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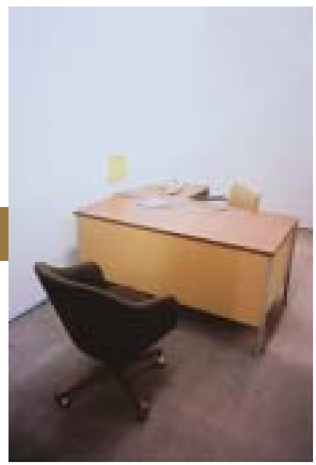
CAMDEN℠
Living Excellence

FINANCIAL FOCUS

MORE THAN JUST ANOTHER YEAR...

IT’S OUR **20TH**.

IN THE BEGINNING




20 YEARS LATER

OUR VISION

REMAINS FOCUSED...

ON

OUR
20/20
VISION OF
EXCELLENCE

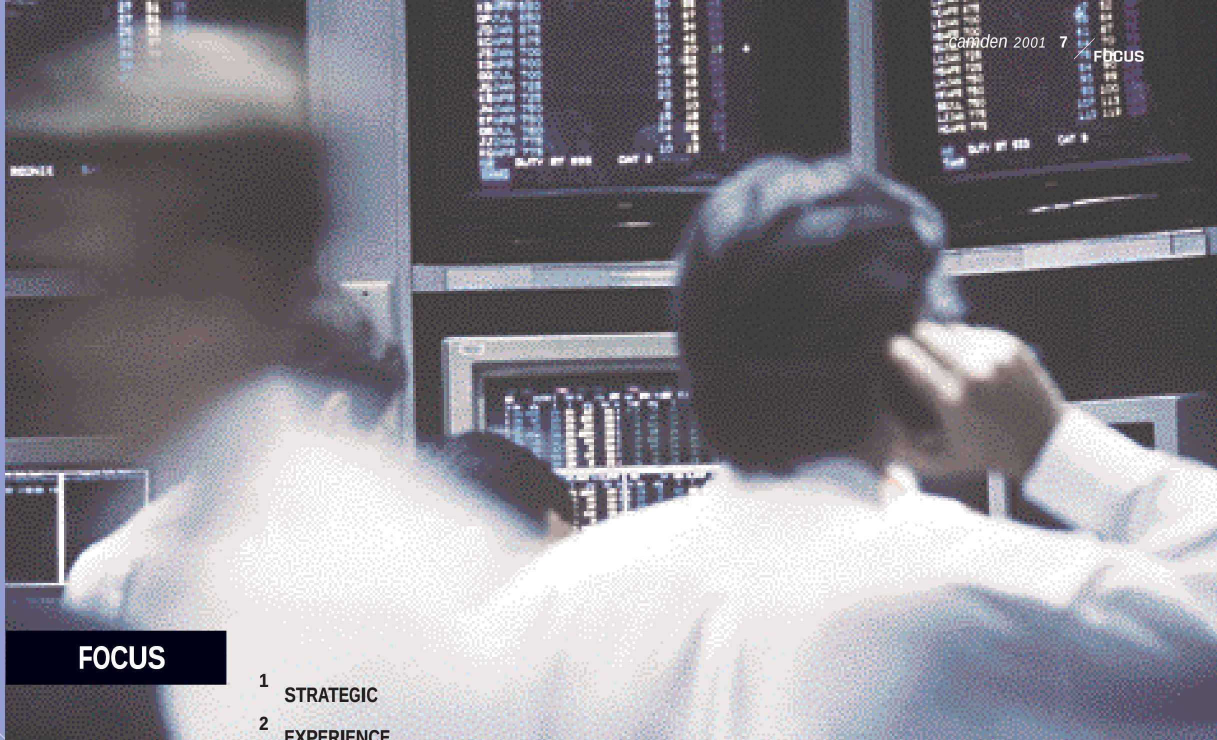
Here's what's behind our accomplishments,

and

what will keep us performing in the year ahead.

Camden's success has been built on a foundation of experience, execution, and innovation. We understand the real estate industry, and have the broad knowledge necessary to manage change. The goal of every part of our business plan is to maximize profits, enhance shareholder value and minimize risk, and we execute that plan with discipline and prudence. We are not, however, afraid to be different when doing so supports superior performance and reinforces our leadership position. Collectively, these qualities have produced a vision whose essence can be captured in a single word:

EXCELLENCE.



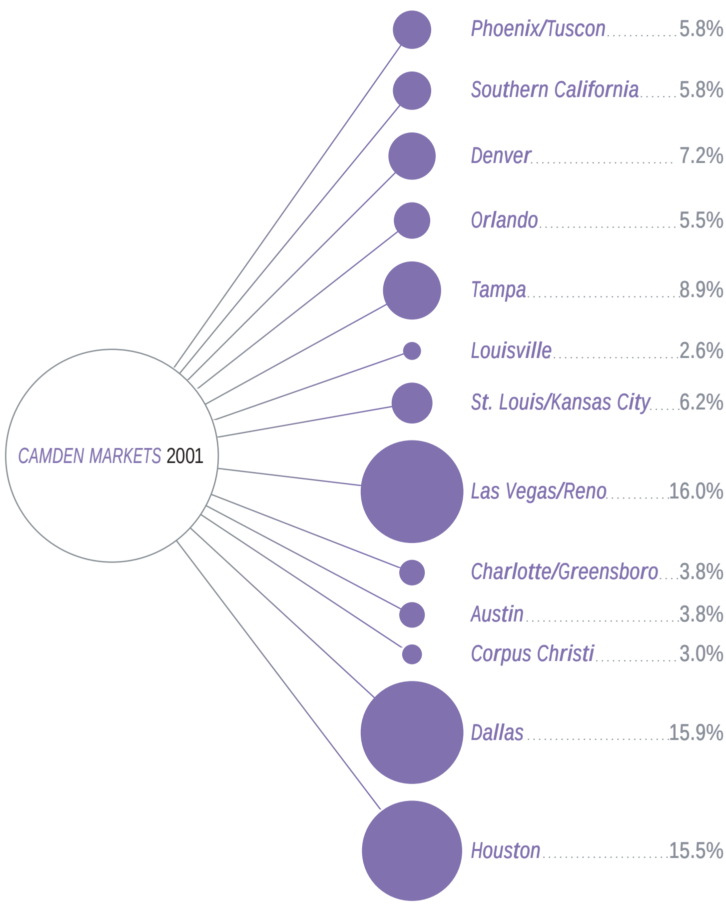
FOCUS

1 STRATEGIC
2 EXPERIENCE
3 DIVERSE
4 BALANCED
5 PERFORMANCE

EXPERIENCE — AND A STRATEGY — FOR ALL TIMES

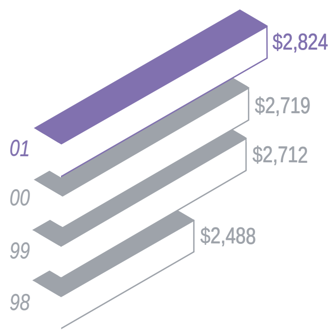
Our founders, Ric Campo and Keith Oden, established this organization in the 1980's, during one of the worst real estate markets in recent history. Throughout our history, we have been able to succeed in good times and bad, by transforming difficult market conditions into **STRATEGIC** business successes. This **EXPERIENCE** is at the core of a strategy designed to focus on one overriding objective: to outperform our peers regardless of market conditions.

The centerpiece of this strategy is portfolio excellence. At Camden, we have consistently focused on maintaining a portfolio that is **DIVERSE** in both geography and product. At the time of Camden's initial public offering, 77 percent of our apartment homes were located in Houston, 13 percent in Dallas, and 10 percent in Austin. Today, no single market contributes more than 16 percent of our net operating income, and we are on track to accomplish our goal of limiting the net operating income contribution of any one market to no more than 12 percent. Our product mix is now more evenly **BALANCED,** as roughly half of our communities are middle-market and half are upscale.

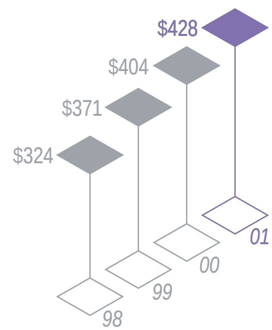


Percent of Total NOI

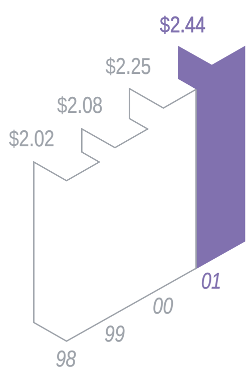
This strategy produces substantial benefits for our investors. It reduces cash flow volatility. It ensures that a downturn in any one individual market has minimal impact on our overall financial PERFORMANCE. It positions us to take advantage of the potential in high-growth areas such as Southern California and Houston. A strategic mix of communities further insulates us from recessionary pressures, as middle-market communities perform better in difficult times and contribute to steady growth.



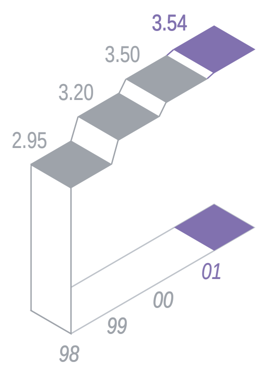
REAL ESTATE ASSETS
(IN MILLIONS)



REVENUES
(IN MILLIONS)



DISTRIBUTIONS
($ PER COMMON SHARE)

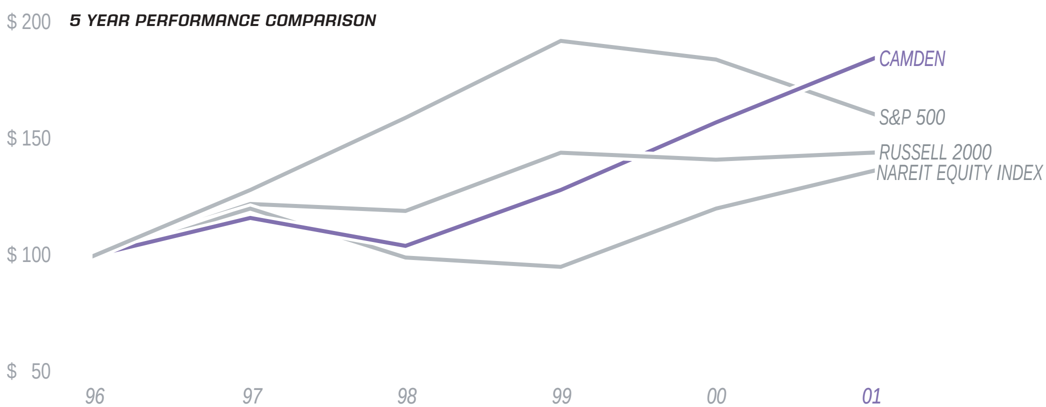


FUNDS FROM OPERATIONS (FFO)
($ PER SHARE)

WHEN GOOD ENOUGH, SIMPLY ISN'T.

"Camden's management team has proven its ability to outperform its peers in respective markets, which we believe will help the company continue to outperform over the next twelve months."

Legg Mason Report, January 31, 2002 and November 12, 2001



This graph assumes the investment of $100 on December 31, 1996 and quarterly reinvestment of dividends.
Source: NAREIT

INSIGHT

EXECUTION – THE KEY TO AN EFFECTIVE STRATEGY

No matter how sound or PROVEN a strategy may be, its true value lies in execution. An essential element in Camden's 20/20 vision of excellence has been our ability to apply strategic research, sound risk management, and professional skill to the effective execution of our business plan.

To begin with, we do not enter or exit a market arbitrarily. Rather, we have designed a model that guides those decisions, and is based on a THOROUGH, research-driven understanding of real estate cycles. This model, together with our broad experience, helps us know when and where to buy, sell and build at the optimal point in the cycle, or to hold onto a community when it is in our shareholders' best interest.

Our research model is continually reviewed and adjusted to provide us the tactical agility to respond to changes in the market. For example, our original plans for 2001 called for reducing exposure in Houston. A subsequent analysis, however, showed the market there would remain strong, an assessment later confirmed by our exceptional 2001 same store NOI growth in Houston. In light of our subsequent analysis, we decided to maintain our position in Houston in 2001 and reassess the market conditions in 2002.

The ultimate proof of our execution is RESULTS, and Camden's results speak for themselves:

- FFO per share (before an impairment provision for technology investments) has increased at a compound average growth rate of 9.3 percent per year since 1994.
- Total shareholder return for the past three years is approximately 70 percent, and our five-year total return is nearly 80 percent.
- Occupancy rates have remained steady at approximately 94 percent, while the compound average growth rate of rental income per apartment home has risen 6.6 percent per year since 1993.
- Our payout ratio has decreased from 88 percent in 1994 to 65 percent (before an impairment provision for technology investments) in 2001.
- Since 1995, Camden's average annual same store NOI growth has outpaced that of our four market peers.

The successful execution of any strategy ultimately comes down to people. We have developed a culture of unyielding determination. Each Camden employee understands our mission – to be the best multifamily company in the industry – and is willing to do whatever it takes to outperform the competition. Every day, we are COMMITTED to delivering on the promise of our brand, which is to provide exemplary levels of customer service and good management that can only come from an organization that listens to and understands the needs of each customer.

PEOPLE WHOSE EXPERIENCE MAKES A DIFFERENCE

Our expertise runs deep, and is the product of many factors. We make certain that we attract and retain the right people – people who share our vision, and know their role in adding value to the company. Once at Camden, they are EMPOWERED to do the job they are capable of doing. We encourage their innovation. We respect their abilities. We trust them.

COMMITTED
THOROUGH
EMPOWERED
TEAMWORK
RESULTS
PROVEN

When people come to Camden, they tend to stay with us. We have had little turnover at the executive and management levels, and an 80-plus percent retention rate among Community Managers. The benefits of this are significant. It provides a consistency of focus and a continuity of leadership. It promotes loyalty and **TEAMWORK.** It ensures a broad understanding of our business plan and of the responsibility each employee has to that plan. Finally, it gives Camden a depth of experience that is rare in our industry, assuring that we execute effectively and navigate successfully during difficult conditions.

OUR CULTURE IS ALL ABOUT OUR PEOPLE.

PEOPLE WHO SHARE A SET OF VALUES THAT DEFINE WHO WE ARE AND HOW WE CONDUCT OUR BUSINESS.

OUR CAMDEN VALUES

CUSTOMER FOCUSED

PEOPLE DRIVEN

TEAM PLAYERS

LEAD BY EXAMPLE

RESULTS ORIENTED

WORK SMART

ACT WITH INTEGRITY

ALWAYS DO THE RIGHT THING

HAVE FUN


I ♥ CAMDEN


RELAX
ENJOY
LIVING

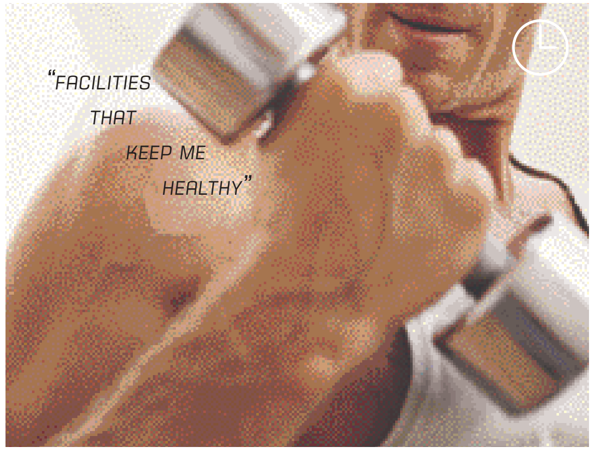
FORESIGHT

INNOVATION: SEEKING A NEWER, BETTER WAY

Camden blends conservative business principles and a willingness to be **DIFFERENT.** Our basic strategy has delivered stable earnings, while our constant search for newer, better ways to improve our performance has fostered a climate that promotes and embraces innovation. We are not like everyone else in this industry, and we do not build the same kind of community and expect the same kind of results. By going beyond the conventional build-and-lease approach, we are enhancing returns and increasing the value of the property. This, in turn, produces a greater cash flow that further supports our plan for solid, predictable growth. The Royal Oaks site and Camden Harbour View community are good cases in point.

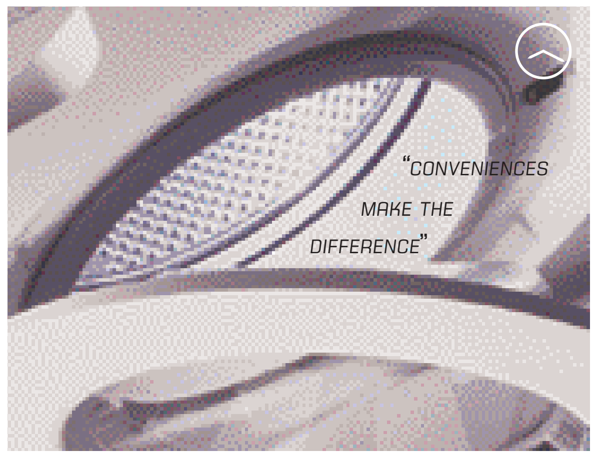
We purchased the 700-acre Royal Oaks site in Houston in 1998, and have been selling the excess land for other uses. Simultaneous to the acquisition, we sold 500 acres for development of the Royal Oaks subdivision and Country Club, and expect to sell up to 110 acres for retail and office sites. This integration of residential and retail development is consistent with our mixed-use vision for Royal Oaks, and our focus on enhancing the LIFESTYLE of our residents. It will also add to the desirability of our Camden Royal Oaks community, which is scheduled for initial occupancy in early 2003.

