

why not



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 NYSE CPT

why

camden

why

Photo: Jonathan Goff

as we focus on the future
with tenacity and tactical agility

we see things not just through many eyes
but from many points of view

our residents
our employees
our shareholders
all of which make us a strong organization

here are some we would like to share with you.

why do our residents choose to

make camden

their home?

the space

ahhh...a bigger kitchen
more room for him to make a bigger mess
hope his cooking improves

terrie

danny

ahhh...

the domestic bliss of cooking together



the yard

what maintenance?

maintenance?

we do it for you



go ahead

forget about mowing the yard too





the landscape

loves the beautiful landscape
and enjoys walking rocky everywhere

jamie

rocky

loves licking (in general)



the nifty extras





ed

thinks the movie theater
is just unbelievable

cindy

likes the patio and all the shops nearby

jeff

is hungry and loves the kitchen space

jennie

enjoys the extra space, the gym and
having her friends over for dinner

definitely
definitely the pool!

yeah!

the pool
is the greatest!



the waterfall is

neato!

(ouch! who kicked me?)

the amenities



tisha

wants a fish tank
and an ant farm in her room

kelley

definitely loves the
extra bedroom for her little princess



the extra room

the convenience

phyllis

can do laundry anytime
her grandson wants to nap

micky

loves his gameboy
and taking naps after
playing hard on the game



the technology

andy

this is
really
living
worry free

I can just pay
all my bills on
the internet

resident portal and online
resident connection service
are just awesome

why camden

thoughts from Ric and Keith

A woman with long, flowing brown hair is captured in motion, running away from the camera through a vast, green field. She is wearing a white dress with large, vibrant red floral patterns. Her hair and the hem of her dress are blowing in the wind, creating a sense of movement and freedom. The field is filled with tall, green grass, and the horizon is a straight line under a clear, bright blue sky. The overall mood is one of joy and connection to nature.

our roots



real estate

investment

and (earning)

trust

that's what we do best

3.15.03

to our shareholders 2002 was the most challenging year that we have experienced since becoming a publicly traded company in 1993. What does this mean? It means that our 2002 results were not in line with our 2002 expectations, and we did not achieve the financial growth that we wanted because of market forces. Regardless of the external forces, we stayed true to our values, executed on our business strategy, and made the necessary tactical adjustments to maintain our competitive advantage. In fact, 2002 demonstrated that a clear mission, sound strategies and tactical agility are the foundation for performing during down turn cycles.

OUR FINANCIAL RESULTS Overall, our 2002 financial results were slightly lower than those achieved in 2001, despite the difficult market conditions. In 2002, funds from operations (FFO) declined by \$0.14 per share to \$3.40, compared to \$3.54 per share in 2001, largely due to a 4.7% decline in same-property net operating income (NOI). Revenues were relatively flat at \$411.0 million, compared to \$411.5 million in 2001, as income from newly acquired and developed communities offset the decline in revenues from our stabilized communities. We worked diligently to control expenses at all levels, and experienced only modest increases in our operating costs.

Our commitment to the dividend remains strong. In 2002, we increased our dividend by over 4% to \$2.54 per share. We will maintain the \$2.54 dividend through 2003, providing our shareholders with an attractive current return and enabling us to preserve capital and continue to improve the quality of our portfolio. This balance is a reflection of our prudent financial management.



We are focused on maximizing long-term shareholder value by producing a stable, growing cash flow. We believe conservative business practices, disciplined processes and prudent investment choices are key factors to our success. Thus, capital allocation decisions are made only after thoroughly examining all available investment options. In 2002, we chose to make investments in Southern California through acquisition and new development. We also repurchased over \$62 million of Camden's common shares at prices well below our net asset value. We believe that these investment decisions will provide the best return for our shareholders.

