’99

CAMDEN PROPERTY TRUST

   

[people + value = CAMDEN]

1999 Annual Report

About the Cover: *Employees are an essential part of the equation at Camden Property Trust. In this annual report, we will explain the relationship between our employees, our residents and our value.*

Who We Are

We are Camden Property Trust. One of the largest multifamily real estate investment trusts (REITs) in the nation, Camden 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 properties; and in consulting, building and construction services for third party clients.

Camden has built a solid reputation by providing a superior product in the marketplace and 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 2000, we owned and managed 153 properties, consisting of more than 53,000 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 5,600 apartment homes to build when conditions are ideal.

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

James Hughes Scott Larue Matthew Lundeberg Guillermo Ochoa Francene Rosenkrans Lenora Jones Santos Orellana Suzanne Trujillo Beth Wagner John Bodnar James Gibson Susie Juarez Shelley Conroy Yvette Dean Jose Dulanto Carli Harman Jonica Locke John Perkins Maribel Reyes Kerry Vesy Kristina Wagner Heather Fontenot Silvia Hernandez Sylvia Jones Jerry Leonard Timothy Love Joseph Nalesnik Brian Saul Jr. Andrew Watson Robert Noble Ray Herschleb Taylor Fleet Heidi Anderson Clifton Aery Anthony Allen Michael Anzilotti Cindy Arnowitz Michael Archer Caroline Armand Hara Axelrod Rosa Arredondo Stacy Anthony Tammy Andrews Faron Ashcraft Ricky Atwood Ana Basantes Jamie Barney Steven Belus Karen Baldridge Cherie Barletta Sarah Barletta Laurie Baker Julie Baur Cathy Bates Karen Bauer Deborah Beltz Carla Basha Shari Baker Kari Beitch James Boynton Martha Beyer Susan Breckenridge Phyllis Bickham Susan Boyer Michael Binns Kevin Bradford Brian Bitner Robert Bussone Lonnie Butler Teresa Buchanan Donna Brewer Natalie Byars Terry Bridges Ronald Brown Christie Burnett Rhonda Bryant Carol Bridges Lanae Brian Kristin Bull Cynthia Brohm Courtney Brown Carolyn Carl George Carter, III Melody Campbell David Carlson Darren Carrington Candice Carr-Mason Richard Campo Elizabeth Ciliberti Scott Cordes Tomiko Chavis Wayne Corbell William Collier Jean-nate Churchill Tina Chiero Rodena Conz Christopher Cherry Stephen Clay Melissa Chandler Peter Cossavella Laura Dahlkemper Kimberly Daniel Donald Crawford Lloyd Crawford Donna Crawford Patricia Cruchelow Donna Diaz Crandall Charlene Deluke Melinda Davis John Desjardins Jr. G. Steven Dawson Anna Maria Emerine Kay Eatmon Jeanette Earley Amy Duke Rushing Michelle Ellsworth Irma Dunn Denise Doucet Steve Eddington Eilene Doran Debra Farquhar John Faulk Lisa Frye Michael Frost Timothy Gable Kathie Ford Tamara Foster Jarrod Foerster Valarie Fletcher Alicia Gonzalez Dawn Gaudet Diane Gautreau Amy Godsoe Robin Garvisch Mark Gearhart San Juanita Gomez Richard Guertin Melinda Graham Jennifer Greenwald Barbara Gray Gary Gregory Dallas Gregory Kimberly Heist Gerald Hasara Cynthia Halley Carol Hayes Kris Hering Stephen Hefner Jeannine Henry Alison Hall Kenneth Hamilton Laura Hayes Jean Harding Wendy Hennessey Sean Harper Robert Herr James Hinton Sr. Richard Huber Jr. Arthur Hoskins La Donna Hughes Richard Holcomb Joan Holmes Trisha Hoffman-Ahrens