 1,204   | 9,180    | 6,972  | 1,204   | 16,152   | 17,356   | 11,844  | 5,512    |        |
| Miramar           | Camden                      | —       | 38,784   | 17,524 | —       | 56,308   | 56,308   | 19,811  | 36,497   |        |
| Addison           | Dallas/Fort Worth<br>Camden | 11,516  | 29,332   | 5,300  | 11,516  | 34,632   | 46,148   | 4,208   | 41,940   |        |
| Belmont           | Camden                      | 12,521  | 61,522   | 762    | 12,521  | 62,284   | 74,805   | 5,682   | 69,123   |        |
| Buckingham        | Camden                      | 2,704   | 21,251   | 8,326  | 2,704   | 29,577   | 32,281   | 14,147  | 18,134   |        |
| Centreport        | Camden                      | 1,613   | 12,644   | 4,988  | 1,613   | 17,632   | 19,245   | 8,544   | 10,701   |        |
| Cimarron          | Camden                      | 2,231   | 14,092   | 6,615  | 2,231   | 20,707   | 22,938   | 11,410  | 11,528   |        |
| Farmers Market    | Camden                      | 17,341  | 74,193   | 13,002 | 17,341  | 87,195   | 104,536  | 34,023  | 70,513   | 50,711 |
| Henderson         | Camden                      | 3,842   | 15,256   | 113    | 3,842   | 15,369   | 19,211   | 1,550   | 17,661   |        |
| Legacy Creek      | Camden                      | 2,052   | 12,896   | 5,590  | 2,052   | 18,486   | 20,538   | 9,481   | 11,057   |        |
| Legacy Park       | Camden                      | 2,560   | 15,449   | 6,405  | 2,560   | 21,854   | 24,414   | 11,121  | 13,293   | 13,866 |
| Valley Park       | Camden                      | 3,096   | 14,667   | 13,279 | 3,096   | 27,946   | 31,042   | 24,000  | 7,042    |        |
| Centre            | Houston<br>Camden City      | 4,976   | 44,735   | 954    | 4,976   | 45,689   | 50,665   | 11,962  | 38,703   | 33,795 |
| Centre II         | Camden City                 | \$5,101 | \$28,131 | \$19   | \$5,101 | \$28,150 | \$33,251 | \$2,612 | \$30,639 |        |
| Greenway          | Camden                      | 16,916  | 43,933   | 15,942 | 16,916  | 59,875   | 76,791   | 27,237  | 49,554   | 52,360 |
| Springs           | Camden Holly                | 11,108  | 42,852   | 7,401  | 11,108  | 50,253   | 61,361   | 5,594   | 55,767   |        |
| Midtown           | Camden                      | 4,583   | 18,026   | 8,231  | 4,583   | 26,257   | 30,840   | 12,532  | 18,308   | 28,058 |

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|                 |              |        |        |        |        |        |         |        |         |        |
|-----------------|--------------|--------|--------|--------|--------|--------|---------|--------|---------|--------|
| Crest           | Camden Oak   | 2,078  | 20,941 | 3,363  | 2,078  | 24,304 | 26,382  | 9,470  | 16,912  | 17,309 |
|                 | Camden Park  | 4,922  | 16,453 | 2,035  | 4,922  | 18,488 | 23,410  | 2,133  | 21,277  |        |
|                 | Camden Plaza | 7,204  | 31,044 | 635    | 7,204  | 31,679 | 38,883  | 4,535  | 34,348  | 21,120 |
| Oak             | Camden Post  | 14,302 | 92,557 | 6,030  | 14,302 | 98,587 | 112,889 | 5,406  | 107,483 |        |
| Oaks            | Camden Royal | 1,055  | 20,046 | 520    | 1,055  | 20,566 | 21,621  | 6,482  | 15,139  |        |
| Oaks II         | Camden Royal | 587    | 12,743 | 14     | 587    | 12,757 | 13,344  | 1,642  | 11,702  |        |
| Stonebridge     | Camden       | 1,016  | 7,137  | 3,637  | 1,016  | 10,774 | 11,790  | 6,822  | 4,968   |        |
| Grove           | Camden Sugar | 7,614  | 27,594 | 1,056  | 7,614  | 28,650 | 36,264  | 3,138  | 33,126  |        |
| Travis Street   | Camden       | 1,780  | 29,104 | 274    | 1,780  | 29,378 | 31,158  | 6,639  | 24,519  | 21,614 |
| Vanderbilt      | Camden       | 16,076 | 44,918 | 17,200 | 16,076 | 62,118 | 78,194  | 35,596 | 42,598  | 73,165 |
| Whispering Oaks | Camden       | 1,188  | 26,242 | 369    | 1,188  | 26,611 | 27,799  | 6,984  | 20,815  |        |

Total Current communities: \$985,522 \$5,075,096 \$672,409 \$985,522 \$5,747,505 \$6,733,027 \$1,736,404 \$4,996,623 \$905,62