OUR BUSINESS STRATEGY Our business model is simple – the right product in the right market staffed with the right people who are willing to do whatever it takes to deliver excellence to our residents and our shareholders. It is articulated in our mission statement – guided by our *Values*, we are committed to being the best multifamily company by providing *Living Excellence* to our residents – and supported by our strategies, which have been directing our decisions and determining our tactics for more than a decade: Produce a stable, growing cash flow; Provide shareholders a safe, growing dividend; Build, buy and sell communities to maintain a high quality portfolio balanced by geography and product type; Increase productivity and customer service through best practices; Create *Working Excellence* for our employees.

LEVERAGING
technology

for speed and service and to support
new revenues and cost efficiencies

WHY DO WE BELIEVE THAT A BALANCED PORTFOLIO IS IMPORTANT?

We know that the real estate market is cyclical, and that to insulate our organization from the cycles of any one market, it is important to have geographic diversification in high-growth markets. Last year is a good example of this strategy in action. We saw double-digit NOI declines in Charlotte, Austin, Phoenix and Dallas; however, those declines were offset by positive growth in Southern California, Houston and Corpus Christi.

We also believe that it is important to limit the NOI contribution from any one market. Positioning our communities in high-growth markets and managing their NOI contributions further insulates us from market fluctuations and benefits our investors by reducing cash flow volatility.

We will continue to improve our portfolio balance through our research-based development program. We believe that development of new communities in high-growth markets where acquisition prices are high is a sound strategy. During 2003 and 2004, we will complete leasing at four new communities in Southern California, thereby increasing this region's contribution to our overall NOI to fifteen percent. Southern California remains one of the best apartment markets in the country.

We continued to prepare for future growth by acquiring land for development in the fourth quarter of 2002. The development sites are located in San Diego, Houston and Northern Virginia and initial plans call for the development of 1,025 apartment homes, with construction expected to begin in late 2003 or early 2004. The starts will be timed to occur when we expect economic conditions to be improved.



Each of these land parcels supports our strategy of a balanced portfolio through geographic diversification and strategic product mix. Moreover, it demonstrates our ability to ease our way into new high-growth markets, such as Northern Virginia.

The second component of our portfolio strategy, diversity in product type, is critical in reaching a broad customer base. We believe that having a variety of housing alternatives with a wide range of price points provides choice for the customer and minimizes our exposure during challenging economic times.

Our portfolio is a balance of luxury and middle-market apartment homes with an average age of less than eleven years. Our communities offer a range of amenities and service offerings, convenient locations, and well-designed floor plans. We have made steady progress in enhancing the quality of our portfolio. Since 1993, our average monthly rent per apartment home has increased steadily from \$471 to \$795, and our average apartment home's undepreciated cost has increased from \$26,000 per unit to \$58,000 per unit.

A balanced portfolio is achieved through careful planning, constant review of the portfolio and the assessment of financial resources required to maintain the assets. We are tasked with disposing of older assets from the portfolio while adding to the portfolio through acquisitions or development in core markets. Despite the economic conditions, we identified opportunities in the fourth quarter of 2002 to do just that.

We made strides towards reducing our presence in Texas and Nevada by pruning the portfolio of non-strategic assets. We successfully disposed of three older, capital intensive assets: Camden Chasewood and

Camden Wallingford in Houston, Texas and Camden Waterford in Corpus Christi, Texas, at a time in the market when we could achieve premium pricing. We also sold two assets and two adjacent, undeveloped land parcels in Nevada: Camden Bluffs in Reno and Camden Harbor in Las Vegas. These transactions diversified our revenue stream by reducing the NOI contribution from Texas and Nevada and improved asset quality. It also provided for reinvestment of those funds in communities with greater growth and earnings potential.

We acquired six communities during 2002: Camden San Paloma in Scottsdale, Arizona and Camden Providence Lakes in Brandon, Florida; both improve our overall property quality and future growth. The four remaining acquisitions were part of our third-party development program and are new construction. The product types range from urban in-fill in Southern California to suburban garden-style communities in Tampa, Florida.