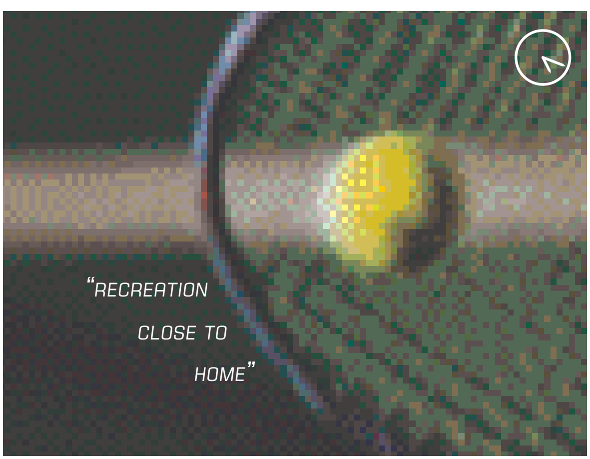
EVERYTHING YOU NEED...



Camden Harbour View reflects this same INNOVATIVE vision. We took a narrow 13-acre site, conservatively underwritten, and began development of a multifamily community that includes 538 apartment homes, 25,000 square feet of ground-floor retail space, and plans for an adjacent condominium complex and hotel. Competitively priced with limited new competition, Camden Harbour View has expanded our platform in Southern California and enhanced our position in a region that is expected to outperform most other markets.

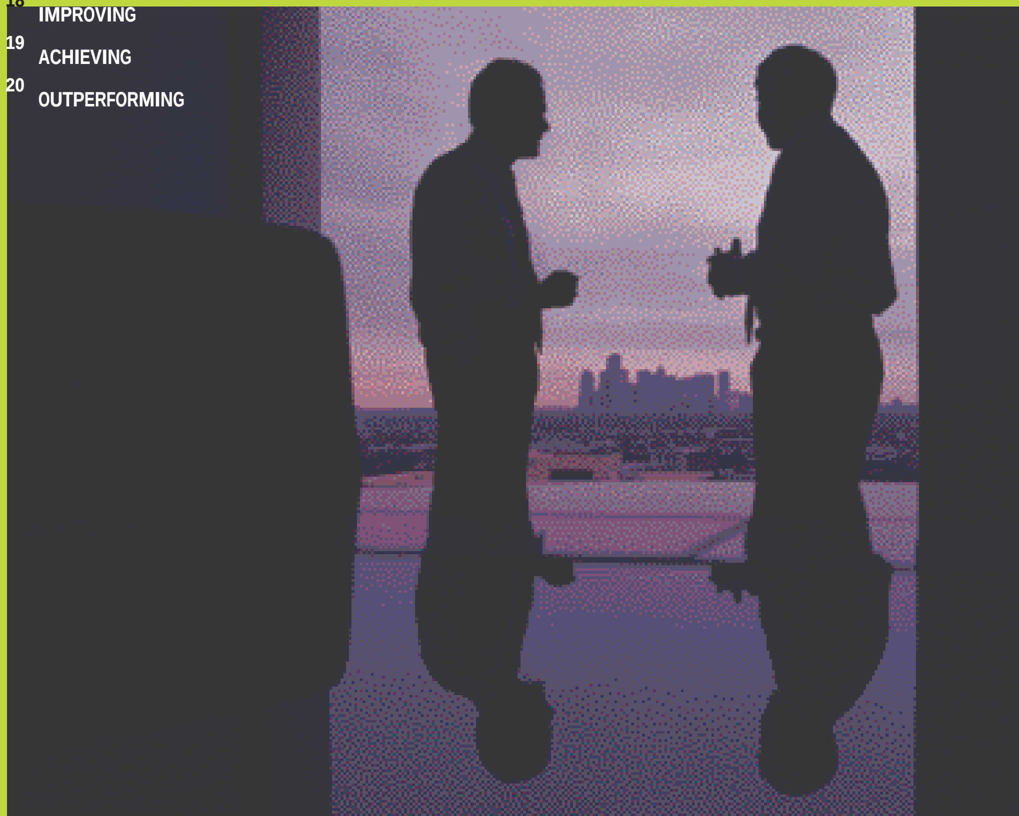
AND MUCH MORE ...





FROM TOP TO BOTTOM, WE MOVE WITH VISION AND PURPOSE.

VISION



MOVING WITH VISION AND PURPOSE

The reason for Camden's continuing achievement and leadership over the past two decades is simple: The advantage of experience, the discipline of execution and the power of innovation is the foundation of our 20/20 vision of excellence. It has enabled us to overcome any challenge, seize any appropriate opportunity, and stay focused on assuring maximum value for shareholders and residents.

SEEING

"We remain committed to a strategy of market diversification–without sacrificing growth or eroding shareholder value. Our model helps us know when and where to buy, sell or hold onto an asset. It provides insight so that we can take full advantage of opportunities as well as identify efficiencies in the market."

ALISON D. MALKHASSIAN
SENIOR VICE PRESIDENT
ACQUISITIONS AND DISPOSITIONS

FROM **ACQUISITIONS...**

BELIEVING

We examine a number of different deals. We select only those that fit our long-term strategy and will meet or exceed our performance expectations. This is one way in which Camden focuses on delivering results."

JAMES M. HINTON
SENIOR VICE PRESIDENT
DEVELOPMENT

TO **DEVELOPMENT...**

IMPROVING

"We're not like everyone else. We do not build the same kind of community and expect the same kind of results. Because we're always looking for ways to improve our performance, we have implemented a system of checks and balances in both construction and property management that ensure we achieve the best possible results."

H. MALCOLM STEWART
EXECUTIVE VICE PRESIDENT

TO **BUILDING...**

ACHIEVING

"Our strong balance sheet is evidence of our ability to execute our business plan. From the way in which we manage our expenditures to the way we service our resident customer, we are focused on achieving our company objectives through action and results."

G. STEVEN DAWSON

CHIEF FINANCIAL OFFICER

SENIOR VICE PRESIDENT - FINANCE AND SECRETARY

TO RETURNS...

ACHIEVING CAMDEN EXCELLENCE

ACE AWARD RECIPIENTS

Alexis Bury / *Louisville, KY*
Angela Blaha / *Tampa, FL*
Barbara Kirk / *Las Vegas, NV*
Carolyn O'Connor / *Tampa, FL*
Christine Miorin / *Addison, TX*
Clinton Cooke / *Austin, TX*
David Barton / *St Louis, MO*
Diane Gautreau / *Houston, TX*
Don Peters / *Peoria, AZ*
Enoc Contreras / *Houston, TX*
Greg Smith / *Irving, TX*
Jeffrey D. Loveall / *Las Vegas, NV*
Jeffery S. Erskine / *Las Vegas, NV*
Joe Guzvanj / *Orlando, FL*
Laura Schwing / *Corpus Christi, TX*
Lawrence Richard Bosley / *Las Vegas, NV*
Mary D. Cole / *Westminster, CO*
Matthew Brown / *Houston, TX*
Michael Krause / *St Louis, MO*
Michael McCarty / *Orlando, FL*
Nicolas Sendis Hernandez / *Costa Mesa, CA*
Renee Hammond / *Houston, TX*
Reyna Alejo / *Irving, TX*
Robert D. Fletcher / *Las Vegas, NV*
Robert Mayo / *Tampa, FL*
Rosie Salmeron / *Houston, TX*
Ruth Faircloth / *Charlotte, NC*
Sheri Terrell / *Plano, TX*
Silvia Avila / *Mission Viejo, CA*
Susan Cosbey / *Las Vegas, NV*
Teresa L. Turner / *Las Vegas, NV*
Tina Hurd / *Houston, TX*
Vicki Smith / *Houston, TX*
Walter Strauss / *Addison, TX*

OUTPERFORMING

"We have the strength and financial resources to pursue our strategy. Our team is experienced. We've been through cycles before, and have the tactical agility to do something positive in any market, under any condition."

RICHARD J. CAMPO

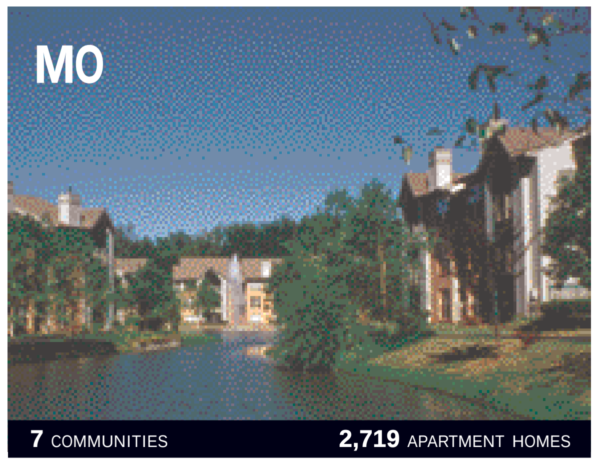
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

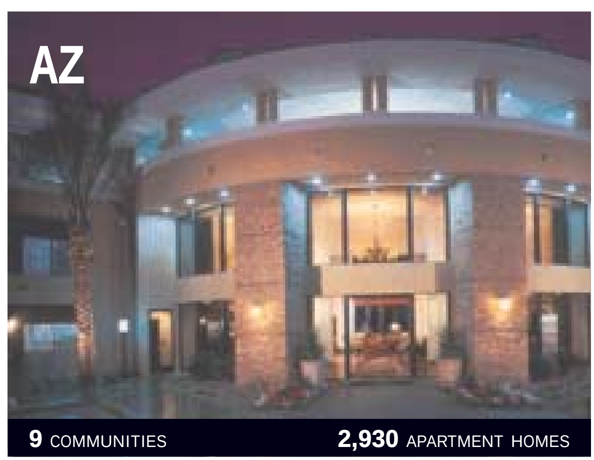
"Our mission is to be the best multifamily company in the industry. We will achieve our mission through our people, who represent the best and the brightest within the industry. Through their experience, innovation and execution, we will continue to deliver excellent returns and excellent service."

D. KEITH ODEN

PRESIDENT AND CHIEF OPERATING OFFICER

TO VALUE.





8 COMMUNITIES **2,529** APARTMENT HOMES

4 COMMUNITIES **1,653** APARTMENT HOMES

5 COMMUNITIES **1,448** APARTMENT HOMES

17 COMMUNITIES **7,827** APARTMENT HOMES

38 COMMUNITIES **11,103** APARTMENT HOMES

8 COMMUNITIES **2,179** APARTMENT HOMES

TODAY

AS CAMDEN LOOKS TO 2002 AND BEYOND, our direction is clear. We will continue to expect more of ourselves, perform better than our peers, and deliver stable, predictable earnings. After 20 years, we remain as sharply and firmly focused on living excellence as ever. It is a vision that has made us the strong company we are today, and will make us an even stronger company tomorrow.

LETTER TO SHAREHOLDERS

Dear Camden Shareholders:

Camden's 20/20 vision of excellence produced another strong year in 2001, enabling us to deliver significant benefits to shareholders and residents despite the onset of challenging market conditions. As we begin our 20th year together, we are confident that our experience, innovation, and execution will further enhance our ability to outperform our peers regardless of market conditions.

In 2001, our shareholders received a 16.8 percent total return, bringing our five-year total return to nearly 80 percent. According to a Goldman Sachs report dated January 9, 2002 "Real Estate: REIT Long-Term Performance", this five-year return outpaced The S&P 500 Index by 14 percentage points and placed Camden in the Top 20 REIT performers across all sectors. Additionally, we saw strong growth in Houston and Southern California, and our Las Vegas portfolio held up well. We continued to pursue our strategy of portfolio diversification, ensuring that we are in the right markets at the right time as well as reducing the potential for cash flow volatility. Additionally, we took the necessary steps to ensure that we are well positioned to manage the challenges – and seize the opportunities – that await us in 2002.

FINANCIAL HIGHLIGHTS

Since our beginning, Camden has been able to consistently deliver on our promise to produce a stable, predictable cash flow and consistent dividend growth. This has created value for the company and our shareholders and provided us the resources necessary to execute our strategy for portfolio diversification and operational excellence.

The past year built upon those successes. We finished 2001 with a strong balance sheet, secure dividends and continued steady growth in revenues, net operating income and funds from operations. Although we recorded a onetime impairment provision in the form of a reserve of $9.9 million that was related to technology investments, we remain committed to advanced technological solutions that support new revenue opportunities and cost efficiencies.

For the year ended December 31, 2001, Camden reported the following results:

- Revenues increased 6.1 percent to $428.2 million, compared with $403.5 million in 2000.
- Same-property net operating income (NOI) increased 3.9 percent.
- Funds from operations (FFO) increased to $3.54 per share, or $157.8 million, from $3.50 per share, or $156.3 million, in 2000. Excluding an impairment provision for technology investments, FFO in 2001 was $3.76 per share, or $167.7 million.
- Dividends increased 8.4 percent to $2.44 per share compared with $2.25 per share in 2000.
- Total shareholder return in 2001 was 16.8 percent, pushing the five-year total return to 79.6 percent.

In 2001, our payout ratio was 64.9 percent before impairment provisions for technology investments, which provides for a stable dividend and enables us to retain maximum available cash for growth. At year-end, we had $263 million available on our line of credit, further assuring that we have the resources necessary to implement our strategy of prudent development and acquisition in 2002.

Despite the economic downturn toward the end of the year, we finished 2001 in a sound financial position. Our debt-to-asset ratio was 49.3 percent, up slightly from 2000 yet still relatively low. This ratio is moderate among real estate companies and very low compared with U.S. corporations generally.

LOOKING BACK

Camden's accomplishments during the past year brought our 20/20 vision for excellence into even sharper focus. They demonstrated the effectiveness of our business plan, our ability to successfully execute that plan and our willingness to find better, more innovative ways to improve our performance.

PORTFOLIO EXCELLENCE We maintained our strategy of operating in high-growth locations in major markets across the southern United States and minimizing our exposure in weaker markets. We have a diverse portfolio of high quality communities and offer our residents apartment homes at a variety of price points. We will continue to seek ways to enhance our portfolio by developing, acquiring and disposing of assets as opportunities arise.

DEVELOPMENT EXCELLENCE Construction on Camden Farmers Market, located in the Central Business District of Dallas, was completed in the second quarter, and Camden Crown Valley in Mission Viejo, California, was finished in the third quarter. Currently, these two communities – which total 1,000 new apartment homes – are leased at rates of 83 percent and 77 percent, respectively.

Work progressed on Camden Harbour View in Long Beach and Camden Vineyards in Murrieta, both of which will continue to expand our platform in the growing Southern California market. We expect that initial occupancy will begin in the third quarter of 2002 for the 264 apartment home Camden Vineyards community, and in the first quarter of 2003 for Camden Harbour View, which will have 538 apartment homes.

Our commitment to innovative development is reflected at the Royal Oaks site in Houston. To date, we have sold nearly 600 of the 700 acres originally purchased in 1998 for a substantial gain. As a result, Camden now owns the remaining acreage at a low cost basis, which should provide for superior returns on our future multifamily developments there.

TECHNOLOGY EXCELLENCE Camden is committed to using technology that enhances our residents' living experience, maximizes customer satisfaction, and creates efficiencies in process and cost. In 2001, we deployed several web-based applications that reinforce that commitment. Using an online credit scoring service, our customers' rental applications are instantly approved providing customer convenience and operational efficiencies. After application approval, residents may access our online resident connection service, *camdenconnect.com*, to sign-up for utilities and more than 20 other services and products, saving them both time and money. And, all Camden residents can stay connected with their community through our private resident portal, *residentliving.com*.

BRAND EXCELLENCE The strategic brand initiative that was conceived in 2000 began implementation in April 2001. This initiative focuses on clearly communicating our brand promise – Living Excellence – a promise that tells people what they can expect from us. We have produced new, innovative collateral materials, launched a new, dynamic web site – *camdenliving.com*, and implemented a new naming convention so that each of our communities now carry the Camden flagship name. These actions leverage our brand to increase market awareness and define who and what we are to our key customers and other audiences. More importantly, they create long-term value for the company and its shareholders.

LOOKING AHEAD

We expect that 2002 will be the most challenging year for the multifamily industry since 1990-91. The recessionary climate is likely to remain through the second quarter, followed by recovery and stabilization by the end of the year.

Despite this outlook, we believe that Camden's 20/20 vision of excellence will enable us to continue outperforming our peers in each of our markets, regardless of overall economic conditions. We have planned to undertake a conservative number of new projects in 2002, all of which are in high-growth markets. Additionally, most of our lease-up activity will occur in 2003, when economic conditions are predicted to be in full recovery. We will search for assets that are good strategic fits with our portfolio, and selectively sell those that no longer fit into our strategic plans.

The fact that we are in such a strong position reflects both the strength of our management team and the soundness of our business plan. Although the economic environment in 2002 may require some tactical adjustments to Camden's strategy, we do not anticipate the need for any substantial changes in our approach. Marketplace conditions, no matter how challenging, will not limit the pursuit of our strategy, and we will do whatever is necessary to serve our shareholders and our residents.

In closing, we would like to thank our shareholders for their support of Camden during our eight years as a public company. Their confidence in our ability to honor our commitments has been an important part of Camden's success. We look forward to the opportunity to keep earning that trust in 2002 and beyond.