Erica Honzell-Pearson Tina Hurd Debra Jordan Noeleen Irvine Alexander Jessett Patricia Jones Stephanie Hutchison Joanna Irvine Jeffrey Jakob Virginia Krouzek Jane Kober Pamela King Scott Kucharz Barbara King Geoffrey King David Kubin Lorraine Lackman Susan Kate Jennifer King Teresa Keck Matthew Kelly Frank Levengood Dara Lewis Elizabeth Lee Laura Little William Link Steven Lee Debra Leonard Edward Malone Barbara Loftin Alexis Maguire Steven Manny Carol Martin Sharlet Matak Lynn McCarty Amy Mayes Timothy Mathwig Cynthia Mileski Melissa McLain Terry McKinney Gregory McDonald Todd McElreath Julie Mejia Ray McKittrick Christine Miorin Gregory Montague Camille Montondon Benjamin Mills Toby Mills Amy Moers Bernadette Mims George Monroy Martha Norheim Stephanie Nakagawa Rita Owens Lynn Ogie Connie Pate Regin Pena Patricia Owen D. Keith Oden Carolyn Paul Fred O'Connor Callen O'Hearn Nancy Parisotto Paul Parson John Peebles Scott Pikul Rosalie Pope Crystalyn Prewett Andy Pham Debbi Perry Mary Potter Mari Perry Michelle Reader William Rectanus Belia Ramirez Frank Ratliff William Ramsey William Prince Mary Proctor Kendra Rapley Mirtha Prieto Bobby Rivers Bernadette Revis Laura Rios Brenda Robbins Sheri Reynolds Michael Reece Lori Rivera Stefanie Reichart Daniel Rossetter Priscilla Sanchez Jennifer Ryan John Scalise Sharon Ruwet William Seagle David Sikes Louis Shimits Sandra Siegert Charles Simmons William Sengelmann Ricky Skaggs Robert Shelp Walter Shepard Colin Smith Paige Smart Dennis Steen Evelyn Spenrath Sharon Statham Peter Sprunger Karolyn Smith Lesile Smart Vernon Smith Carmen Suggs Elizabeth Sturgeon Darlene Swift Sheri Terrell Amy Terry Sharon Stevens Lauren Tarlton Shelley Stone Angela Tevebaugh Genevieve Strang Malcolm Stewart Janice Sullivan Pamela Sullens Dianna Swingholm Brandon Tucker John Turnage Cheryl Van Dam Michael Triggs Teresa Turner Bobbie Thorson-Davis Roy Thorson Diane Tripp Ellen Thomas Robert Viveiros Lourdes Veraque-Ebalo Denise Waltmann Amy Wadstrom Susan Wilburn Laura Wendle Teresa Watson Derick White Michael Westergren Steven Wehman Linda Willey Carol Wayne Heather Young Camile Yochum Leesah Alexander Felicia Allen Cynthia Alex Julious Austin Elizabeth Bergeron Travis Barber Tally Bartlett Dulce Bantog Tamara Bondurant Deanna Bozzano Rondall Brickhouse Denise Butler George Brosemann Mark Center Karen Cliett Amy Cohen Cherrie Cheshire Geneva Craig John Cunningham Robin-martin Courtright Sean Crain Alison Dimick Angella Dickson Chad Dyer Michael Eilersten Mark Filipiak Sara Gandaria David Gorman Edie Greiveldinger Barbara Hall Roxanne Hardy Chris Horton Shelly Humphreys Katrina Huppman Metosha Ingram Kristin Johnson Daniel Kahle Seong Kim Lisa Krasky Dawn Lackey Daniel Kesterson Stacey Lipski Stephanie Long Susan Lowry Carmelita Luna Jeffrey Loveall Mark Moore Alan Nelson Elizabeth Planck Suzanne Pfingsten Roberta Rivera Donald Riesser Jarri Russell Janice Rose-President Russell Romig Keith Ruesch Tawny Russell Melba Saldana Lori Schibetz Charlene Settles Suzanne Scoleri Ruth Sisco Raquel Solis William Stanford Chris Spinuzzi Brian Walker Sheree Weeks Sylvia Withrow Patricia Yorg Thomas Yepiz David Garrison Traci Kane Allison McGraw Josie Alvarez Diane Andecover Rhonda Alvarez Sergio Alquicira Vilma Alvarez Maximiliano Alvarez Sylvia Acosta Louise Anderson