WHY USE A BEST PRACTICE METHODOLOGY?

We believe that the people closest to our customers, those who are serving our residents and caring for our communities, are in the best position to evaluate the effectiveness of our processes, policies, procedures and product offerings. Each one of us is actively engaged in finding ways to streamline processes, reduce expenses and maximize revenues. As a result, we employ a best practice methodology that constantly seeks new ways to improve our effectiveness.

To ensure that these opportunities for refinement occur, we have a Management Advisory Committee (MAC) consisting of thirteen Community Managers and our corporate department heads. The MAC meets periodically to discuss current market challenges, provide feedback on business practices, and review future initiatives. Additionally, we have Practice Management Teams in the areas of facilities, landscape, security and marketing that meet regularly to exchange ideas, champion successful programs, focus on continuity and consistency and seek ways to leverage economies of scale.

Since 2001, we have been on a quest to improve our property management software system. We expect to implement our new system in late 2003 and early 2004. It will improve our efficiencies in service delivery, transactions and task management. We believe that the system will enhance the quality of our employees' work lives and the lifestyles of our residents.

WHY DO WE WORK SO HARD TO CREATE WORKING EXCELLENCE FOR OUR EMPLOYEES?
We believe creating a positive working environment which attracts, retains and rewards the best and brightest people is the underpinning to our success – satisfied employees help to ensure satisfied residents. A positive work environment begins with the careful selection of people; it is nurtured through training and development; and it is perpetuated by a strong, values-based culture.

Attracting the best and the brightest means having a highly competitive compensation program – from wages and benefits programs to training and future opportunities. We take great care in the selection of our employees, from our employee referral program to our two-up interviewing requirement for every potential candidate. Once hired, our onsite employees are assigned mentors who provide on-the-job training and are enrolled in courses that provide compliance, skills and leadership training opportunities.

Since 1999, we have conducted annual employee opinion surveys that provide opportunities for our employees to evaluate our culture, benefits, policies, procedures and internal customer support services. When asked about overall job satisfaction, consistently our employees have given us a 94% or higher satisfaction rating. Additionally, the quantitative and qualitative data that comes from the surveys has identified areas for improvement in benefits, training, processes, and procedures and has been the catalyst for change in our organization. Our employees' opinions and recommendations are heard and respected.

While we believe that our mission, our strategies and our ability to execute sets us apart from our competitors, we *know* that our culture is the defining difference between Camden and its peer group.

LOOKING FORWARD We do not believe that the market challenges we experienced in 2002 will improve in 2003. The same challenges remain, but we face them with the confidence of knowing that we will weather the storm. Each of our strategies were tested and found sound; our ability to maneuver quickly and effectively was demonstrated in our financial results; and our employees proved that they can and will do what ever it takes to deliver excellence to our residents and our shareholders. In 2003, we will stay the course and do what we do best – provide the right apartment home in the right market at the right price, serviced by the right people.

As we focus on the future with tenacity and tactical agility, we believe we see things not just through many eyes, but from many points of view – our residents, our employees, our shareholders – all of which make us a strong organization. We look forward to the opportunity to continue earning your trust in 2003 and beyond. Most importantly, we want to thank you for your support over the past nine years.

Respectfully,

Handwritten signature of Richard J. Campo in black ink on a light background.

Richard J. Campo

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Handwritten signature of D. Keith Oden in black ink on a light background.

D. Keith Oden

PRESIDENT AND CHIEF OPERATING OFFICER

why do we

attract

great people?



we believe

we see things
others do not

we have
tactical agility

no challenge
is too great



we have

strong leadership

a balanced portfolio

geographic diversity

the drive to achieve

exceptional

property management

brand recognition

a proven history of performance

an unparalleled capacity to serve

totally dedicated people

a sound business plan

exceeded residents'

expectations

we are
committed to
living excellence
everywhere you look

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 2003, we owned and managed 143 communities, consisting of 50,790 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 4,500 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.

why do we get

great support

from our shareholders?