Respectfully,

RICHARD J. CAMPO *CHAIRMAN AND CHIEF EXECUTIVE OFFICER*

D. KEITH ODEN *PRESIDENT AND CHIEF OPERATING OFFICER*

HONORING OUR COMMITMENTS TO OUR RESIDENTS AND SHAREHOLDERS

Camden, one of the largest multifamily companies in the nation, specializes in several disciplines within the residential real estate industry. We provide expertise in the ownership, development and management of apartment home communities; in the acquisition, disposition and redevelopment of communities; and in consulting, building and construction services for third party clients.

Camden has built a solid reputation by delivering excellent product in the marketplace - and in delivering value to both our residents and shareholders. Our current geographic and product diversification, as well as upcoming initiatives, gives us the leverage to capitalize on dynamic new opportunities.

At the beginning of 2002, we owned and managed 145 communities, consisting of 51,345 apartment homes, geographically dispersed in the Sunbelt and Midwestern markets from Florida to California. Through the ownership of land parcels and development rights in promising markets, Camden is uniquely prepared for future growth. Our development pipeline is substantial, with up to 4,600 apartment homes in the planning stages for future opportunities.

Our corporate offices are strategically headquartered in Houston, Texas to better serve our national and regional markets.

FINANCIAL REVIEW

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

We have made statements in this report that are "forward-looking" in that they do not discuss historical fact, but instead note future expectations, projections, intentions or other items relating to the future. You should not rely on these forward-looking statements as they are subject to known and unknown risks, uncertainties and other factors that may cause our actual results or performance to differ materially from those included in the forward-looking statements. Many of those factors are noted in conjunction with the forward-looking statements in the text. Other important factors that could cause actual results to differ include:

- the results of our efforts to implement our property development strategy;
- the effect of economic and market conditions;
- our failure to qualify as a real estate investment trust;
- our cost of capital;
- the actions of our competitors and our ability to respond to those actions;
- changes in government regulations, tax rates and similar matters; and
- environmental uncertainties and natural disasters.

Do not rely on these forward-looking statements, which only represent our estimates and assumptions as of the date of this report. We assume no obligation to update or revise any forward-looking statement.

BUSINESS

Camden Property Trust is a real estate investment trust and, with our subsidiaries, reports as a single business segment with activities related to the ownership, development, construction and management of multifamily communities. As of December 31, 2001, we owned interests in, operated or were developing 147 multifamily properties containing 52,147 apartment homes located in nine states. Our properties, excluding properties in lease-up and under development, had a weighted average occupancy rate of 94.2% for the year ended December 31, 2001. This represents the average occupancy for all our properties in 2001 weighted by the number of apartment homes in each property. Weighted average occupancy was 94.0% for the year ended December 31, 2000. Two of our newly developed multifamily apartment properties containing 1,000 apartment homes were in lease-up at year end. Two of our multifamily properties containing 802 apartment homes were under development at December 31, 2001. Additionally, we have several sites which we intend to develop into multifamily apartment communities.

PROPERTY UPDATE During 2001, we completed construction on the following two development properties totaling 1,000 apartment homes: Camden Farmers Market in Dallas and Camden Crown Valley in Southern California. Stabilization occurred during 2001 at three properties totaling 1,256 apartment homes: Camden Oxmoor in Louisville, Camden Lee Vista in Orlando and Camden Copper Square in Phoenix. We expect stabilization to occur at the completed development properties during 2002. We consider a property stabilized once it reaches 90% occupancy, or generally one year from opening the leasing office, with some allowances for larger than average properties. Additionally, we have two properties currently under development: Camden Harbour View, a 538-unit property located in Long Beach, California and Camden Vineyards, a 264-unit property located in Murrieta, California.

During 2001, we acquired one multifamily property and three tracts of undeveloped land. The completed multifamily property, Camden Pecos Ranch, is a 272-unit property located in Phoenix, Arizona which was purchased for $20.6 million and was developed under our third party development program. Camden Pecos Ranch was completed during the fourth quarter 2000 and stabilized operations during the first quarter 2001. We acquired 13.6 acres of land in Murrieta, California, 27.5 acres of land in Orlando, and 8.3 acres of land in Houston for a total cost of $22.2 million. These projects were in pre-development at time of acquisition. The 13.6 acres of land acquired in California is currently being developed as a 264-unit property, Camden Vineyards.

Dispositions during 2001 included two parcels of land totaling 22.7 acres located in Houston and three operating properties with a total of 1,264 apartment homes located in North Carolina and Dallas. The net proceeds from the land sales totaled $8.6 million and were used to reduce indebtedness outstanding under our unsecured line of credit. The operating properties were held through a joint venture and the gains from these dispositions, totaling $6.6 million, are included in "Equity in income of joint ventures".

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our multifamily property portfolio, excluding land we hold for future development and joint venture properties we do not manage, at December 31, 2001, 2000 and 1999 is summarized as follows:

	2001		2000		1999	
	APARTMENT HOMES	PROPERTIES	APARTMENT HOMES	PROPERTIES	APARTMENT HOMES	PROPERTIES
OPERATING PROPERTIES						
WEST REGION						
Las Vegas, Nevada (a)	**10,653**	**37**	10,653	37	11,513	40
Denver, Colorado (a)	**2,529**	**8**	2,529	8	2,312	7
Phoenix, Arizona	**2,109**	**7**	1,837	6	1,505	5
Southern California	**1,653**	**4**	1,272	3	1,272	3
Tucson, Arizona	**821**	**2**	821	2	821	2
Reno, Nevada	**450**	**1**	450	1	450	1
CENTRAL REGION						
Dallas, Texas (b)	**8,359**	**23**	8,447	23	9,381	26
Houston, Texas	**7,190**	**16**	7,190	16	8,258	19
St. Louis, Missouri	**2,123**	**6**	2,123	6	2,731	7
Austin, Texas	**1,745**	**6**	1,745	6	1,745	6
Corpus Christi, Texas	**1,663**	**4**	1,663	4	1,512	4
Kansas City, Missouri	**596**	**1**	596	1	596	1
El Paso, Texas					129	1
EAST REGION						
Tampa, Florida	**5,023**	**11**	5,023	11	5,023	11
Orlando, Florida (c)	**2,804**	**6**	2,804	6	2,312	6
Charlotte, North Carolina (b)	**1,659**	**6**	1,879	7	1,879	7
Louisville, Kentucky	**1,448**	**5**	1,448	5	1,016	4
Greensboro, North Carolina (b)	**520**	**2**	856	3	856	3
TOTAL OPERATING PROPERTIES	**51,345**	**145**	51,336	145	53,311	153
PROPERTIES UNDER DEVELOPMENT						
WEST REGION						
Southern California	**802**	**2**	918	2	380	1
Phoenix, Arizona					332	1
Denver, Colorado					218	1
CENTRAL REGION						
Dallas, Texas			620	1	620	1
EAST REGION						
Orlando, Florida					492	1
Louisville, Kentucky					432	1
TOTAL PROPERTIES UNDER DEVELOPMENT	**802**	**2**	1,538	3	2,474	6
TOTAL PROPERTIES	**52,147**	**147**	52,874	148	55,785	159
Less: Joint Venture Properties (a) (b) (c)	**5,239**	**20**	6,503	23	6,504	23
TOTAL PROPERTIES OWNED 100%	**46,908**	**127**	46,371	125	49,281	136

(a) Includes properties held in joint ventures as follows: one property with 320 apartment homes (321 apartment homes at December 31, 1999) in Colorado in which we own a 50% interest, the remaining interest is owned by an unaffiliated private investor; and 19 properties with 4,919 apartment homes in Nevada in which we own a 20% interest, the remaining interest is owned by an unaffiliated private investor.

(b) In addition to the properties listed in footnote (a), the December 31, 2000 and 1999 balances include properties held in joint ventures as follows: one property with 708 apartment homes in Dallas and two properties with 556 apartment homes in North Carolina in which we owned a 44% interest, the remaining interest was owned by unaffiliated private investors.

(c) Includes the combination of operations at January 1, 2000 of two adjacent properties.

At December 31, 2001, we had two completed properties in lease-up as follows:

PROPERTY AND LOCATION	NUMBER OF APARTMENT HOMES	% LEASED AT 3/7/02	DATE OF COMPLETION	ESTIMATED DATE OF STABILIZATION
Camden Farmers Market *Dallas, TX*	620	83%	2Q01	2Q02
Camden Crown Valley *Mission Viejo, CA*	380	77%	3Q01	2Q02

At December 31, 2001, we had two development properties under construction as follows:

PROPERTY AND LOCATION	NUMBER OF APARTMENT HOMES	ESTIMATED COST ($ MILLIONS)	ESTIMATED DATE OF COMPLETION	ESTIMATED DATE OF STABILIZATION
Camden Harbour View *Long Beach, CA*	538	$ 127.0	3Q03	4Q04
Camden Vineyards *Murrieta, CA*	264	35.0	4Q02	2Q03
TOTAL DEVELOPMENT PROPERTIES	**802**	**$ 162.0**		

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 that all operating expenses, excluding depreciation, associated with occupied apartment homes are expensed against revenues generated by those apartment homes as they become occupied. All construction and carrying costs are capitalized and reported on the balance sheet in “Properties under development, including land” until individual buildings are completed. Carrying charges are principally interest and real estate taxes which are capitalized as part of properties under development. Upon completion of each building, the total cost of that building and the associated land is transferred to “Buildings and improvements” and “Land”, respectively and the assets are depreciated over their estimated useful lives using the straight-line method of depreciation. Upon stabilization, all apartment homes are considered operating and we begin expensing all items that were previously considered carrying costs.

If an event or change in circumstance indicates a potential impairment in the value of a propery has occurred, our policy is to assess any potential impairment by making a comparison of the current and projected operating cash flows for such property over its remaining useful life, on an undiscounted basis, to the carrying amount of the property. If such carrying amounts are in excess of the estimated projected operating cash flows of the property, we would recognize an impairment loss equivalent to an amount required to adjust the carrying amount to its estimated fair market value.

Our consolidated financial statements include $143.6 million related to properties currently under development. Of this amount, $46.2 million relates to our two development projects currently under construction. Additionally, we have $97.4 million invested in land held for future development. Included in this amount is $51.8 million in land development projects located in Houston, Dallas, and Long Beach. We are currently in the planning phase with respect to these properties to further develop apartment homes in these areas. We may also sell certain parcels of undeveloped land to third parties for commercial and retail development.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

During 2001, we completed construction on 17 for-sale townhomes in the downtown Dallas area at a total cost of approximately $5.5 million. At December 31, 2001, five units had been sold at a total sales price of approximately $1.6 million. The proceeds received from the townhome sales are included in other income in our consolidated financial statements. Other expenses in our consolidated financial statements represents the construction cost associated with the townhomes sold during the year.

At December 31, 2001 and 2000, our investment in various geographic areas, excluding investments in joint ventures and third party development properties, was as follows:

DOLLARS IN THOUSANDS	2001		2000	
WEST REGION				
Las Vegas, Nevada	**$ 408,662**	**15%**	$ 404,957	15%
Southern California	**255,106**	**9**	212,785	8
Denver, Colorado	**190,331**	**7**	188,507	7
Phoenix, Arizona	**143,536**	**5**	121,526	5
Reno, Nevada	**44,413**	**2**	43,713	2
Tucson, Arizona	**34,230**	**1**	33,699	1
CENTRAL REGION				
Dallas, Texas	**400,484**	**15**	388,212	15
Houston, Texas	**392,480**	**14**	379,036	15
St. Louis, Missouri	**115,721**	**4**	113,655	4
Austin, Texas	**70,959**	**3**	70,244	3
Corpus Christi, Texas	**60,258**	**2**	59,143	2
Kansas City, Missouri	**36,134**	**1**	35,938	1
EAST REGION				
Tampa, Florida	**246,450**	**9**	242,776	9
Orlando, Florida	**164,485**	**6**	158,972	6
Charlotte, North Carolina	**79,867**	**3**	78,775	3
Louisville, Kentucky	**75,867**	**3**	74,595	3
Greensboro, North Carolina	**17,491**	**1**	17,196	1
TOTAL PROPERTIES	**$ 2,736,474**	**100%**	$ 2,623,729	100%

THIRD PARTY DEVELOPMENT Our construction division performs services for our internally developed construction pipeline, as well as provides services for other third party owners of multifamily, commercial and retail properties. In addition to providing construction services to third party multifamily owners, for selected properties in markets we are comfortable making investments in, we may provide financing for a portion of the project costs. In connection with this program, we have entered into agreements with unaffiliated third parties to develop, construct, and manage five multifamily projects containing a total of 1,667 apartment homes. We are providing financing for a portion of each project in the form of notes receivable which mature through 2005. These notes accrue interest at 10% annually and is being recognized as earned. These notes are secured by second liens on the assets and partial guarantees by the third party owners. We expect these notes to be repaid from operating cash flow or proceeds from the sale of the individual properties. At December 31, 2001 and 2000, these notes had principal balances totaling $70.0 million and $72.9 million, respectively. We anticipate funding an additional $10.0 million on these third party development properties during 2002.

These projects are supported with adequate third party equity to allow us to earn fees for managing the development, construction and eventual operations of these properties. The related fees we earned for all projects totaled $2.2 million, $2.2 million and $1.7 million for the years ended December 31, 2001, 2000 and 1999, respectively. Two of the projects were completed and stabilized operations during 2001. The remaining three projects are all currently under construction, with one project in the lease-up phase. We expect that the remaining two projects will begin leasing during 2002.

During 2001, we purchased one completed and stablized third party development project and three projects which were in pre-development, as they fit our diversification strategy. All net fees and interest previously recognized on the pre-development projects were reversed at time of purchase.

LIQUIDITY AND CAPITAL RESOURCES

FINANCIAL STRUCTURE We intend to maintain what management believes to be a conservative capital structure by:

(i) using what management believes is a prudent combination of debt and common and preferred equity;
(ii) extending and sequencing the maturity dates of our debt where possible;
(iii) managing interest rate exposure using fixed rate debt and hedging where management believes it is appropriate;
(iv) borrowing on an unsecured basis in order to maintain a substantial number of unencumbered assets; and
(v) maintaining conservative coverage ratios.

The interest expense coverage ratio, net of capitalized interest, was 3.5, 3.4 and 3.7 times for the years ended December 31, 2001, 2000 and 1999, respectively. At December 31, 2001, 2000 and 1999, 80.4%, 75.6% and 70.6%, respectively, of our real estate assets (based on invested capital) were unencumbered. Our weighted average maturity of debt, excluding our line of credit, was 6.9 years, 5.6 years and 6.1 years at December 31, 2001, 2000 and 1999.

LIQUIDITY We intend to meet our short-term liquidity requirements through cash flows provided by operations, our unsecured line of credit discussed in the "Financial Flexibility" section and other short-term borrowings. We expect that our ability to generate cash will be sufficient to meet our short-term liquidity needs, which include:

(i) normal operating expenses;
(ii) current debt service requirements;
(iii) recurring capital expenditures;
(iv) property development;
(v) investments in third party development properties;
(vi) common share repurchases; and
(vii) distributions on our common and preferred equity.

We consider our long-term liquidity requirements to be the repayment of maturing debt, including borrowings under our unsecured line of credit, and funding of acquisitions. We intend to meet our long-term liquidity requirements through the use of common and preferred equity capital, senior unsecured debt and property dispositions.

We intend to concentrate our growth efforts toward selective development and acquisition opportunities in our current markets, and through the acquisition of existing operating portfolios and the development of properties in selected new markets. During the year ended December 31, 2001, we incurred $76.6 million in development costs and $20.6 million in acquisition costs. We are developing two properties at a projected aggregate cost of approximately $162.0 million, $26.6 million of which was incurred during 2001. At year end, we were obligated for approximately $85.8 million under construction contracts (a substantial amount of which we expect to fund with debt). We intend to fund our developments and acquisitions through a combination of equity capital, partnership units, medium-term notes, construction loans, other debt securities and our unsecured line of credit. We also seek to selectively dispose of assets that management believes have a lower projected net operating income growth rate than the overall portfolio, or no longer conform to our operating and investment strategies. We intend to continue rebalancing our portfolio with the goal of limiting any one market to no more than 12% of total real estate assets. We expect that any such sales should generate capital for acquisitions and new developments or for debt reduction. Real estate to be disposed of is reported at the lower of its carrying amount or its estimated fair value, less its cost to sell. Depreciation expense is not recorded during the period in which such assets are held for sale.

Dispositions during the year included two parcels of land totaling 22.7 acres located in Houston. We used the net proceeds from these dispositions, totaling $8.6 million, to reduce indebtedness outstanding under our unsecured line of credit. Additionally, three properties totaling 1,264 apartment homes were sold during the year. These properties were held in a joint venture in which we owned a 44% interest. The gains from these property sales are included in "Equity in income of joint ventures" in our consolidated statements of operations.

Net cash provided by operating activities totaled $198.2 million for 2001, an increase of $31.8 million, or 19.1%, over 2000. This increase was attributable to an $8.0 million increase in net operating income from the real estate portfolio for 2001 over the same period in 2000. Equity in income of joint ventures for 2001 increased $7.8 million over 2000. This increase was due to the sale in 2001 of three properties held in a joint venture. Fee and asset management and other income increased a total of $4.4 million over the prior year, primarily from third party construction fees, interest on notes receivable and the sale of five townhomes. Additionally, accrued expenses and other liabilities increased $9.3 million during 2001 primarily from increases in accrued interest from new unsecured debt issuances.