Raymond Abernathy Kara Alvarez Christine Afonso Adolpho Acosta Jr. Yvonne Aalborg Cristine Adair Allison Abbey Jocelyn Abou-Kassem Lori Anstadt Steven Anderson Brandon Ashby Cheromi Baker Frank Aranda Janice Baier Tracey Arellano Byron Baker Susana Ayala Kim Bainbridge Melissa Bagley Michael Andrews Daniel Aragon Evelyn Baker Elias Attal William Angulo Dainese Barfield Catherine Barrett John Beam Debra Bartlett Tracy Bennett Stacye Ballinger Chelsea Barnes Beth Bearden Lawrence Basile Michael 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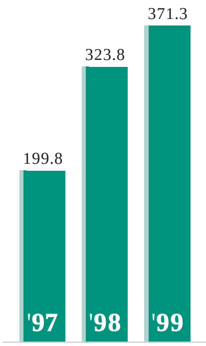
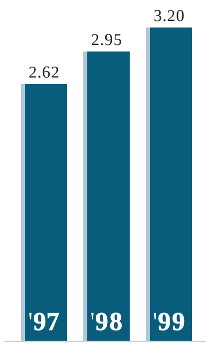
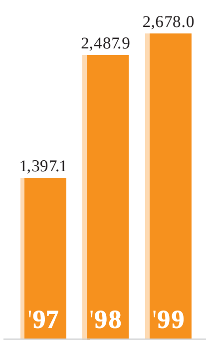
Jr. Victor Cross Colleen Curtis Vicki Cowart Monica Cruz Angela Cox Columbus Crayton Jr. Mark Crosby Jeffery Crankshaw Richard Cordova Tracy Daniels Lisa Craig Israel Cruz Robyn Cue Daniel Cornea Cathleen Cummings John DiIorio Albert Ditoro Dianne Derr Sophie de Beer Sarah Davis Dawn Dodson Linda Dilworth Charmagne Debaptiste Colene Detullio Patricia Dela Rosa Antonio Delosrios Chris Delong Laurence Donaghy Sr. Evangelina Diaz Van Dong Oliva De Diaz Tad Deverix Soraya De Carini Lisa Davis Thomas Emmett Consuelo Duque Dorothy Duvall Oliver Duree Trina Dyas Adam Elizondo Holly Edmonds Sandra Encinas Lynlee Ellison Elizabeth Draper Karen Duncan Paul Dowd Shannon Dormany Phyllis Eagone Rebecca Elliott Gerald Dyson Richard Downey Mark Fischer Danielle Fiore Marleni Esguerra Ruth Faircloth Colleen Fitzgerald Lori Ferguson Deanna Finley Dorit Feldman David Fisher Pamela Ennis Stephana Fields Brenda Esparza Jimmy Fallon Richard Erickson Kateri Ewing Jose Enriquez Angela Fields Brian Fetterman Melissa Fisher Bruce Ewing Arturo Estrada Heather Ericson Kasey Evans Austin Garber II Melissa Garcia Martha Garcia Yolanda Gallegos Crystal Freel Esmeralda Flores Anna Forlini Andrea Florey Edward Fowler Eric Frazier Ysak German Jesus Gonzales Matthew Gladden Eduardo Gomez Vivian Garcia Monica Garza Gustavo Gomez Antonio Gonzalez Amber George Shari Gollar Adrienne Garling Tammy Gidley Imelda Gengler James Gengler Erika Green Melanie Grego Philip Gunden Danylle Gray Sarah Gray Noe Guanajuato Johnnie Griggs Lydia Gutierrez Michelle Habada Julie Gronemeier Karla Hagan Julie Guthrie Beth Greenberg Jose Gutierrez Ken Gossauz Keely Goodney Samuel Hanson Emily Hall Paul Heffernan Mary Hartzell Kenneth Harris Veldya Hamilton Linda Harris Rebecca Hearon Renee Hammond Cathy Heaton Robert Hendrickson Tina Haynes Patricia Hale Stacie Harris Shai Hare Danielle Hill My-ykeisha Hughes Peggy Hoover Heidi Huber Bobette Hilgers Uriel Herrera-Orozco Daniel Holcomb Adriana Herrera Heather Huffman Thelma Hudson Priscilla Hoehn Anthony Jeeves Michael Julian II Billy Jones Linda Irwin Debbie Johnson April Jensen Tracy Johnson Sandra Jaspering Shannon Jones Thomas June Francesca Indracusin James Johnson Wilmoth Jeremy Haydee Jaquez Karl Jauernik Claudette Jones Olga Kuznetsova Gerard Kokesh Juana Kanashiro Joyce Keating Annie Marie Land Terra Keen Michael Krause Debbie Klamm Amy King Timothy Kister Pamela Koland John Knuckles Amanda Lambrecht Judy Kortie Shannon Klippel Peter Lenardis Eugene Lewis Neil Levengood Tim Lewerke Ruby Linton Edward Larkin Michael Linton Colleen Lauro Maira Leon Harry Linton Robert Laughlin Jr. Carol Lehman Timothy Livingston Glennis