(they believe in us)

your

solid

track record

really

speaks for itself



we're not your

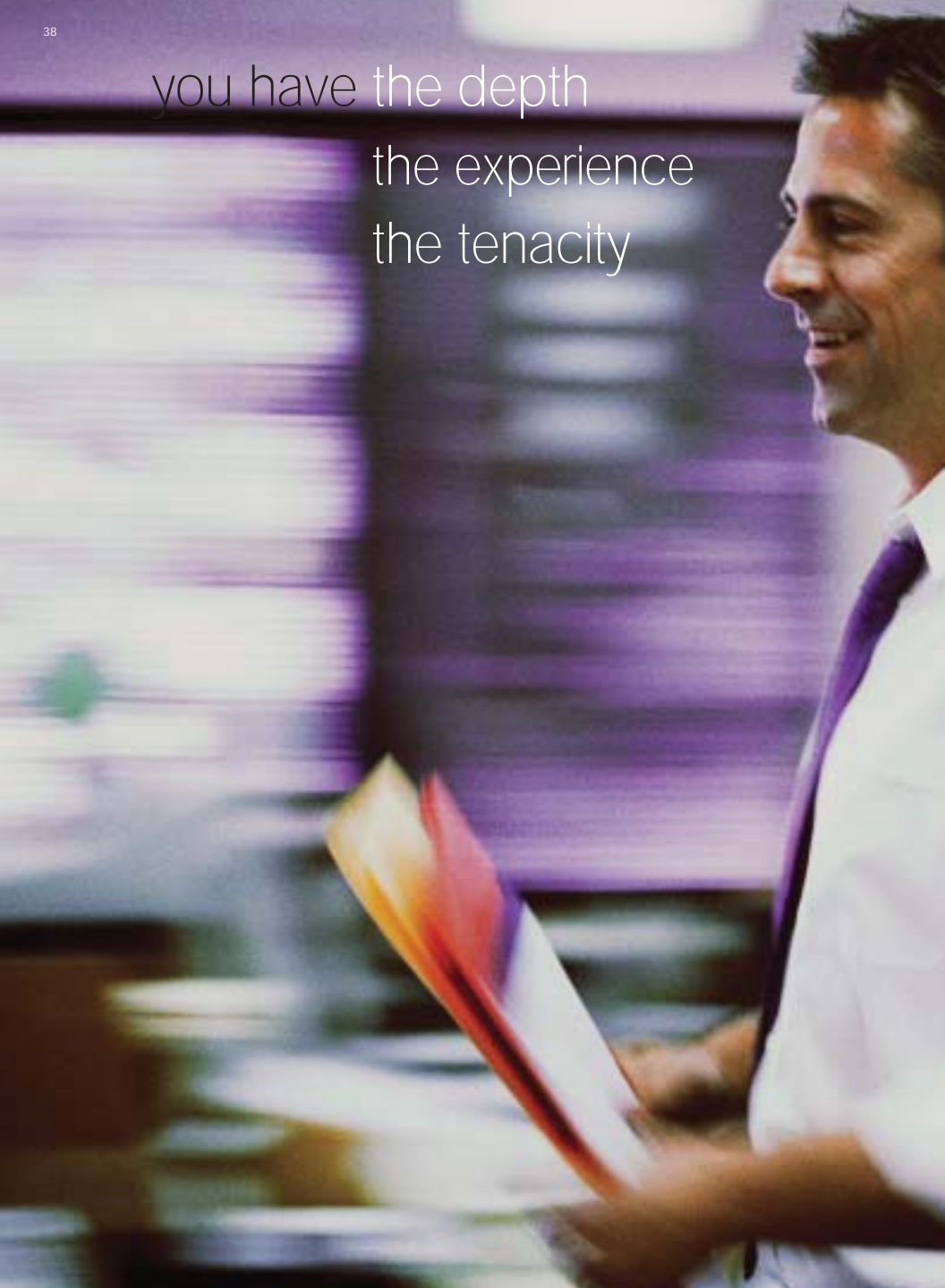
biggest
shareholder

but you

treat us
as if we are



you have the depth
the experience
the tenacity





and a thorough
understanding
of your markets

you'll do

whatever
is necessary

to best serve

your shareholders
and your residents



why not

back it up

with the numbers?