Net cash used in investing activities totaled $119.6 million for the year ended 2001 compared to $15.8 million in 2000. For 2001, expenditures for acquisitions, property development and capital improvements totaled $20.6 million, $76.6 million and $26.7 million, respectively. These expenditures were offset by $10.4 million in net proceeds received from the sales of properties and townhomes. For the year ended 2000, expenditures for property development and capital improvements were $94.4 million and $27.9 million, respectively. Additionally, we received $150.1 million in net proceeds from property dispositions during 2000.

Net cash used in financing activities totaled $77.9 million for the year ended 2001 compared to $151.3 million for 2000. During 2001, we paid distributions totaling $119.2 million and paid $26.9 million to repurchase our outstanding Series A preferred shares. We received net proceeds totaling $326.9 million from the issuance of senior unsecured and secured notes. The proceeds from these issuances were used to pay down borrowings under our line of credit, which decreased $39.0 million during the year, and repay $219.4 million in notes payable. For the year ended 2000, we paid distributions totaling $112.9 million, repaid notes payable totaling $107.4 million and repurchased $31.2 million common shares and units convertible into common shares. These payments were offset by the issuances of $17.5 million of preferred units, and an increase in borrowings under our line of credit of $80.0 million.

In 1998, we began repurchasing our common equity securities under a program approved by our Board of Trust Managers. The plan allows us to repurchase or redeem up to $200 million of our securities through open market purchases and private transactions. Management consummates these repurchases and redemptions at the time when they believe that we can reinvest available cash flow into our own securities at yields which exceed those currently available on direct real estate investments. These repurchases were made and we expect that future repurchases, if any, will be made without incurring additional debt and, in management's opinion, without reducing our financial flexibility. At December 31, 2001, we had repurchased approximately 6.9 million common shares and redeemed approximately 106,000 units convertible into common shares at a total cost of $180.9 million. No common shares or units convertible into common shares were repurchased during 2001.

On January 17, 2002, we paid a distribution of $0.61 per share for the fourth quarter of 2001 to all holders of record of our common shares as of December 19, 2001, and paid an equivalent amount per unit to holders of common limited partnership units in Camden Operating, L.P. Total distributions to common shareholders and holders of common operating partnership units for the year ended December 31, 2001 were $2.44 per share or unit. We determine the amount of cash available for distribution to unitholders in accordance with the partnership agreements and have made and intend to continue to make distributions to the holders of common operating partnership units in amounts equivalent to the per share distributions paid to holders of common shares. We intend to continue to make shareholder distributions in accordance with REIT qualification requirements under the federal tax code while maintaining what management believes to be a conservative payout ratio. The dividend payout ratio, which is calculated by dividing distributions per share by funds from operations per share, was 69%, 64% and 65% for the years ended December 31, 2001, 2000 and 1999, respectively.

In April 2001, we announced that our issued and outstanding Series A preferred shares would be redeemed effective April 30, 2001 at a redemption price of $25.00 per share plus an amount equal to all accumulated, accrued and unpaid dividends as of April 30, 2001. Prior to redemption, 3.1 million Series A preferred shares were converted into 2.4 million common shares. The remaining Series A preferred shares were redeemed for an aggregate of $27.1 million, including unpaid dividends, using funds available under our unsecured line of credit.

Our operating partnership has issued $100 million of 8.5% Series B Cumulative Redeemable Perpetual Preferred Units and $53 million of 8.25% Series C Cumulative Redeemable Perpetual Preferred Units. Distributions on the preferred units are payable quarterly in arrears. The preferred units are redeemable for cash by the operating partnership on or after the fifth anniversary of issuance at par plus the amount of any accumulated and unpaid distributions. The preferred units are convertible after 10 years by the holder into corresponding Series B or C Cumulative Redeemable Perpetual Preferred Shares. The preferred units are subordinate to present and future debt. Distributions on the preferred units totaled $12.9 million for the year ended December 31, 2001.

Scheduled principal repayments on all notes payable outstanding at December 31, 2001 over the next five years are $39.3 million in 2002, $87.3 million in 2003, $391.8 million in 2004, $61.4 million in 2005, $210.7 million in 2006 and $416.5 million thereafter. Principal repayments during 2002 will be made using funds available under our unsecured line of credit.

FINANCIAL FLEXIBILITY In August 2001, we amended our line of credit to increase total capacity by $20 million to $420 million and extended the maturity through August 2004. The scheduled interest rates are currently based on spreads over LIBOR or Prime. The scheduled interest rates are 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 six months or less and may not exceed the lesser of $200 million or the remaining amount available under the line of credit. The line of credit is subject to customary financial covenants and limitations. At year end, we were in compliance with all covenants and limitations.

As an alternative to our unsecured line of credit, we from time to time borrow using competitively bid unsecured short-term notes with lenders who may or may not be a part of the unsecured line of credit bank group. Such borrowings vary in term and pricing and are typically priced at interest rates below those available under the unsecured line of credit.

As of December 31, 2001, we had $263 million available under the unsecured line of credit and $435.5 million available under our $750 million universal shelf registration. We have significant unencumbered real estate assets which we believe could be sold or used as collateral for financing purposes should other sources of capital not be available.

The following table summarizes notes payable issued during 2001:

TYPE AND AMOUNT	MONTH OF ISSUANCE	TERMS	COUPON RATE	MATURITY DATE	INTEREST PAID	PROCEEDS
$150.0 million senior unsecured notes	02/01	Interest only	7.625%	02/15/11	February 15 and August 15	$148.3 million
$50.0 million senior unsecured notes	02/01	Interest only	7.000%	02/15/06	February 15 and August 15	$49.5 million
$14.5 million medium-term notes	08/01	Interest only	6.790%	08/27/10	March 15 and September 15	$14.4 million
$100.0 million senior unsecured notes	09/01	Interest only	6.750%	09/15/10	March 15 and September 15	$99.2 million

We may redeem the notes at any time at a redemption price equal to the principal amount and accrued interest, plus a make-whole provision. The notes are direct, senior unsecured obligations and rank equally with all other unsecured and unsubordinated indebtedness. We used the net proceeds to reduce indebtedness outstanding under our unsecured line of credit.

During 2001, we paid off five secured notes totaling $50.7 million and $150 million in unsecured notes matured. The interest rates on the secured notes ranged from 7.5% to 8.63%, and rates on the unsecured notes were from 6.63% to 6.75%. We incurred prepayment penalties totaling $388,000 in connection with repayment of four of the secured notes. We repaid both the secured and unsecured notes using proceeds available under our unsecured line of credit. The secured notes were prepaid due to our ability to refinance them at significantly lower interest rates.

At December 31, 2001, the weighted average interest rate on floating rate debt was 2.89%.

The joint ventures, in which we have an interest, have been funded with secured, non-recourse debt. We are not committed to any additional funding in relation to our joint ventures.

MARKET RISK

We use fixed and floating rate debt to finance acquisitions, developments and maturing debt. These transactions expose us to market risk related to changes in interest rates. Management's policy is to review our borrowings and attempt to mitigate interest rate exposure through the use of long term debt maturities and derivative instruments where appropriate. Our policy regarding the use of derivative financial instruments in managing market risk exposures is consistent with the prior year and is not expected to change in future years. We do not use derivative financial instruments for trading or speculative purposes. As of December 31, 2001, we had no derivative instruments outstanding.

For fixed rate debt, interest rate changes affect the fair market value but do not impact net income 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 to common shareholders and cash flows, assuming other factors are held constant.

At December 31, 2001, we had fixed rate debt of $988.1 million and floating rate debt of $218.9 million. Holding other variables constant (such as debt levels), a one percentage point variance in interest rates would change the unrealized fair market value of the fixed rate debt by approximately $40.9 million. The net income 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 $2.2 million, holding all other variables constant.

FUNDS FROM OPERATIONS (FFO)

Management considers FFO to be an appropriate measure of performance of an equity REIT. The National Association of Real Estate Investment Trusts currently defines FFO as net income (computed in accordance with generally accepted accounting principles), excluding gains (or losses) from debt restructuring and sales of property, plus real estate depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. Our definition of diluted FFO also assumes conversion at the beginning of the period of all dilutive convertible securities, including minority interests, which are convertible into common equity.

We believe that in order to facilitate a clear understanding of our consolidated historical operating results, FFO should be examined in conjunction with net income as presented in the consolidated financial statements and data included elsewhere in this report. FFO is not defined by generally accepted accounting principles. FFO should not be considered as an alternative to net income as an indication of our operating performance or to net cash provided by operating activities as a measure of our liquidity. Further, FFO as disclosed by other REIT's may not be comparable to our calculation. Our diluted FFO for the year ended December 31, 2001 increased $1.6 million over 2000. On a per share basis, diluted FFO for 2001 increased 1.1% over 2000. This increase in diluted FFO was primarily due to a $8.0 million increase in net operating income from our real estate portfolio, and a $1.1 million increase in income from joint ventures, net of gains on sales of properties held in those joint ventures. These increases were offset by a $9.9 million impairment provision for technology investments.

The calculation of basic and diluted FFO for the years ended December 31, 2001, 2000 and 1999 follows:

IN THOUSANDS	**2001**	2000	1999
FUNDS FROM OPERATIONS			
Net income to common shareholders	**$ 58,747**	$ 65,053	$ 52,252
Real estate depreciation	**98,400**	94,277	87,491
Adjustments for unconsolidated joint ventures	**(3,032)**	3,238	3,936
Extraordinary charge (early retirement of debt)	**388**		
Gain on sales of properties and joint venture interests	**(2,372)**	(18,323)	(2,979)
FUNDS FROM OPERATIONS - BASIC	**152,131**	144,245	140,700
Preferred share dividends	**2,545**	9,371	9,371
Income allocated to units convertible into common shares	**3,127**	2,461	2,014
Adjustments for convertible subordinated debentures	**37**	197	284
FUNDS FROM OPERATIONS - DILUTED	**$ 157,840**	$ 156,274	$ 152,369
WEIGHTED AVERAGE SHARES - BASIC	**39,796**	38,112	41,236
Common share options and awards granted	**1,234**	729	431
Preferred shares	**1,052**	3,207	3,207
Minority interest units	**2,509**	2,547	2,624
Convertible subordinated debentures	**19**	105	146
WEIGHTED AVERAGE SHARES - DILUTED	**44,610**	44,700	47,644

RESULTS OF OPERATIONS

Changes in revenues and expenses related to our operating properties from period to period are primarily due to property developments, dispositions, acquisitions, and improvements in the performance of the stabilized properties in the portfolio. Where appropriate, comparisons 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 average revenues and expenses per operating apartment home for the three years ended December 31, 2001 are as follows:

	2001	2000	1999
Rental income per apartment home per month	**$ 686**	$ 653	$ 623
Property operating and maintenance per apartment home per year	**$ 2,541**	$ 2,424	$ 2,367
Real estate taxes per apartment home per year	**$ 895**	$ 840	$ 798
Weighted average number of operating apartment homes	**45,488**	46,501	45,606

2001 COMPARED TO 2000

Earnings before interest, depreciation and amortization increased $9.4 million, or 4.0%, from $237.4 million to $246.8 million for the years ended December 31, 2000 and 2001, respectively. The weighted average number of apartment homes decreased by 1,013 apartment homes, or 2.2%, from 46,501 to 45,488 for the years ended December 31, 2000 and 2001, respectively. The decrease in the weighted average number of apartment homes is due to the sale of 3,599 apartment homes in the third quarter of 2000, offset by property development and acquisition. Total operating properties we owned 100% were 125 and 122 at December 31, 2001 and 2000, respectively. The weighted average number of apartment homes and the operating properties exclude the impact of our ownership interest in properties owned in joint ventures.

Our apartment communities generate rental revenue and other income through the leasing of apartment homes. Revenues from our rental operations comprised 94%and 97% of our total revenues for the years ended December 31, 2001 and 2000, respectively. Our primary financial focus for our apartment communities is net operating income. Net operating income represents total property revenues less property operating and maintenance expenses, including real estate taxes. Net operating income increased $8.0 million, or 3.3%, from $239.4 million to $247.3 million for the years ended December 31, 2000 and 2001, respectively.

Rental income for the year ended December 31, 2001 increased $10.1 million, or 2.8% over the year ended December 31, 2000. Rental income per apartment home per month increased $33, or 5.1%, from $653 to $686 for the years ended December 31, 2000 and 2001, respectively. The increase was primarily due to increased revenue growth from the stabilized real estate portfolio and higher average rental rates on the completed development properties. Also, the properties sold in 2000 had average rental rates which were lower than the portfolio average. Overall average occupancy increased slightly from 94.0% for the year ended December 31, 2000 to 94.2% for the year ended December 31, 2001.

Other property income increased $2.4 million from $27.0 million to $29.4 million for the years ended December 31, 2000 and 2001, respectively, which represents a monthly increase of $5 per apartment home. This increase in other property income was primarily due to increases from revenue sources such as telephone, cable, water, and other miscellaneous property fees.

Equity in income of joint ventures increased $7.8 million over the year ended 2000, primarily from gains recognized in one of our joint ventures from the sale of three properties totaling 1,264 apartment homes. Fee and asset management in 2001 increased $1.1 million over 2000. This increase is primarily due to fees earned on third party construction projects. Other income for the year ended December 31, 2001 increased $3.3 million over the year ended 2000. This increase was due to interest earned on our investments in third party development properties and from sales of five townhomes.

Property operating and maintenance expenses increased $2.8 million or 2.5%, from $112.7 million to $115.6 million, but decreased slightly as a percent of total property income from 28.8% to 28.6%, for the years ended December 31, 2000 and 2001, respectively. On an annualized basis, property operating and maintenance expenses increased $117 per unit, or 4.8%. The increase in operating expense was due to significant increases in property insurance costs as well as increases in salary and benefit expenses per unit. Our operating expense ratios decreased primarily as a result of operating efficiencies generated by our newly developed properties. The operating expense ratios for the properties sold during the third quarter of 2000 were higher than the portfolio average.

Real estate taxes increased $1.7 million from $39.1 million to $40.7 million for the years ended December 31, 2000 and 2001, respectively, which represents an annual increase of $55 per apartment home. The increase was primarily due to increases in the valuations of properties and increases in property tax rates.

General and administrative expenses decreased $606,000, from $14.3 million in 2000 to $13.7 million in 2001, and decreased as a percent of revenues from 3.6% to 3.2%. The decrease was due to vesting of performance-based compensation awards in 2000, offset by increases in 2001 in salary and benefit expenses, information technology and branding initiatives and tax expenses on our taxable subsidiaries.

During 2001, we recorded an impairment provision totaling $9.9 million, which represented the remaining carrying value of all of our technology investments at the time of write-off. This provision was recorded after management determined that the current capital markets for technology companies, and the expected future cash flows from these investments, made it difficult to support the carrying values of our technology investments.

Gross interest cost before interest capitalized to development properties decreased from $84.3 million for the year ended December 31, 2000 to $80.8 million for the year ended December 31, 2001. This decrease is primarily due to lower average debt balances in 2001 arising from proceeds received from the dispositions in the third quarter of 2000, lower interest rates on our variable debt and interest savings from the prepayment of mortgage debt. These decreases in interest expense were offset by increases in the debt used to fund new development, acquisitions, investments in third party development properties and the repurchase of our preferred shares. Interest capitalized decreased to $10.9 million from $15.3 million for the years ended December 31, 2001 and 2000, respectively, due to lower development activities during 2001.

Depreciation and amortization increased from $97.0 million to $101.7 million. This increase was due primarily to new development, property acquisition and capital improvements, partially offset by dispositions during the third quarter of 2000.

Gains on sale of properties for the year ended December 31, 2001 totaled $2.4 million due primarily to the sale of 22.7 acres of undeveloped land located in Houston. Gains on sales of properties for the year ended December 31, 2000 totaled $18.3 million due to the sale of eleven properties containing a total of 3,599 apartment homes. Also included in the gain in 2000 is the sale of a mini-storage facility in Las Vegas and the sale of approximately 61 acres of undeveloped land located in Las Vegas, Dallas and Houston.

Preferred share dividends decreased from $9.4 million in 2000 to $2.5 million in 2001 due to the conversion of 3.1 million preferred shares into common shares and the redemption of approximately 1.0 million preferred shares for cash.

2000 COMPARED TO 1999

Earnings before interest, depreciation and amortization increased $21.1 million, or 9.8%, from $216.3 million to $237.4 million for the years ended December 31, 1999 and 2000, respectively. The weighted average number of apartment homes increased by 895 apartment homes, or 1.9%, from 45,606 to 46,501 for the years ended December 31, 1999 and 2000, respectively. Total operating properties we owned 100% were 122 and 130 at December 31, 2000 and 1999, respectively. The weighted average number of apartment homes and the operating properties exclude the impact of our ownership interest in properties owned in joint ventures.

Our apartment communities generate rental revenue and other income through the leasing of apartment homes. Revenues from our rental operations comprised 97% and 98% of our total revenues for the years ended December 31, 2000 and 1999, respectively. Our primary financial focus for our apartment communities is net operating income. Net operating income represents total property revenues less property operating and maintenance expenses, including real estate taxes. Net operating income increased $20.4 million, or 9.3%, from $218.9 million to $239.4 million for the years ended December 31, 1999 and 2000, respectively.

Rental income for the year ended December 31, 2000 increased $22.9 million, or 6.7% over the year ended December 31, 1999. Rental income per apartment home per month increased $30, or 4.8%, from $623 to $653 for the years ended December 31, 1999 and 2000, respectively. The increase was primarily due to increased revenue growth from the stabilized real estate portfolio and higher average rental rates on the completed development properties. Additionally, overall average occupancy increased from 93.4% for the year ended December 31, 1999 to 94.0% for the year ended December 31, 2000.