Locke Richard Maley Johnny Lucas James Look John Lynch Antonio Luna Jerry Lyons Melinda Longoria Michelle Lopez Ashley Long Gustavo Lopez Mary Magness Anthony Mahofski Ramiro Lopez Jerry Maldonado Joanne Macdonald Lisa Luster Robert Mayo Albert Marrero Susan Martin Nancy Mattina Robert Manning John Martin III Shelby Martinez Cindy McCain Cheray Martin Monica McCoy Tina Mangum Thomas Marmolejo Lorraine Marks Richard McBride Jr. Robert McCrory Ronald Marsden Elvia Marin Denise McCray Diane Mathews Robert Marshall Karen McDonough Jose Mejia-Cerrato Tracy McGrew Joe Melton Rebecca McMillan Jill Meli Danny Meza Katherine McIntosh Amber McMullen Julie McDonald Barbara McKenzie Kathleen McMillion Daniel Means Elizabeth McGuire Christine Miller Julia Miller Jesus Mejia Donald Merseal Lee McMillan Tammy McGann Cindy Morrison Nancy Morris Russell Moore Lawrence Moorman Tamara Moore Daniel Mohr Oralia Mireles Roxanne Morgan Summer Mills Jose Miranda Teresa Moore Adam Montalvo Ranulfo Mireles Angela Mivelaz Roberto Mira Richard Morgan Renee Miller LaMetris Moore Rhiann Nemeth Joni Nichols Christopher Murphy Richard Moss Connie Nelson Kristin Myers Hugo Murillo Cuesta Murphy David Moya Danielle Nuss Karolyn Nielsen Gregory Nicosia Ronald Nelson Michael Parry William Palmer Lori Oulabi Gloria Ogbonna Beverly Pearson Harold Peoples Lamar Peevy Dawn Patterson Wendy Pena Kenneth Pachulski Jr. Jessica Parks Nicole Parsil Graciela Perez Pamela Patterson Eisis Parra Angel Perez Reylina Paliotta Anne Peters Wendy Planty Jean Petutsky John Pittman David Pfost Kevin Pettry Leslie Petrasek Sandra Pfost Ronald Peschl Howard Presfield Romeo Perez Laquinta Porter Velata Perry Angela Petron Gerald Peterson Tara Polk Judy Price Koti Piland Dawn Peters Donald Peters Tiffany Pradhan Lou Ann Pringle Ray Purvis Misty Rackard Coby Rapier Jessica Ramirez Florin Radulescu Ismael Ramos-Roman Lewis Rayford José Proenza Yvette Ray Ronald Rickard Merci Rim Mark Riedy Linda Ricks Matilde Reyes David Roberts Kerry Richard Cindy Roberts Pedro Rivera Russell Rich Edward Reed IV Michelle Riley Jose Reyes Colling Redfern Lisa Rodriguez Anne Rust Dennis Rounds Curtis Royal Bonnie Ross Ramiro Rodriguez Gerardo Rodriguez-Rosas Elisa Romero Sutton Rogers Marie Rodriguez Christina Romey Christina Roche Carlos Roldan Wayne Rydzewski Holly Sample Sandra Schaub Robert Salazar Ma De Salmeron Michele Saldana Hollie Saam Frieda Savage Dave Schlager Tiffany Schiefelbein Gina Sales Chris Savastano Alica Sastre Beverly Saklad Elias Salazar Fernando Sequera Tracy Serrano Maria Serrano Robert Schulte Diane Sink Dennis Slatton Heidi Shoop David Schoenfeld Keith Slater Loyd Slatton Hiawatha Scott Jr. Xen Sloan III Pamela Seastrunk Kelly Smalley Charity Sinyard Kurt Sherman Jamie Silva Steve Skees Terry Schoenick Jennifer Spence Daniel Sorgenfrei Kathryn Smith Andrew Smith Daniel Snider Michele Solo Jamie Southard Deborah Soland Michele Soto Yolanda Souza Scott Snyder Thurston Smith Edward Staggs Dana Stanley Merle Stallings Ronald Staedtler Linda Smith Britney Starnes Jamie Stockton Ricky Strader Carolyn Suber Tisha Strauss Chris Thomas Sandy Taylor Ethel Storey Jennifer Tedder Christine Swiney Vangela Stokes Heather Stroh Pramuk Suwansang Amy Stultz Michelle Szymanski Bradley Stilley Leah Taylor Alana Szabo Angela Sterling Amanda