7.2%
PHOENIX / TUSCON

7.4%
LOS ANGELES / ORANGE COUNTY / SAN DIEGO

6.8%
DENVER

5.8%
ORLANDO

11.2%
TAMPA

2.9%
LOUISVILLE

5.8%
ST. LOUIS / KANSAS CITY

camden markets
Percent of Total NOI-4Q02
2002
14.1%
LAS VEGAS

3.6%
CHARLOTTE / GREENSBORO

3.0%
AUSTIN

3.3%
CORPUS CHRISTI

13.9%
DALLAS

15.0%
HOUSTON

Real Estate Assets	2,488	2,678	2,719	2,824	3,036
\$ IN MILLIONS	1998	1999	2000	2001	2002

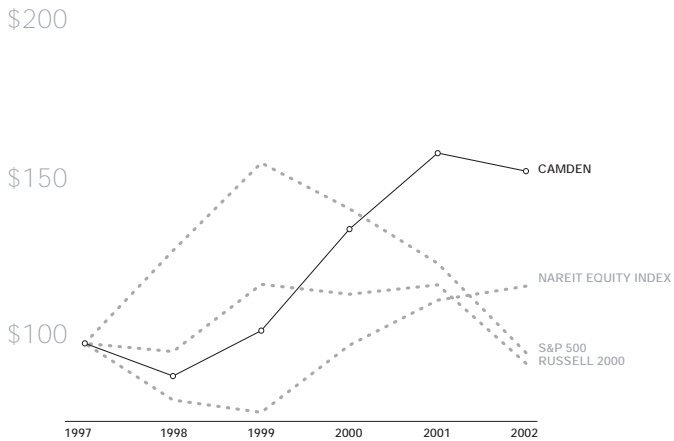
Revenues	315	363	395	412	411
\$ IN MILLIONS	1998	1999	2000	2001	2002

Distributions	2.02	2.08	2.25	2.44	2.54
\$ PER COMMON SHARE	1998	1999	2000	2001	2002

Funds from Operations (FFO)	2.95	3.20	3.50	3.54	3.40
\$ PER DILUTED SHARE	1998	1999	2000	2001	2002

Net Income	1.12	1.23	1.63	1.41	1.73
\$ PER DILUTED SHARE	1998	1999	2000	2001	2002

5 year performance comparison



This graph assumes the investment of \$100 on December 31, 1997 and quarterly reinvestment of dividends.

Source: NAREIT

why do we
work so hard

to bring our residents
all the comforts
in everyday living?

I am a busy working mom.
my son used to stay up
late doing homework.

the
homework

not any more, thanks to your
high speed internet access.



unwind, recharge,
kick back and relax

easy does it



I don't have to mess with
fixing anything any more.
you spoil me good.



home
sweet
home



after the long work hours I usually
put in, your fitness center is my
stress burner

chilling out and doing absolutely nothing
this just might be

as good as it gets



phoenix.tucson.san diego.
los angeles.orange county.
denver.orlando.tampa.
louisville.st. louis.kansas city.

A close-up photograph of a person's hand held palm up, with the text "I love Camden" written on the back of the hand in a simple, black, sans-serif font. The background is a blurred green field.

I
love
Camden

where do
you want
to live?

las vegas.charlotte.greensboro.
austin.corpus christi.dallas.
houston.or go to
camdenliving.com

I
love
Camden