Other property income increased $4.9 million from $22.1 million to $27.0 million for the years ended December 31, 1999 and 2000, respectively, which represents a monthly increase of $8 per apartment home. This increase in other property income was primarily due to increases from revenue sources such as telephone, cable and water.

Other income increased $3.9 million from $1.9 million to $5.8 million for the years ended December 31, 1999 and 2000, respectively. This increase was primarily due to interest earned on our investments in third party development properties, which increased $38.5 million during the year.

Property operating and maintenance expenses increased $4.8 million or 4.4%, from $108.0 million to $112.7 million, but decreased as a percent of total property income from 29.7% to 28.8%, for the years ended December 31, 1999 and 2000, respectively. The increase in operating expense was due to a larger number of apartment homes in operation and an increase in salary and benefit expenses per unit. Our operating expense ratios decreased primarily as a result of operating efficiencies generated by our newly developed properties.

Real estate taxes increased $2.6 million from $36.4 million to $39.1 million for the years ended December 31, 1999 and 2000, respectively, which represents an annual increase of $42 per apartment home. The increase was primarily due to increases in the valuations of renovated and developed properties and increases in property tax rates.

General and administrative expenses increased $3.7 million, from $10.6 million in 1999 to $14.3 million in 2000, and increased as a percent of revenues from 2.9% to 3.6%. The increase was primarily due to increases in incentive-based compensation expense, including the vesting of previously issued and outstanding restricted performance-based compensation awards related to successful implementation of our land development strategy, and expenses related to our information technology initiatives. Excluding the vesting of the restricted awards associated with the land sales, the general and administrative expense percentage would have been 3.0% of revenues for the year ended December 31, 2000.

Interest expense increased from $57.9 million in 1999 to $69.0 million in 2000 primarily due to interest on debt incurred to fund new development and repurchase securities under our repurchase program. Interest capitalized was $15.3 million and $16.4 million for the years ended December 31, 2000 and 1999, respectively.

Depreciation and amortization increased from $89.5 million to $97.0 million. This increase was due primarily to the completion of new development and capital expenditures over the past two years, partially offset by property dispositions.

Gains on sales of properties for the year ended December 31, 2000 totaled $18.3 million due to the sale of eleven properties containing a total of 3,599 apartment homes. Also included in the gain is the sale of a mini-storage facility in Las Vegas and the sale of approximately 61 acres of undeveloped land located in Las Vegas, Dallas and Houston. Gains on sales of properties for the year ended December 31, 1999 totaled $3.0 million due to the sale of two multifamily properties containing 358 units and the sale of our investment in two commercial office buildings. The gains recorded on these 1999 dispositions were partially offset by a loss on the sale of a retail/commercial center. The gains in 1999 do not include a loss on the sale of a 408 unit property held in a joint venture of $738,000 which is included in "Equity in income of joint ventures."

Distributions on units convertible into perpetual preferred shares increased $4.6 million, from $8.3 million for the year ended December 31, 1999 to $12.8 million for the year ended December 31, 2000. This increase is attributable to our issuances of perpetual preferred units during 1999 and 2000 as follows: $100 million in February 1999; $35.5 million in August and September of 1999; and $17.5 million in January 2000.

INFLATION

We lease apartments under lease terms generally ranging from six to thirteen months. Management believes that such short-term lease contracts lessen the impact of inflation due to the ability to adjust rental rates to market levels as leases expire.

IMPACT OF NEW ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities", which is effective for all fiscal years beginning after June 15, 2000. SFAS No. 133, as amended, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities. Under SFAS No. 133, certain contracts that were not formerly considered derivatives may now meet the definition of a derivative. We have adopted SFAS No. 133 effective January 1, 2001. The adoption of SFAS No. 133 did not have a material impact on our financial position, results of operations, or cash flows.

In June 2001, FASB issued SFAS No. 141, "Business Combinations", which is effective for business combinations initiated after June 30, 2001. SFAS No. 141 requires all business combinations to be accounted for under the purchase method and that the pooling-of-interest method is no longer allowed. The adoption of SFAS No. 141 will not have a material effect on our financial position, results of operations, or cash flows.

In June 2001, FASB issued SFAS No. 142, "Goodwill and Other Intangible Assets", which is effective for fiscal years beginning after December 15, 2001. SFAS No. 142 requires that goodwill no longer be amortized to earnings, but instead be reviewed for impairment. The adoption of SFAS No. 142 will not have a material impact on our financial position, results of operations, or cash flows.

In June 2001, FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations", which is effective for fiscal years beginning after June 15, 2002. SFAS No. 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The adoption of SFAS No. 143 will not have a material impact on our financial position, results of operations or cash flows.

In August 2001, FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", which is effective for fiscal years beginning after December 15, 2001. SFAS No. 144 addresses financial accounting and reporting for the impairment or disposal of long-lived assets. The adoption of SFAS No. 144 will not have a material impact on our financial position, results of operations or cash flows.

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Camden Property Trust

We have audited the accompanying consolidated balance sheets of Camden Property Trust as of December 31, 2001 and 2000, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2001. These financial statements are the responsibility of the management of Camden Property Trust. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 at December 31, 2001 and 2000, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2001 in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

Houston, Texas
January 29, 2002

CONSOLIDATED BALANCE SHEETS

IN THOUSANDS, EXCEPT PER SHARE AMOUNTS	YEAR ENDED DECEMBER 31, 2001	2000
ASSETS		
Real estate assets, at costs		
Land	**$ 362,717**	$ 350,248
Buildings and improvements	**2,230,161**	2,124,740
	2,592,878	2,474,988
Less: accumulated depreciation	**(422,154)**	(326,723)
Net operating real estate assets	**2,170,724**	2,148,265
Properties under development, including land	**143,596**	148,741
Investment in joint ventures	**17,073**	22,612
Investment in third party development properties	**69,983**	72,893
Total real estate assets	**2,401,376**	2,392,511
Accounts receivable – affiliates	**4,586**	3,236
Notes receivable – affiliates	**1,800**	1,800
Other assets, net	**33,121**	23,923
Cash and cash equivalents	**5,625**	4,936
Restricted cash	**3,157**	4,475
TOTAL ASSETS	**$2,449,665**	$2,430,881
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Notes payable:		
Unsecured	**$923,890**	$799,026
Secured	**283,157**	339,091
Accounts payable	**13,337**	13,592
Accrued real estate taxes	**28,378**	26,781
Accrued expenses and other liabilities	**46,275**	36,981
Distributions payable	**30,298**	28,900
Total liabilities	**1,325,335**	1,244,371
Minority interests:		
Units convertible into perpetual preferred shares	**149,815**	149,815
Units convertible into common shares	**56,264**	60,562
Total minority interests	**206,079**	210,377
7.33% convertible subordinated debentures	**-**	1,950
Shareholders' equity		
Convertible preferred shares of beneficial interest; $2.25 Series A Cumulative Convertible, $0.01 par value per share, liquidation preference of $25 per share, 10,000 shares authorized, 4,165 issued and outstanding at December 31, 2000	**-**	42
Common shares of beneficial interest; $0.01 par value per share; 100,000 shares authorized; 48,627 and 45,760 issued at December 31, 2001 and 2000 respectively	**476**	450
Additional paid-in capital	**1,297,239**	1,312,323
Distributions in excess of net income	**(194,718)**	(153,972)
Unearned restricted share awards	**(8,621)**	(6,680)
Less: treasury shares, at cost	**(176,125)**	(177,980)
Total shareholders' equity	**918,251**	974,183
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$2,449,665**	$2,430,881

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF OPERATIONS

IN THOUSANDS, EXCEPT PER SHARE AMOUNTS	2001	2000	1999
		Year Ended December 31,	
Revenues			
Rental income	$ 374,187	$ 364,111	$ 341,168
Other property income	29,433	27,030	22,148
Total property income	403,620	391,141	363,316
Equity in income of joint ventures	8,527	765	683
Fee and asset management	6,951	5,810	5,373
Other income	9,117	5,823	1,924
Total revenues	428,215	403,539	371,296
Expenses			
Property operating and maintenance	115,572	112,727	107,972
Real estate taxes	40,717	39,054	36,410
General and administrative	13,743	14,349	10,606
Impairment provision for technology investments	9,864	-	-
Other expenses	1,511	-	-
Interest	69,841	69,036	57,856
Depreciation and amortization	101,660	96,966	89,516
Total expenses	352,908	332,132	302,360
Income before gain on sales of properties and joint venture interests, minority interests and extraordinary charge	75,307	71,407	68,936
Gain on sales of properties and joint venture interests	2,372	18,323	2,979
Income allocated to minority interests			
Distributions on units convertible into perpetual preferred shares	(12,872)	(12,845)	(8,278)
Income allocated to units convertible into common shares	(3,127)	(2,461)	(2,014)
Income before extraordinary charge	61,680	74,424	61,623
Extraordinary charge (early retirement of debt)	(388)	-	-
Net income	61,292	74,424	61,623
Preferred share dividends	(2,545)	(9,371)	(9,371)
Net income to common shareholders	$ 58,747	$ 65,053	$ 52,252
Basic earnings per share before extraordinary charge	$ 1.49	$ 1.71	$ 1.27
Basic earnings per share	1.48	1.71	1.27
Diluted earnings per share before extraordinary charge	1.42	1.63	1.23
Diluted earnings per share	1.41	1.63	1.23
Distributions declared per common share	$ 2.44	$ 2.25	$ 2.08
Weighted average number of common shares outstanding	39,796	38,112	41,236
Weighted average number of common and common dilutive equivalent shares outstanding	41,603	41,388	44,291

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

IN THOUSANDS, EXCEPT PER SHARE AMOUNTS	PREFERRED SHARES OF BENEFICIAL INTEREST	COMMON SHARES OF BENEFICIAL INTEREST	ADDITIONAL PAID-IN CAPITAL	DISTRIBUTIONS IN EXCESS OF NET INCOME	UNEARNED RESTRICTED SHARE AWARDS	TREASURY SHARES, AT COST
SHAREHOLDERS' EQUITY, JANUARY 1, 1999	$ 42	$447	$1,299,539	$ (98,897)	$ (10,039)	$ (20,704)
Net income to common shareholders				52,252		
Common shares issued under dividend reinvestment plan			28			
Conversion of debentures (7 shares)			169			
Restricted shares issued under benefit plan (90 shares)		1	2,041		1,559	
Employee stock purchase plan			(522)			
Restricted shares placed into Rabbi Trust (35 shares)			5		(5)	
Common share options exercised (80 shares)			1,806			
Conversion of operating partnership units (23 shares)			479			
Repurchase of minority interest units			100			
Repurchase of common shares (4,890 shares)						(126,073)
Cash distributions ($2.08 per share)				(85,553)		
SHAREHOLDERS' EQUITY, DECEMBER 31, 1999	42	448	1,303,645	(132,198)	(8,485)	(146,777)
Net income to common shareholders				65,053		
Common shares issued under dividend reinvestment plan			23			
Conversion of debentures (61 shares)		1	1,462			
Restricted shares issued under benefit plan (329 shares)		3	6,195		1,805	
Employee stock purchase plan			(189)			
Restricted shares placed into Rabbi Trust (241 shares)		(2)	2			
Common share options exercised (46 shares)			1,052			
Conversion of operating partnership units (6 shares)			133			
Repurchase of common shares (1,166 shares)						(31,203)
Cash distributions ($2.25 per share)				(86,827)		
SHAREHOLDERS' EQUITY, DECEMBER 31, 2000	42	450	1,312,323	(153,972)	(6,680)	(177,980)
Net income to common shareholders				58,747		
Conversion of preferred shares (3,088 shares)	(31)	24	7			
Redemption of preferred shares (1,077 shares)	(11)		(26,911)			
Common shares issued under dividend reinvestment plan			15			
Conversion of debentures (81 shares)		1	2,006			
Restricted shares issued under benefit plan (247 shares)		2	5,493		(1,941)	
Employee stock purchase plan			(36)			666
Restricted shares placed into Rabbi Trust (269 shares)		(3)	3			
Common share options exercised (110 shares)		1	3,160			1,189
Conversion of operating partnership units (51 shares)		1	1,179			
Cash distributions ($2.44 per share)				(99,493)		
SHAREHOLDERS' EQUITY, DECEMBER 31, 2001	**$ -**	**$ 476**	**$ 1,297,239**	**$ (194,718)**	**$ (8,621)**	**$ (176,125)**

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
IN THOUSANDS	**2001**	2000	1999
CASH FLOW FROM OPERATING ACTIVITIES			
Net income	**$ 61,292**	$ 74,424	$ 61,623
Adjustment to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	**101,660**	96,966	89,516
Equity in income of joint ventures, net of cash received	**7,411**	1,959	2,491
Gain on sales of properties and joint venture interests	**(2,372)**	(18,323)	(2,979)
Impairment provision for technology investments	**9,864**		
Extraordinary charge (early retirement of debt)	**388**		
Income allocated to units convertible into common shares	**3,127**	2,461	2,014
Accretion of discount on unsecured notes payable	**421**	403	320
Net change in operating accounts	**16,422**	8,546	11,036
Net cash provided by operating activities	**198,213**	166,436	164,021
CASH FLOW FROM INVESTING ACTIVITIES			
Increase in real estate assets	**(122,088)**	(120,636)	(213,352)
Net proceeds from sales of properties and townhomes	**10,377**	150,141	13,226
Net proceeds from sale of joint venture interests			5,465
Increase in investment in joint ventures	**(1,881)**	(2,702)	(2,012)
Decrease in investment in joint ventures			1,505
Increase in investment in third party development properties	**(26,349)**	(38,451)	(23,530)
Decrease in investment in third party development properties	**29,259**		
Increase in technology investments	**(7,249)**	(2,615)	
Other	**(1,696)**	(1,488)	(1,873)
Net cash used in investing activities	**(119,627)**	(15,751)	(220,571)
CASH FLOW FROM FINANCING ACTIVITIES			
Net increase (decrease) in unsecured lines of credit and short-term borrowings	**(39,000)**	80,000	(66,000)
Proceeds from notes payable	**326,868**		253,380
Repayment of notes payable	**(219,359)**	(107,376)	(25,178)
Proceeds from issuance of preferred units, net		17,136	132,679
Distributions to shareholders and minority interests	**(119,226)**	(112,850)	(108,253)
Repurchase of preferred shares	**(26,922)**		
Repurchase of common shares and units		(31,203)	(128,929)
Extraordinary charge (early retirement of debt)	**(388)**		
Other	**130**	3,027	(1,279)
Net cash (used in) provided by financing activities	**(77,897)**	(151,266)	56,420
Net increase (decrease) in cash and cash equivalents	**689**	(581)	(130)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	**4,936**	5,517	5,647
CASH AND CASH EQUIVALENTS, END OF PERIOD	**$5,625**	$ 4,936	$ 5,517

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

IN THOUSANDS	Year Ended December 31, 2001	2000	1999
SUPPLEMENTAL INFORMATION			
Cash paid for interest, net of interest capitalized	**$ 65,276**	$ 70,310	$ 54,226
Interest capitalized	**10,920**	15,303	16,396
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES			
Conversion of 7.33% subordinated debentures to common shares, net	**$ 1,950**	$ 1,456	$ 169
Value of shares issued under benefit plans, net	**5,222**	5,873	2,047
Conversion of operating partnership units to common shares	**1,179**	144	479
Conversion of preferred shares to common shares	**31**		
Fair value adjustment from the acquisition of Oasis Residential, Inc.			
Fair value of assets acquired			835
Liabilities assumed			835
Notes receivable issued upon sale of real estate assets			10,912

See Notes to Consolidated Financial Statements

1. BUSINESS

Camden Property Trust is a self-administered and self-managed real estate investment trust (REIT) organized on May 25, 1993. We, with our subsidiaries, report as a single business segment, with activities related to the ownership, development, construction and management of multifamily apartment communities. As of December 31, 2001, we owned interests in, operated or were developing 147 multifamily properties containing 52,147 apartment homes located in nine states. Two of our multifamily properties containing 802 apartment homes were under development at December 31, 2001. Additionally, we have several sites which we intend to develop into multifamily apartment communities.

PROPERTY UPDATE During 2001, we completed construction on the following two development properties totaling 1,000 apartment homes: Camden Farmers Market in Dallas and Camden Crown Valley in Southern California. Stabilization occurred during 2001 at three properties totaling 1,256 apartment homes: Camden Oxmoor in Louisville, Camden Lee Vista in Orlando and Camden Copper Square in Phoenix. We consider a property stabilized once it reaches 90% occupancy, or generally one year from opening the leasing office, with some allowances for larger than average properties. We expect stabilization to occur at the completed development properties during 2002. Additionally, we have two properties currently under development: Camden Harbour View, a 538-unit property located in Long Beach, California and Camden Vineyards, a 264-unit property located in Murrieta, California.

During 2001, we acquired one multifamily property and three tracts of undeveloped land. The completed multifamily property, Camden Pecos Ranch, is a 272-unit property located in Phoenix, Arizona which was purchased for $20.6 million and was developed under our third party development program. Camden Pecos Ranch was completed during the fourth quarter 2000 and stabilized operations during the first quarter 2001. We acquired 13.6 acres of land in Murrieta, California, 27.5 acres of land in Orlando, and 8.3 acres of land in Houston for a total cost of $22.2 million. These projects were in pre-development at time of acquisition. The 13.6 acres of land acquired in California is currently being developed as a 264-unit property, Camden Vineyards.