Communities under construction:

| Name / location                       |     |          |     |     |          |          |     |          |  |
|---------------------------------------|-----|----------|-----|-----|----------|----------|-----|----------|--|
| Camden Chandler Chandler, AZ          | \$— | \$36,448 | \$— | \$— | \$36,448 | \$36,448 | \$4 | \$36,444 |  |
| Camden Flatirons (1) Denver, CO       | —   | 74,231   | —   | —   | 74,231   | 74,231   | 906 | 73,325   |  |
| Camden Gallery Charlotte, NC          | —   | 28,915   | —   | —   | 28,915   | 28,915   |     | 28,915   |  |
| Camden Glendale Glendale, CA          | \$— | \$94,797 | \$— | \$— | \$94,797 | \$94,797 | \$3 | \$94,794 |  |
| Camden Hayden (1) Tempe, AZ           | —   | 41,085   | —   | —   | 41,085   | 41,085   | 84  | 41,001   |  |
| Camden La Frontera (1) Round Rock, TX | —   | 34,949   | —   | —   | 34,949   | 34,949   | 416 | 34,533   |  |
| Camden Lamar Heights (1) Austin, TX   | —   | 45,564   | —   | —   | 45,564   | 45,564   | 470 | 45,094   |  |
| Camden Lincoln Station Denver, CO     | —   | 8,403    | —   | —   | 8,403    | 8,403    |     | 8,403    |  |
| Camden McGowen Station Houston, TX    | —   | 11,214   | —   | —   | 11,214   | 11,214   |     | 11,214   |  |
| Camden Paces (1) Atlanta, GA          | —   | 98,337   | —   | —   | 98,337   | 98,337   | 568 | 97,769   |  |

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|  |           |             |           |           |             |             |             |             |          |
|--|-----------|-------------|-----------|-----------|-------------|-------------|-------------|-------------|----------|
| Camden Victory Park<br>Dallas, TX          | —         | 33,169      | —         | —         | 33,169      | 33,169      | 7           | 33,162      |          |
| The Camden<br>Los Angeles, CA              | —         | 61,698      | —         | —         | 61,698      | 61,698      |             | 61,698      |          |
| Total Communities<br>under construction:   | \$—       | \$568,810   | \$—       | \$—       | \$568,810   | \$568,810   | \$2,458     | \$566,352   | \$—      |
| Development pipeline<br>communities:       |           |             |           |           |             |             |             |             |          |
| Name/location                              |           |             |           |           |             |             |             |             |          |
| Camden Atlantic<br>Plantation, FL          | \$—       | \$12,759    | \$—       | \$—       | \$12,759    | \$12,759    |             | \$12,759    |          |
| Camden Buckhead<br>Atlanta, GA             | —         | 20,908      | —         | —         | 20,908      | 20,908      |             | 20,908      |          |
| Camden Conte<br>Houston, TX                | —         | 18,303      | —         | —         | 18,303      | 18,303      |             | 18,303      |          |
| Camden NoMa II<br>Washington, DC           | —         | 22,149      | —         | —         | 22,149      | 22,149      |             | 22,149      |          |
| Camden Shady Grove<br>Rockville, MD        | —         | 31,597      | —         | —         | 31,597      | 31,597      |             | 31,597      |          |
| Total Development<br>pipeline communities: | \$—       | \$105,716   | \$—       | \$—       | \$105,716   | \$105,716   | \$—         | \$105,716   | \$—      |
| Land Holdings                              | \$—       | \$10,550    | \$—       | \$—       | \$10,550    | \$10,550    |             | \$10,550    |          |
| Corporate                                  | —         | 3,413       | —         | —         | 3,413       | 3,413       |             | 3,413       |          |
|  | \$—       | \$13,963    | \$—       | \$—       | \$13,963    | \$13,963    | \$—         | \$13,963    | \$—      |
| TOTAL                                      | \$985,522 | \$5,763,585 | \$672,409 | \$985,522 | \$6,435,994 | \$7,421,516 | \$1,738,862 | \$5,682,654 | \$905,62 |

(1) Properties are in lease-up at December 31, 2014. Balances presented here includes costs which are included in buildings and improvements and land on the consolidated balance sheet at December 31, 2014. These costs related to completed unit turns for these properties.

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Table of Contents

Camden Property Trust  
 Real Estate and Accumulated Depreciation  
 As of December 31, 2014  
 (in thousands)

Schedule III

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

|   | 2014        | 2013        | 2012        |
|---|-------------|-------------|-------------|
| Balance, beginning of period  | \$7,072,181 | \$6,673,914 | \$5,819,540 |
| Additions during period:  |             |             |             |
| Acquisition of operating properties and unconsolidated joint ventures | 61,736      | 221,421     | 797,477     |
| Development and repositions   | 469,048     | 306,950     | 232,296     |
| Improvements  | 58,233      | 67,049      | 60,426      |
| Deductions during period:   |             |             |             |
| Cost of real estate sold – other                                      | (172,475)   | (197,153)   | (176,872)   |
| Classification to held for sale                                       | (67,207)    | —           | (58,953)    |
| Balance, end of period  | \$7,421,516 | \$7,072,181 | \$6,673,914 |

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

|                                    | 2014        | 2013        | 2012        |
|------------------------------------|-------------|-------------|-------------|
| Balance, beginning of period       | \$1,643,713 | \$1,518,896 | \$1,432,799 |
| Depreciation of real estate assets | 229,256     | 203,897     | 185,546     |
| Dispositions                       | (94,043)    | (79,080)    | (72,465)    |
| Transfers to held for sale         | (40,064)    | —           | (26,984)    |
| Balance, end of period             | \$1,738,862 | \$1,643,713 | \$1,518,896 |

The aggregate cost for federal income tax purposes at December 31, 2014 was \$6.4 billion.

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