Dispositions during 2001 included two parcels of land totaling 22.7 acres located in Houston and three operating properties with a total of 1,264 apartment homes located in North Carolina and Dallas. The net proceeds from the land sales totaled $8.6 million and were used to reduce indebtedness outstanding under our unsecured line of credit. The operating properties were held through a joint venture and the gains from these dispositions, totaling $6.6 million, are included in “Equity in income of joint ventures”.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION The consolidated financial statements include our assets, liabilities and operations and those of our wholly-owned subsidiaries and partnerships in which our aggregate ownership is greater than 50% and we exercise elements of control. Those entities owned 50% or less where significant influence is in effect are accounted for using the equity method. Those entities owned less than 50% where significant influence is not exercised are accounted for using the cost method. All significant intercompany accounts and transactions have been eliminated in consolidation.

USE OF ESTIMATES The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that 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. Actual results could differ from those estimates.

REPORTABLE SEGMENTS We follow Financial Accounting Standards Board ("FASB") Statement No. 131, "Disclosures about Segments of an Enterprise and Related Information" ("SFAS No. 131"). SFAS No. 131 establishes standards for reporting financial and descriptive information about an enterprise's reportable segments. We have determined that we have one reportable segment, with activities related to the ownership, development, construction and management of multifamily communities. Our apartment communities generate rental revenue and other income through the leasing of apartment homes, which comprised 94%, 97% and 98% of our total consolidated revenues for the years ended December 31, 2001, 2000 and 1999, respectively. Although our multifamily communities are geographically diversified throughout the United Sates, management evaluates operating performance on an individual property level. Where appropriate, we provide information about our real estate portfolio on a geographic basis in order to illustrate the concentration of market risk associated with our portfolio.

OPERATING PARTNERSHIP AND MINORITY INTERESTS Approximately 24% of our multifamily apartment units at December 31, 2001 were held in Camden Operating, L.P. This operating partnership has issued both common and preferred limited partnership units. As of December 31, 2001, we held 82.8% of the common limited partnership units and the sole 1% general partnership interest of the operating partnership. The remaining 16.2% of the common limited partnership units are primarily held by former officers, directors and investors of Paragon Group, Inc., which we acquired in 1997, who collectively owned 1,918,737 common limited partnership units at December 31, 2001. 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 common limited partnership units and only two of our eight Trust Managers own common limited partnership units.

Our operating partnership has issued $100 million of 8.5% Series B Cumulative Redeemable Perpetual Preferred Units and $53 million of 8.25% Series C Cumulative Redeemable Perpetual Preferred Units. Distributions on the preferred units are payable quarterly in arrears. The preferred units are redeemable for cash by the operating partnership on or after the fifth anniversary of issuance at par plus the amount of any accumulated and unpaid distributions. The preferred units are convertible after 10 years by the holder into corresponding Series B or C Cumulative Redeemable Perpetual Preferred Shares. The preferred units are subordinate to present and future debt.

In conjunction with our acquisition of Oasis Residential, Inc. in 1998, we acquired the controlling managing member interest in Oasis Martinique, LLC which owns one property in Orange County, California and is included in our consolidated financial statements. The remaining interests comprising 754,270 units are exchangeable into 572,490 of our common shares.

Minority interests in the accompanying consolidated financial statements relate to holders of common and preferred limited partnership units of Camden Operating, L.P. and units in Oasis Martinique, LLC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CASH AND CASH EQUIVALENTS All cash and investments in money market accounts and other securities with a maturity of three months or less at the date of purchase are considered to be cash and cash equivalents.

RESTRICTED CASH Restricted cash mainly consists of escrow deposits held by lenders for property taxes, insurance and replacement reserves. Substantially all restricted cash is invested in short-term securities.

REAL ESTATE ASSETS, AT COST Real estate assets are carried at cost plus capitalized carrying charges. Expenditures directly related to the development, acquisition and improvement of real estate assets, excluding internal costs relating to acquisitions, are capitalized at cost as land, buildings and improvements. All construction and carrying costs are capitalized and reported on the balance sheet in "Properties under development, including land" until individual buildings are completed. Upon completion of each building, the total cost of that building and the associated land is transferred to "Buildings and improvements" and "Land", respectively, and the assets are depreciated over their estimated useful lives using the straight line method of depreciation. All operating expenses, excluding depreciation, associated with occupied apartment homes for properties in the development and leasing phase are expensed against revenues generated by those apartment homes as they become occupied. All apartment homes are considered operating upon achieving 90% occupancy, or generally one year from opening the leasing office, with some allowances for larger than average properties, and we begin expensing all items that were previously considered carrying costs.

If an event or change in circumstance indicates a potential impairment in the value of a property has occurred, our policy is to assess any potential impairment by making a comparison of the current and projected operating cash flows for such property over its remaining useful life, on an undiscounted basis, to the carrying amount of the property. If such carrying amounts are in excess of the estimated projected operating cash flows of the property, we would recognize an impairment loss equivalent to an amount required to adjust the carrying amount to its estimated fair market value.

Real estate to be disposed of is reported at the lower of its carrying amount or its estimated fair value, less its cost to sell. Depreciation expense is not recorded during the period in which such assets are held for sale.

We capitalized $26.7 million and $27.9 million in 2001 and 2000, respectively, of renovation and improvement costs which we believe extended the economic lives and enhanced the earnings of our multifamily properties.

Carrying charges, principally interest and real estate taxes, of land under development and buildings under construction are capitalized as part of properties under development and buildings and improvements to the extent that such charges do not cause the carrying value of the asset to exceed its net realizable value. Capitalized interest was $10.9 million in 2001, $15.3 million in 2000 and $16.4 million in 1999. Capitalized real estate taxes were $2.3 million in 2001, $2.9 million in 2000 and $3.2 million in 1999.

All initial buildings and improvements costs are depreciated over their remaining estimated useful lives of 5 to 35 years using the straight line method. Capital improvements, including carpet, appliances and HVAC unit replacements, subsequent to initial construction are depreciated over their expected useful lives of 3 to 15 years using the straight line method.

Property operating and maintenance expenses included normal repairs and maintenance expenses which totaled $27.2 million in 2001, $27.6 million in 2000 and $24.5 million in 1999.

OTHER ASSETS, NET Other assets in our consolidated financial statements include deferred financing costs, non-real estate leasehold improvements and equipment, prepaid expenses and other miscellaneous receivables. Deferred financing costs are amortized over the terms of the related debt on the straight line method. Leasehold improvements and equipment are depreciated on the straight line method over the shorter of the expected useful lives or the lease terms which range from 3 to 10 years. Accumulated depreciation and amortization for such assets was $12.4 million in 2001 and $9.0 million in 2000.

INTEREST RATE SWAP AGREEMENTS The differential to be paid or received on interest rate swap agreements is accrued as interest rates change and is recognized over the life of the agreements as an increase or decrease in interest expense. We do not use these instruments for trading or speculative purposes.

INCOME RECOGNITION In December 1999, the SEC issued Staff Accounting Bulletin ("SAB") No. 101, "Revenue Recognition in Financial Statements." SAB No. 101 provides guidance on revenue recognition as well as the presentation and disclosure of revenue in financial statements for all public companies. Our rental and other property income is recorded when due from residents and is recognized monthly as it is earned. Our apartment homes are rented to residents on lease terms generally ranging from six to thirteen months, with monthly payments due in advance. Interest, fee and asset management and all other sources of income are recognized as earned. We had been following the criteria set forth in SAB No. 101 to determine when revenue can be recognized, and therefore our adoption of SAB No. 101 during 2000 did not have a material impact on our financial statements.

RENTAL OPERATIONS We own and operate multifamily apartment homes that are rented to residents. Two of our properties are subject to rent control or rent stabilization. Operations of apartment properties acquired are recorded from the date of acquisition in accordance with the purchase method of accounting. In management's opinion, due to the number of residents, the type and diversity of submarkets in which the properties operate, and the collection terms, there is no concentration of credit risk.

RECLASSIFICATIONS Certain reclassifications have been made to amounts in prior year financial statements to conform with current year presentations.

NEW ACCOUNTING PRONOUNCEMENTS In June 1998, FASB issued Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities", which is effective for all fiscal years beginning after June 15, 2000. SFAS No. 133, as amended, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities. Under SFAS No. 133, certain contracts that were not formerly considered derivatives may now meet the definition of a derivative. We have adopted SFAS No. 133 effective January 1, 2001. The adoption of SFAS No. 133 did not have a material impact on our financial position, results of operations, or cash flows.

In June 2001, FASB issued SFAS No. 141, "Business Combinations", which is effective for business combinations initiated after June 30, 2001. SFAS No. 141 requires all business combinations to be accounted for under the purchase method and that the pooling-of-interest method is no longer allowed. The adoption of SFAS No. 141 will not have a material effect on our financial position, results of operations, or cash flows.

In June 2001, FASB issued SFAS No. 142, "Goodwill and Other Intangible Assets", which is effective for fiscal years beginning after December 15, 2001. SFAS No. 142 requires that goodwill no longer be amortized to earnings, but instead be reviewed for impairment. The adoption of SFAS No. 142 will not have a material impact on our financial position, results of operations, or cash flows.

In June 2001, FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations", which is effective for fiscal years beginning after June 15, 2002. SFAS No. 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The adoption of SFAS No. 143 will not have a material impact on our financial position, results of operations or cash flows.

In August 2001, FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", which is effective for fiscal years beginning after December 15, 2001. SFAS No. 144 addresses financial accounting and reporting for the impairment or disposal of long-lived assets. The adoption of SFAS No. 144 will not have a material impact on our financial position, results of operations or cash flows.

3. INCOME TAXES

We have maintained and intend to maintain our election as a REIT under the Internal Revenue Code of 1986, as amended. As a result, we generally will not be subject to federal taxation to the extent we distribute 90% (95% in 2000 and 1999) of our REIT taxable income to our shareholders and satisfy certain other requirements. Accordingly, no provision for federal income taxes from REIT operations has been included in the accompanying consolidated financial statements. If we fail to qualify as a REIT in any taxable year, then we will be subject to federal income taxes at regular corporate rates, including any applicable alternative minimum tax. Taxable income from non-REIT activities managed through taxable REIT subsidiaries is subject to applicable federal, state and local income taxes.

The following table reconciles net income to common shareholders to REIT taxable income for the years ended December 31, 2001, 2000 and 1999:

IN THOUSANDS	Year Ended December 31, 2001	2000	1999
Net income to common shareholders	**$ 58,747**	$ 65,053	$ 52,252
Add: Net loss of taxable REIT subsidiaries included above	**(3,525)**		
Net income from REIT operations	**62,272**	65,053	52,252
Add: Book depreciation and amortization	**101,639**	96,966	89,516
Less: Tax depreciation and amortization	**(81,687)**	(77,284)	(71,379)
Book/tax difference on gains/losses from capital transactions	**5,374**	7,254	(2,979)
Other book/tax difference, net	**(2,099)**	3,030	6,969
REIT taxable income	**85,499**	95,019	74,379
Less: Dividends paid deduction	**(102,757)**	(96,198)	(94,925)
Dividends paid in excess of taxable income	**$ (17,258)**	$ (1,179)	$ (20,546)

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

	Year Ended December 31, 2001	2000	1999
COMMON SHARES DISTRIBUTIONS			
Ordinary income	**$ 2.31**	$ 1.71	$ 2.08
20% Long-term capital gain	**0.11**	0.11	
25% Sec. 1250 capital gain	**0.02**	0.43	
Total	**$ 2.44**	$ 2.25	$ 2.08
Percentage of distributions representing tax preference items	**10.773%**	12.090%	12.187%

	2001	2000	1999
PREFERRED SHARES DIVIDENDS			
Ordinary income	**$ 1.24**	$ 1.71	$ 2.25
20% Long-term capital gain	**0.06**	0.11	
25% Sec. 1250 capital gain	**0.01**	0.43	
Total	**$ 1.31**	$ 2.25	$ 2.25

4. EARNINGS PER SHARE

Basic earnings per share is computed using net income to common shareholders and the weighted average number of common shares outstanding. Diluted earnings per share reflects common shares issuable from the assumed conversion of common share options and awards granted, preferred shares, units convertible into common shares and convertible subordinated debentures. Only those items that have a dilutive impact on our basic earnings per share are included in diluted earnings per share. For the year ended December 31, 2001, 1.9 million units convertible into common shares were not included in the diluted earnings per share calculation as they were not dilutive.

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

	Year Ended December 31,		
IN THOUSANDS, EXCEPT PER SHARE AMOUNTS	**2001**	2000	1999
BASIC EARNINGS PER SHARE			
Weighted average common shares outstanding	**39,796**	38,112	41,236
Basic earnings per share	**$ 1.48**	$ 1.71	$ 1.27
DILUTED EARNINGS PER SHARE			
Weighted average common shares outstanding	**39,796**	38,112	41,236
Shares issuable from assumed conversion of:			
Common share options and awards granted	**1,234**	729	431
Units convertible into common shares	**573**	2,547	2,624
Weighted average common shares outstanding, as adjusted	**41,603**	41,388	44,291
Diluted earnings per share	**$ 1.41**	$ 1.63	$ 1.23
EARNINGS FOR BASIC AND DILUTED COMPUTATION			
Net income	**$ 61,292**	$ 74,424	$ 61,623
Less: preferred share dividends	**2,545**	9,371	9,371
Net income to common shareholders (basic earnings per share computation)	**58,747**	65,053	52,252
Income allocated to units convertible into common shares		2,461	2,014
Net income to common shareholders, as adjusted (diluted earnings per share computation)	**$ 58,747**	$ 67,514	$ 54,266

5. INVESTMENT IN JOINT VENTURES

In June 1998, we completed a transaction in which Camden USA, Inc., one of our wholly owned subsidiaries, and TMT-Nevada, LLC, a wholly owned subsidiary of a private pension fund, formed Sierra-Nevada Multifamily Investments, LLC ("Sierra-Nevada"). We entered into this transaction to reduce our market risk in the Las Vegas area. In this transaction, we transferred to Sierra-Nevada 19 apartment communities containing 5,119 apartment homes for an aggregate of $248 million. At December 31, 2001, Sierra-Nevada owned 19 apartment communities with 4,919 apartment homes. TMT-Nevada holds an 80% interest in Sierra-Nevada and Camden USA holds the remaining 20% interest. This transaction was funded with capital invested by the members of Sierra-Nevada, the assumption of $9.9 million of existing nonrecourse indebtedness, the issuance of 17 nonrecourse cross collateralized and cross defaulted loans totaling $180 million and the issuance of two nonrecourse second lien mortgages totaling $7 million.

In April 1998, we acquired, through one of our wholly owned subsidiaries, a 50% interest in Denver West Apartments, LLC, which owns Camden Denver West, a 321 apartment home community located in Denver, Colorado. The remaining 50% interest is owned by a private investor.

In April 1997, we acquired, through our operating partnership, a 44% interest in Paradim, Inc. The remaining interest was held by unaffiliated private investors. During 2001, our investment in Paradim, Inc. was liquidated after all the assets, consisting of three apartment communities with 1,264 apartment homes were sold. Our portion of the gains recognized from these sales totaled $6.6 million and is included in "Equity in income of joint ventures."

The joint ventures discussed above are all accounted for under the equity method. The joint ventures, in which we have an interest, have been funded with secured, non-recourse debt. We are not committed to any additional funding in relation to our joint ventures. See discussion of principles of consolidation in Note 2 "Summary of Significant Accounting Policies."

6. INVESTMENTS IN THIRD PARTY DEVELOPMENT PROPERTIES

Our construction division performs services for our internally developed construction pipeline, as well as provides services for other third party owners of multifamily, commercial and retail properties. In addition to providing construction services to third party multifamily owners, for selected properties in markets we are comfortable making investments in, we may provide financing for a portion of the project costs. In connection with this program, we have entered into agreements with unaffiliated third parties to develop, construct, and manage five multifamily projects containing a total of 1,667 apartment homes. We are providing financing for a portion of each project in the form of notes receivable which mature through 2005. These notes accrue interest at 10% annually and is being recognized as earned. These notes are secured by second liens on the assets and partial guarantees by the third party owners. We expect these notes to be repaid from operating cash flow or proceeds from the sale of the individual properties. At December 31, 2001 and 2000, these notes had principal balances totaling $70.0 million and $72.9 million, respectively. We anticipate funding an additional $10.0 million on these third party development properties during 2002.

These projects are supported with adequate third party equity to allow us to earn fees for managing the development, construction and eventual operations of these properties. The related fees we earned for all projects totaled $2.2 million, $2.2 million and $1.7 million for the years ended December 31, 2001, 2000 and 1999, respectively. Two of the projects were completed and stabilized operations during 2001. The remaining three projects are all currently under construction, with one project in the lease-up phase. We expect that the remaining two projects will begin leasing during 2002.

The following is a detail of our third party construction subject to notes receivable as of December 31, 2001:

PROPERTY AND LOCATION	NUMBER OF APARTMENT HOMES	BUDGETED / ACTUAL COST ($ MILLION)	ESTIMATED / ACTUAL DATE OF COMPLETION	ESTIMATED / ACTUAL DATE OF STABILIZATION
STABILIZED				
Marina Pointe II *Tampa, FL*	352	$ 29	1Q01	3Q01
Creekside *Denver, CO*	279	33	3Q01	3Q01
IN LEASE-UP				
Ybor City *Tampa, FL*	454	40	1Q02	4Q02
UNDER CONSTRUCTION				
Little Italy *San Diego, CA*	160	36	4Q02	3Q03
Otay Ranch *San Diego, CA*	422	57	1Q03	4Q03
TOTAL THIRD PARTY DEVELOPMENT	1,667	$ 195		

During 2001, we purchased one completed and stablized third party development project and three projects which were in pre-development, as they fit our diversification strategy. All net fees and interest previously recognized on the pre-development projects were reversed at time of purchase.

7. NOTES PAYABLE

The following is a summary of our indebtedness:

IN MILLIONS	YEAR ENDED DECEMBER 31, 2001	2000
UNSECURED LINE OF CREDIT AND SHORT TERM BORROWINGS	**$ 157.0**	$ 196.0
SENIOR UNSECURED NOTES		
6.63% - 6.75% Notes, due 2001		150.0
7.03% Notes, due 2003	**50.0**	50.0
7.14% Notes, due 2004	**199.4**	199.2
7.11% - 7.28% Notes, due 2006	**174.2**	124.3
6.77% Notes, due 2010	**99.9**	
7.69% Notes, due 2011	**149.4**	
	672.9	523.5
MEDIUM TERM NOTES		
6.68% - 6.74% Notes, due 2002	**34.5**	34.5
6.88% - 7.17% Notes, due 2004	**30.0**	30.0
7.63% Notes, due 2009	**15.0**	15.0
6.79% Notes, due 2010	**14.5**	
	94.0	79.5
TOTAL UNSECURED NOTES	**923.9**	799.0
SECURED NOTES		
7.00% - 8.50% Conventional Mortgage Notes, due 2003 - 2009	**182.5**	237.6
3.29% - 7.29% Tax-exempt Mortgage Notes, due 2023-2031	**100.6**	101.5
	283.1	339.1
TOTAL NOTES PAYABLE	**$ 1,207.0**	$ 1,138.1
Floating rate debt included in unsecured line of credit (2.71% -2.75%)	**$ 157.0**	$ 196.0
Floating rate tax-exempt debt included in secured notes (3.29% - 3.35%)	**$ 62.0**	$ 62.6
Net book value of real estate assets subject to secured notes	**$ 440.3**	$ 577.6

In August 2001, we amended our line of credit to increase total capacity by $20 million to $420 million and extended the maturity through August 2004. The scheduled interest rates are currently based on spreads over LIBOR or Prime. The scheduled interest rates are 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 six months or less and may not exceed the lesser of $200 million or the remaining amount available under the line of credit. The line of credit is subject to customary financial covenants and limitations. At year end, we were in compliance with all covenants and limitations.

As of December 31, 2001, we had $263 million available under our unsecured line of credit. The weighted average balance outstanding on the unsecured lines of credit during the year ended December 31, 2001 was $152.8 million, with a maximum outstanding balance of $227.0 million.

At December 31, 2001, the weighted average interest rate on floating rate debt was 2.89%.

Scheduled principal repayments on all notes payable outstanding at December 31, 2001 over the next five years are $39.3 million in 2002, $87.3 million in 2003, $391.8 million in 2004, $61.4 million in 2005, $210.7 million in 2006 and $416.5 million thereafter. Principal repayments during 2002 will be made using funds available under our unsecured line of credit.

During January 2000, we combined our three outstanding shelf registrations into a single $750 million universal shelf registration, of which $435.5 million was available at December 31, 2001.

The following table summarizes notes payable issued during 2001:

TYPE AND AMOUNT	MONTH OF ISSUANCE	TERMS	COUPON RATE	MATURITY DATE	INTEREST PAID	PROCEEDS
$150.0 million senior unsecured notes	02/01	Interest only	7.625%	02/15/11	February 15 and August 15	$148.3 million
$50.0 million senior unsecured notes	02/01	Interest only	7.000%	02/15/06	February 15 and August 15	$49.5 million
$14.5 million medium-term notes	08/01	Interest only	6.790%	08/27/10	March 15 and September 15	$14.4 million
$100.0 million senior unsecured notes	09/01	Interest only	6.750%	09/15/10	March 15 and September 15	$99.2 million

We may redeem the notes at any time at a redemption price equal to the principal amount and accrued interest, plus a make-whole provision. The notes are direct, senior unsecured obligations and rank equally with all other unsecured and unsubordinated indebtedness. We used the net proceeds to reduce indebtedness outstanding under our unsecured line of credit.

During 2001, we paid off five secured notes totaling $50.7 million and $150 million in unsecured notes matured. The interest rates on the secured notes ranged from 7.5% to 8.63%, and rates on the unsecured notes were from 6.63% to 6.75%. We incurred prepayment penalties totaling $388,000 in connection with repayment of four of the secured notes. We repaid both the secured and unsecured notes using proceeds available under our unsecured line of credit. The secured notes were prepaid due to our ability to refinance them at significantly lower interest rates.

8. CONVERTIBLE SUBORDINATED DEBENTURES

In April 1994, we issued $86.3 million aggregate principal amount of 7.33% Convertible Subordinated Debentures which matured on April 2001. The debentures were convertible at any time prior to maturity into our common shares. Prior to maturity, $86.2 million in principal amount of the debentures were converted into 3.6 million common shares. In addition, $3.2 million of unamortized debenture issue costs were reclassified into additional paid-in-capital.

9. INCENTIVE AND BENEFIT PLANS

We have elected to follow Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees ("APB No. 25") and related interpretations in accounting for our share-based compensation. Under APB No. 25, since the exercise price of share options equals the market price of our shares at the date of grant, no compensation expense is recorded. Restricted shares are recorded to compensation expense over the vesting periods based on the market value on the date of grant, and no compensation expense is recorded for our Employee Stock Purchase Plan ("ESPP"), since the ESPP is considered non-compensatory. We have adopted the disclosure-only provisions of SFAS No. 123, Accounting for Stock-Based Compensation.

INCENTIVE PLAN We have a non-compensatory option plan which was amended in 2000 by our shareholders and trust managers. This amendment resulted in an increase in the maximum number of common shares available for issuance under the plan to 10% of the common shares outstanding at any time plus the number of common shares, if any, held as treasury shares, plus the number of common shares reserved for issuance upon the conversion of securities convertible into or exchangeable for common shares. Compensation awards that can be granted under the plan include various forms of incentive awards including incentive share options, non-qualified share options and restricted shares. The class of eligible persons that can receive grants of incentive awards under the plan consists of non-employee trust managers, key employees, consultants, and directors of subsidiaries as determined by the compensation committee of our Board of Trust Managers. No incentive awards may be granted under this plan after May 27, 2003.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Following is a summary of the activity of the plan for the three years ended December 31, 2001:

	SHARES AVAILABLE FOR ISSUANCE	OPTIONS AND RESTRICTED SHARES					
	2001	2001	WEIGHTED AVERAGE 2001 PRICE	2000	WEIGHTED AVERAGE 2000 PRICE	1999	WEIGHTED AVERAGE 1999 PRICE
Balance at January 1	1,474,723	3,351,704	$ 28.30	3,311,705	$ 27.50	2,838,499	$ 28.03
Current Year Share Adjustment (a)	(47,226)						
Options							
Granted				5,250	25.88	603,072	24.88
Exercised		(204,846)	29.65	(147,589)	29.22	(79,650)	22.67
Forfeited	14,487	(14,487)	26.11	(36,083)	27.09	(139,768)	27.38
Net Options	14,487	(219,333)		(178,422)		383,654	
Restricted Shares							
Granted	(179,560)	179,560	32.06	260,114	26.91	142,826	25.31
Forfeited		(19,115)	28.48	(41,693)	27.24	(53,274)	27.01
Net Restricted Shares	(179,590)	160,445		218,421		89,552	
Balance at December 31	1,262,424	3,292,816	$ 29.21	3,351,704	$ 28.30	3,311,705	$ 27.50
Exercisable options at December 31		1,991,231	$ 30.50	889,654	$ 28.78	1,056,076	$ 27.86
Vested restricted shares at December 31		756,661	$ 26.79	655,504	$ 25.56	343,702	$ 25.93

(a) Current year share adjustment reflects repurchase of preferred shares, net of new shares issued.

Options are exercisable, subject to the terms and conditions of the plan, in increments of 33.33% per year on each of the first three 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 on the day of grant and to date all options have been granted at an exercise price which equals the fair market value on the date of grant. Options exercised during 2001 were exercised at prices ranging from $22 to $33.25 per share. At December 31, 2001, options outstanding were at exercise prices ranging from $22 to $33.25 per share. Such options have a weighted average remaining contractual life of six years.

In 1998, in connection with the merger with Oasis, we assumed the Oasis stock incentive plans. We converted all unexercised Oasis stock options issued under the former Oasis stock incentive plans into options to purchase Camden common shares. The options are exercisable at prices ranging from $28.66 to $33.76. All of the Oasis options became fully vested upon conversion, and have a weighted average remaining contractual life of four years. As of December 31, 2001, there were 543,451 Oasis options outstanding, which are exercisable at prices ranging from $28.66 to $33.76 per share.

The fair value of each option grant was estimated on the date of grant utilizing the Black-Scholes option pricing model with the following weighted average assumptions used for grants in 2000 and 1999, respectively: risk-free interest rates of 6.6% and 4.9%, expected life of ten years, dividend yield of 6.7% and 7.6%, and expected share volatility of 13.4% and 13.7%. The weighted average fair value of options granted in 2000 and 1999, respectively, was $2.54 and $0.91 per share. There were no options granted in 2001.

Restricted shares have vesting periods of up to ten years. The compensation cost for restricted shares has been recognized at the fair market value of our shares. During 2000, we accelerated vesting of 180,634 restricted shares, which had a weighted average price of $27.74, in connection with the successful implementation of our land development strategy.

EMPLOYEE STOCK PURCHASE PLAN In July 1997, we established and commenced an ESPP for all active employees, officers, and trust managers who have completed one year of continuous service. Participants may elect to purchase Camden common shares through payroll or director fee deductions and/or through quarterly contributions. At the end of each six-month offering period, each participant's account balance is applied to acquire common shares on the open market at 85% of the market value, as defined, on the first or last day of the offering period, whichever price is lower. Effective for the 2000 plan year, each participant must hold the shares purchased for nine months in order to receive the discount. A participant may not purchase more than $25,000 in value of shares during any plan year, as defined. No compensation expense was recognized for the difference in price paid by employees and the fair market value of our shares at the date of purchase. There were 28,747, 35,900 and 98,456 shares purchased under the ESPP during 2001, 2000 and 1999, respectively. The weighted average fair value of ESPP shares purchased in 2001, 2000, and 1999 was $35.80, $28.67 and $27.42 per share, respectively. On January 10, 2002, 7,670 shares were purchased under the ESPP related to the 2001 plan year.

If we applied the recognition provisions of SFAS No. 123 to our option grants and ESPP, our net income to common shareholders and related basic and diluted earnings per share would be as follows (in thousands, except per share amounts):

	Year Ended December 31,		
	2001	2000	1999
Net income to common shareholders	**$ 58,310**	$ 64,317	$ 51,076
Basic earnings per share	**$ 1.47**	$ 1.69	$ 1.24
Diluted earnings per share	**$ 1.40**	$ 1.62	$ 1.20

The effects of applying SFAS No. 123 in this pro forma disclosure are not indicative of future amounts.

RABBI TRUST In February 1997, we established a rabbi trust in which salary and bonus amounts awarded to certain officers under the share incentive plan and restricted shares awarded to certain officers and trust managers may be deposited. We account for the rabbi trust similar to a compensatory stock option plan. At December 31, 2001, approximately 1,041,824 restricted shares were held in the rabbi trust. At December 31, 2001 and 2000, $3.9 million and $2.7 million, respectively, was due to us under this plan, and is included in "Accounts receivable-affiliates" in our consolidated financial statements.

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 earlier of January 1 or July 1 following 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% nor more than 15% of the participant's compensation. The federal tax code limits the annual amount of salary deferrals that may be made by any participant. We may make matching contributions on the participant's behalf. A participant's salary deferral contribution will always be 100% vested and nonforfeitable. A participant will become vested in our matching contributions 33.33% after one year of service, 66.67% after two years of service and 100% after three years of service. Expenses under the savings plan were not material.

10. SECURITIES REPURCHASE PROGRAM

In 1998, we began repurchasing our securities under a program approved by our Board of Trust Managers. The plan allows us to repurchase or redeem up to $200 million of our securities through open market purchases and private transactions. Management consummates these repurchases and redemptions at the time when they believe that we can reinvest available cash flow into our own securities at yields which exceed those currently available on direct real estate investments. These repurchases were made and we expect that future repurchases, if any, will be made without incurring additional debt and, in management's opinion, without reducing our financial flexibility. At December 31, 2001, we had repurchased approximately 6.9 million common shares and redeemed approximately 106,000 units convertible into common shares at a total cost of $180.9 million. No common shares or units convertible into common shares were repurchased during 2001.

11. CONVERTIBLE PREFERRED SHARES

The 4,165,000 Series A preferred shares paid a cumulative dividend quarterly in arrears in an amount equal to $2.25 per share per annum. The preferred shares generally had no voting rights and had a liquidation preference of $25 per share plus accrued and unpaid distributions. The preferred shares were convertible at the option of the holder at any time into common shares at a conversion price of $32.4638 per common share (equivalent to a conversion rate of 0.7701 per common share for each preferred share), subject to adjustment in certain circumstances. The preferred shares were not redeemable prior to April 30, 2001.

In April 2001, we announced that our issued and outstanding Series A preferred shares would be redeemed effective April 30, 2001 at a redemption price of $25.00 per share plus an amount equal to all accumulated, accrued and unpaid dividends as of April 30, 2001. Prior to redemption, 3.1 million preferred shares were converted into 2.4 million common shares. The remaining preferred shares were redeemed for an aggregate of $27.1 million, including unpaid dividends, using funds available under our unsecured line of credit.

12. TECHNOLOGY INVESTMENTS

During 2000, our Board of Trust Managers authorized us to invest in non-real estate initiatives, including investments in e-commerce initiatives with other multifamily real estate owners. These investments were made in companies that provide our residents with a broad range of real estate technology services including high-speed data services, online owner-renter matching services, and resident portals. These portals provide our residents with a variety of online services, including online maintenance requests, which we believe will improve their overall living experience. Additionally, we have invested in companies that we believe will improve the efficiency of our internal operations through revenue management, credit scoring and purchasing.

During 2001, management determined that the current capital markets for technology companies and the expected future cash flows from these investments made it difficult to support the carrying values of our technology investments. Therefore, during the year we recorded an impairment provision totaling $9.9 million, which represented our remaining carrying value at time of write-off of all technology initiatives. The write-off included $3.8 million in notes receivable. Our investments in technology investments had been recorded in “Other assets, net” during 2001. We will continue to use the technology provided by these companies to deliver services to our residents, which we believe achieve our goal of providing a quality living experience. Additionally, a number of these initiatives have been, or are in the process of being, implemented which management believes should result in improved operational efficiency.

13. TOWNHOME SALES

During 2001, we completed construction of 17 for-sale townhomes in the downtown Dallas area at a total cost of approximately $5.5 million. During 2001, we sold five units at a total sales price of approximately $1.6 million. The proceeds received from these townhome sales are included in other income in our consolidated financial statements. Other expenses in our consolidated financial statements represents the construction costs associated with the townhomes sold during the quarter.

14. RELATED PARTY TRANSACTIONS

Two of our executive officers have loans totaling $1.8 million with one of our taxable-REIT subsidiaries. The executives utilized amounts received from these loans to purchase our common shares in 1994. The loans mature in February 2004 and bear interest at the fixed rate of 5.23%. These loans are full recourse obligations of the officers and do not require any prepayments of principal until maturity.

We perform property management services for properties owned by joint ventures in which we own an interest. Management fees earned on these properties amounted to $900,000, $944,000, and $845,000 for the years ended December 31, 2001, 2000, and 1999, respectively.

In connection with the Oasis merger, we entered into consulting agreements with two former Oasis executives, one of whom currently serves as a trust manager, to locate potential investment opportunities in California. We paid consulting fees totaling $389,000 to these executives in 1999. No fees were paid during 2001 or 2000.

In 1999 and 2000, our Board of Trust Managers approved a plan which permitted six of our senior executive officers to complete the purchase of $23.0 million of our common shares in open market transactions. The purchases were funded with unsecured full recourse personal loans made to each of the executives by a third party lender. The loans mature in five years, bear interest at market rates and require interest to be paid quarterly. In order to facilitate the employee share purchase transactions, we entered into a guaranty agreement with the lender for payment of all indebtedness, fees and liabilities of the officers to the lender. Simultaneously, we entered into a reimbursement agreement with each of the executive officers whereby each executive officer has indemnified us and absolutely and unconditionally agreed to reimburse us should any amounts ever be paid by us pursuant to the terms of the guaranty agreement. The reimbursement agreements require the executives to pay interest from the date any amounts are paid by us until repayment by the officer. We have not had to perform under the guaranty agreement.

Beginning in 2000, we invested approximately $1.4 million into BroadBand Residential Inc., a multi-unit owner-sponsored broadband company providing high-speed data services to multifamily residents, and invested approximately $2.1 million in Viva Group, Inc., an internet based company that provides online owner-renter matching services for the multifamily housing industry. One of our trust managers is a director, executive officer and significant shareholder of Viva. In connection with our investment in BroadBand Residential, we had the right to designate one member of its board of directors. We appointed one of our executive officers to fill that position and represent our interest. As described in Note 12, during 2001, we recorded an impairment charge for all technology investments, including our investment in Viva and BroadBand Residential. Additionally, during 2001 BroadBand Residential discontinued operations.

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

SFAS No. 107 requires disclosure about fair value for all financial instruments, whether or not recognized, for financial statement purposes. Disclosure about fair value of financial instruments is based on pertinent information available to management as of December 31, 2001 and 2000. Considerable judgment is necessary to interpret market data and develop estimated fair values. Accordingly, the estimates presented herein are not necessarily indicative of the amounts we could obtain on disposition of the financial instruments. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

As of December 31, 2001 and 2000, management estimates that the fair value of (i) cash and cash equivalents, accounts receivable, notes receivable, accounts payable, accrued expenses and other liabilities and distributions payable are carried at amounts which reasonably approximate their fair value; and (ii) based upon our borrowing rate for issuances of debt with similar terms and remaining maturities, the carrying amount of our fixed rate debt approximates fair value.

16. NET CHANGE IN OPERATING ACCOUNTS

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

	Year Ended December 31,		
in thousands	**2001**	2000	1999
Decrease (increase) in assets:			
Accounts receivable - affiliates	**$ (839)**	$ (65)	$ (1,085)
Other assets, net	**(5,503)**	(950)	38
Restricted cash	**1,318**	237	(426)
Increase (decrease) in liabilities:			
Accounts payable	**(255)**	(6,999)	(3,768)
Accrued real estate taxes	**2,012**	3,526	3,011
Accrued expenses and other liabilities	**19,689**	12,797	13,266
Change in operating accounts	**$ 16,422**	$ 8,546	$ 11,036

17. COMMITMENTS AND CONTINGENCIES

CONSTRUCTION CONTRACTS As of December 31, 2001, we were obligated for approximately $85.8 million of additional expenditures (a substantial amount of which we expect to be funded with debt).

LEASE COMMITMENTS At December 31, 2001, we had long-term operating leases covering certain land, office facilities and equipment. Rental expense totaled $1.9 million in 2001, $1.6 million in 2000 and $1.7 million in 1999. Minimum annual rental commitments for the years ending December 31, 2002 through 2006 are $1.8 million, $1.7 million, $1.4 million, $1.4 million and $1.1 million, respectively, and $6.9 million in the aggregate thereafter.

TECHNOLOGY INVESTMENTS We have commitments to invest an additional $2.6 million with a consortium of real estate and technology companies which intended to pursue a broad range of real estate technology initiatives. Based on our discussion with consortium members, it is not likely that any additional investments will be made.

EMPLOYMENT AGREEMENTS We have employment agreements with six of our senior officers, the terms of which expire at various times through August 20, 2003. 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 in the event certain situations occur such as termination without cause or a change of control. The severance payments vary based on the officer's position and amount to one times the current salary base for four of the officers and 2.99 times the average annual compensation over the previous three fiscal years for the two remaining officers. Six months prior to expiration, unless notification of termination is given by the senior officers, these agreements extend for one year from the date of expiration.

CONTINGENCIES Prior to our merger with Oasis, Oasis had been contacted by certain regulatory agencies with regards to alleged failures to comply with the Fair Housing Amendments Act (the "Fair Housing Act") as it pertained to nine properties (seven of which we currently own) constructed for first occupancy after March 31, 1991. On February 1, 1999, the Justice Department filed a lawsuit against us and several other defendants in the United States District Court for the District of Nevada alleging (1) that the design and construction of these properties violates the Fair Housing Act and (2) that we, through the merger with Oasis, had discriminated in the rental of dwellings to persons because of handicap. The complaint requests an order that (i) declares that the defendant's policies and practices violate the Fair Housing Act; (ii) enjoins us from (a) failing or refusing, to the extent possible, to bring the dwelling units and public use and common use areas at these properties and other covered units that Oasis has designed and/or constructed into compliance with the Fair Housing Act, (b) failing or refusing to take such affirmative steps as may be necessary to restore, as nearly as possible, the alleged victims of the defendants alleged unlawful practices to positions they would have been in but for the discriminatory conduct and (c) designing or constructing any covered multifamily dwellings in the future that do not contain the accessibility and adaptability features set forth in the Fair Housing Act; and requires us to pay damages, including punitive damages, and a civil penalty.

With any acquisition, we plan for and undertake renovations needed to correct deferred maintenance, life/safety and Fair Housing matters. On January 30, 2001, a consent decree was ordered and executed in the above Justice Department action. Under the terms of the decree, we were ordered to make certain retrofits and implement certain educational programs and fair housing advertising. These changes are to take place over the next five years. In management's opinion, the costs associated with complying with the decree are not expected to have a material impact on our financial statements.

We are subject to various legal proceedings and claims that arise in the ordinary course of business. These matters are generally covered by insurance. While the resolution of these matters cannot be predicted with certainty, management believes that the final outcome of such matters will not have a material adverse effect on our consolidated financial statements.

In the ordinary course of our business, we issue letters of intent indicating a willingness to negotiate for the purchase or sale of multifamily properties or development land. In accordance with local real estate market practice, such letters of intent are non-binding, and neither party to the letter of intent is obligated to pursue negotiations unless and until a definitive contract is entered into by the parties. Even if definitive contracts are entered into, the letters of intent and resulting contracts contemplate that such contracts will provide the purchaser with time to evaluate the properties and conduct due diligence and 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 that definitive contracts will be entered into with respect to any properties covered by letters of intent or that we will acquire or sell any property as to which we may have entered into a definitive contract. Further, due diligence periods are frequently extended as needed. An acquisition or sale becomes probable at the time that the due diligence period expires and the definitive contract has not been terminated. We are then at risk under an acquisition contract, but only to the extent of any earnest money deposits associated with the contract, and are obligated to sell under a sales contract.

We are currently in the due diligence period for the purchase of land for development. No assurance can be made that we will be able to complete the negotiations or become satisfied with the outcome of the due diligence.

18. QUARTERLY FINANCIAL DATA (UNAUDITED)

Summarized quarterly financial data for the years ended December 31, 2001 and 2000 are as follows:

IN THOUSANDS, EXCEPT PER SHARE AMOUNTS	FIRST	SECOND	THIRD	FOURTH	TOTAL
2001:					
Revenues	$ 105,354	$ 104,560	$ 112,218	$ 106,083	$ 428,215
Net income to common shareholders	16,201*	16,934**	18,096	7,516	58,747
Basic earnings per share	0.43*	0.43**	0.44	0.18	1.48
Diluted earnings per share	0.41*	0.40**	0.42	0.18	1.41
2000:					
Revenues	$ 98,714	$ 101,327	$ 102,395	$ 101,103	$ 403,539
Net income to common shareholders	12,676***	10,594	28,203****	13,580	65,053
Basic earnings per share	0.33***	0.28	0.74****	0.36	1.71
Diluted earnings per share	0.31***	0.27	0.72****	0.33	1.63

* Includes a $1,716, or $0.05 basic and $0.04 diluted earnings per share, impact related to the gain on sale of land.
** Includes a $656, or $0.02 basic and $0.01 diluted earnings per share, impact related to the gain on sale of land.
*** Includes a $1,933, or $0.05 basic and diluted earnings per share, impact related to the gain on sale of land.
**** Includes a $16,440, or $0.43 basic and $0.37 diluted earnings per share, impact related to the gain on sale of properties.

19. PRICE RANGE OF COMMON SHARES (UNAUDITED)

The high and low sales prices per share of our common shares, as reported on the New York Stock Exchange composite tape, and distributions per share declared for the quarters indicated were as follows:

	HIGH	LOW	DISTRIBUTIONS
2001 Quarters:			
First	$ 33.29	$ 31.07	$ 0.61
Second	36.70	32.72	0.61
Third	39.32	35.92	0.61
Fourth	37.51	34.32	0.61
2000 Quarters:			
First	$ 27.38	$ 25.88	$ 0.5625
Second	30.75	27.06	0.5625
Third	32.00	29.44	0.5625
Fourth	33.81	28.50	0.5625

COMPARATIVE SUMMARY OF SELECTED FINANCIAL AND PROPERTY DATA

IN THOUSANDS, EXCEPT PER SHARE AMOUNTS	Year Ended December 31,				
	2001	2000	1999	1998*	1997**
OPERATING DATA					
Revenues					
Rental income	**$ 374,187**	$ 364,111	$ 341,168	$ 300,632	$ 187,928
Other property income	**29,433**	27,030	22,148	18,093	9,446
Total property income	**403,620**	391,141	363,316	318,725	197,374
Equity in income of joint ventures	**8,527**	765	683	1,312	1,141
Fee and asset management	**6,951**	5,810	5,373	1,552	743
Other income	**9,117**	5,823	1,924	2,250	531
Total revenues	**428,215**	403,539	371,296	323,839	199,789
Expenses					
Property operating and maintenance	**115,572**	112,727	107,972	97,137	70,679
Real estate taxes	**40,717**	39,054	36,410	31,469	21,028
General and administrative	**13,743**	14,349	10,606	7,998	4,389
Impairment provision for technology investments	**9,864**				
Other expenses	**1,511**				
Interest	**69,841**	69,036	57,856	50,467	28,537
Depreciation and amortization	**101,660**	96,966	89,516	78,113	44,836
Total expenses	**352,908**	332,132	302,360	265,184	169,469
Income before gain on sales of properties and joint venture interests, minority interests and extraordinary charge	**75,307**	71,407	68,936	58,655	30,320
Gain on sales of properties and joint venture interests	**2,372**	18,323	2,979		10,170
Income allocated to minority interests					
Distributions on units convertible into perpetual preferred shares	**(12,872)**	(12,845)	(8,278)		
Income allocated to units convertible into common shares	**(3,127)**	(2,461)	(2,014)	(1,322)	(1,655)
Income before extraordinary charge	**61,680**	74,424	61,623	57,333	38,835
Extraordinary charge (early retirement of debt)	**(388)**				(397)
Net income	**61,292**	74,424	61,623	57,333	38,438
Preferred share dividends	**(2,545)**	(9,371)	(9,371)	(9,371)	
Net income to common shareholders	**$58,747**	$65,053	$52,252	$47,962	$38,438
Basic earnings per share before extraordinary charge	**$1.49**	$1.71	$1.27	$1.16	$1.48
Basic earnings per share	**1.48**	1.71	1.27	1.16	1.46
Diluted earnings per share before extraordinary charge	**1.42**	1.63	1.23	1.12	1.43
Diluted earnings per share	**1.41**	1.63	1.23	1.12	1.41
Distributions per common share	**$2.44**	$2.25	$2.08	$2.02	$1.96
Weighted average number of common shares outstanding	**39,796**	38,112	41,236	41,174	26,257
Weighted average number of common and common dilutive equivalent shares outstanding	**41,603**	41,388	44,291	44,183	28,356

COMPARATIVE SUMMARY OF SELECTED FINANCIAL AND PROPERTY DATA (CONTINUED)

IN THOUSANDS, EXCEPT PROPERTY DATA AMOUNTS	YEAR ENDED DECEMBER 31,				
	2001	2000	1999	1998*	1997**
BALANCE SHEET DATA (AT END OF YEAR)					
Real estate assets	**$2,823,530**	$2,719,234	$ 2,678,034	$ 2,487,942	$1,397,138
Accumulated depreciation	**(422,154)**	(326,723)	(253,545)	(167,560)	(94,665)
Total assets	**2,449,665**	2,430,881	2,487,932	2,347,982	1,323,620
Notes payable	**1,207,047**	1,138,117	1,165,090	1,002,568	480,754
Minority interests	**206,079**	210,377	196,852	71,783	63,325
Convertible subordinated debentures		1,950	3,406	3,576	6,025
Shareholders' equity	**$ 918,251**	$ 974,183	$ 1,016,675	$ 1,170,388	$ 710,564
Common shares outstanding	**40,799**	38,129	39,093	43,825	31,694
OTHER DATA					
Cash flows provided by (used in):					
Operating activities	**$ 198,213**	$ 166,436	$ 164,021	$ 138,419	$ 65,974
Investing activities	**(119,627)**	(15,751)	(220,571)	(55,013)	(73,709)
Financing activities	**(77,897)**	(151,266)	56,420	(84,227)	11,837
Funds from operations***	**157,840**	156,274	152,369	137,996	75,753
PROPERTY DATA					
Number of operating properties (at end of year)	**145**	145	153	149	100
Number of operating apartment homes (at end of year)	**51,345**	51,336	53,311	51,310	34,669
Number of operating apartment homes (weighted average)	**45,488**	46,501	45,606	42,411	29,280
Weighted average monthly total property income per apartment home	**$ 739**	$ 701	$ 664	$ 626	$ 562
Properties under development (at end of period)	**2**	3	6	14	6

* *Effective April 1, 1998 we acquired Oasis Residential, Inc.*

** *Effective April 1, 1997 we acquired Paragon Group, Inc.*

*** *Management considers FFO to be an appropriate measure of the performance of an equity REIT. The National Association of Real Estate Investment Trusts ("NAREIT") currently defines FFO as net income (computed in accordance with generally accepted accounting principles), excluding gains (or losses) from debt restructuring and sales of property, plus real estate deprecitation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. In addition, extraordinary or unusual items, along with significant non-recurring events that materially distort the comparative measure of FFO are typically disregarded in its calculation. Our definition of diluted FFO also assumes conversion at the beginning of the period of all convertible securities, including minority interests, which are convertible into common equity. We believe that in order to facilitate a clear understanding of our consolidated historical operating results, FFO should be examined in conjunction with net income as presented in the consolidated financial statements and data included elsewhere in this report. FFO is not defined by generally accepted accounting principles. FFO should not be considered as an alternative to net income as an indication of our operating performance or to net cash provided by operating activities as a measure of our liquidity. Further, FFO as disclosed by other REIT's may not be comparable to our calculation.*

OUR CAMDEN SIGNATURE

More than a shelter from the elements, a home is a comfortable refuge where you can reflect and enjoy the fruits of your labor. Imagine a hummingbird about to alight… “coming home.” This is brought to life in our Camden signature.

The hummingbird, universally liked and fascinating to watch, symbolizes the moment just prior to landing – this moment is about destination… about coming home to Camden.

Camden’s classically chiseled letters convey a solid and stable company. An engineered and timeless look. This is a purposeful contrast to the lively, organic and friendly portrayal of the hummingbird.

Color completes our story; the dark blue is professional, reliable and trustworthy. The green symbolizes growth, friendliness, freshness and energy.

OUR BRAND PROMISE

We promise exemplary levels of customer service and good management, which can only come from an organization that listens to and understands the needs of each customer.

Living excellence is our commitment to deliver excellence at every point of contact, to ensure that our customers see excellence everywhere they look.

Trust Managers

Richard J. Campo
Chairman of the Board of Trust Managers and Chief Executive Officer
D. Keith Oden
President and Chief Operating Officer
William R. Cooper
Private Investor
George A. Hrdlicka
Partner
Chamberlain, Hrdlicka, White, Williams, & Martin
Scott S. Ingraham
Chief Executive Officer
Viva Group, Inc.
Lewis A. Levey
Private Investor
F. Gardner Parker
Private Investor
Steven A. Webster
Managing Director
Global Energy Partners

Senior Executive Officers

Richard J. Campo
Chairman of the Board of Trust Managers and Chief Executive Officer
D. Keith Oden
President, Chief Operating Officer and Trust Manager
H. Malcolm Stewart
Executive Vice President
G. Steven Dawson
Chief Financial Officer
Senior Vice President - Finance and Secretary
Alison D. Malkhassian
Senior Vice President - Acquisitions and Dispositions
James M. Hinton
Senior Vice President - Development

Market Information

Our common shares are traded on the NYSE under the symbol CPT. The range of high and low bid prices for the quarterly periods in which the shares were traded, as reported on the NYSE, is set forth below:

2001 Quarter Ended	*High*	*Low*
First	33.29	31.07
Second	36.70	32.72
Third	39.32	35.92
Fourth	37.51	34.32

On December 31, 2001, the closing sale price for our common shares was $36.70 per share.

As of December 31, 2001, the number of record holders of our common shares was 1031. Management believes after inquiry that the number of beneficial owners of our common shares is approximately 22,000.

Annual Meeting

Our Annual Meeting of Shareholders will be held May 15, 2002, at 10.00 a.m. Central Time at Camden Vanderbilt, 7171 Buffalo Speedway, Houston, Texas.

Transfer Agent for Common and Preferred Shares

For information regarding change of address or other matters concerning your shareholder account, please contact the transfer agent directly at:

American Stock Transfer and Trust Company
800.937.5449

Dividend Reinvestment Plan

We offer our shareholders the opportunity to purchase additional shares of common stock through the Dividend Reinvestment Plan. For a copy of the Plan prospectus, please contact:

American Stock Transfer and Trust Company
800.278.4353

Independent Auditors

Deloitte & Touche LLP, Houston, Texas

Corporate Address

3 Greenway Plaza, Suite 1300
Houston, Texas 77046
713.354.2500
800.9.CAMDEN

Outside General Counsel

Locke Liddell & Sapp LLP, Dallas, Texas

Web Site

camdenliving.com

Form 10-K

Shareholders may obtain, without charge, a copy of Camden's Form 10-K report as filed with the Securities and Exchange Commission. For copies or answers to questions about Camden, you are invited to contact Investor Relations at the corporate address.

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THE VISION CONTINUES....

3 GREENWAY PLAZA
SUITE 1300

HOUSTON TX 77046
713.354.2500
800.9CAMDEN

CAMDENLIVING.COM