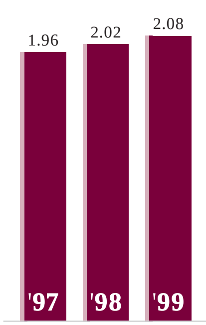
Revenues
($ in millions)



Funds from Operations
($ per share)



Real Estate Assets
($ in millions)



Distributions
($ per common share)

Financial Highlights

(In thousands, except per share amounts and number of properties)

Year Ended December 31,	1999	1998	1997
Revenues	$ 371,296	$ 323,839	$ 199,789
Net income to common shareholders	52,252	47,962	38,438
Funds from operations	152,369	137,996	75,753
Basic earnings per share	1.27	1.16	1.46
Diluted earnings per share	1.23	1.12	1.41
Funds from operations per share	3.20	2.95	2.62
Distributions per common share	2.08	2.02	1.96
Total operating properties	153	149	100
Properties under development	6	14	6
Total number of apartment homes in operation and under development	55,785	56,968	37,012
Real estate assets (at cost)	$2,678,034	$2,487,942	$1,397,138

To our shareholders

Our investment approach is to create and deliver value—to our shareholders, our residents and our employees. We know that delivering value is truly the function of several elements, the most important of which is our employees. This year's annual report highlights the significance of our employees in the equation.

In 1999, we pursued strategies designed to increase funds from operations, and our accomplishments demonstrate our success. The competitive property markets and the challenging capital market conditions continued to affirm our business strategies of geographic and product diversification and new initiatives in complementary real estate activities. We increased value to our shareholders and achieved our financial goals, proving that our strategies work.

Solid Financial Performance

Our financial performance in 1999 was solid, and we grew cash flow from operations while maintaining our strong balance sheet and modest leverage. We improved our internal performance by focusing on our primary business: owning and operating multifamily apartment communities. We added new earning assets through development activities and disposed of non-strategic assets to assure a quality portfolio for the future. With a 15.6 percent total return to shareholders, Camden finished in the top five for multifamily real estate companies, compared to an average 11.2 percent total return for our sector. For the year-ended December 31, 1999, Camden reported the following results:

- Funds from operations (FFO) increased 8.5 percent to $3.20 per share, or $152.4 million, from $2.95 per share, or $138.0 million, in 1998.
- Revenues increased 14.7 percent to $371.3 million, compared to $323.8 million in 1998.
- Same property net operating income (NOI) increased 4.1 percent.
- Distributions increased 3.0 percent to $2.08 per common share.

Although we have regularly increased our distributions, our distribution policy is to retain the maximum amount of cash to reinvest in the business, and our payout ratio of 65.0 percent is among the lowest in our industry. After shareholder distributions in 1999, we had approximately $50 million in cash generated from operations remaining to reinvest in new and existing properties, as well as other capital expenditures.

With a strong balance sheet and the capital resources in place, we are positioned to take advantage of exciting investment opportunities in the future. At year-end, our debt-to-assets ratio was 46.8 percent and our liquidity ratios remained strong with earnings before interest, taxes, depreciation and amortization (EBITDA) at 3.7 times interest expense and 2.7 times fixed charges.

Market Conditions

In 1999, the capital markets remained difficult, leaving fewer opportunities for accretive acquisitions. Our development strategy, however, allowed us to continue growing and improving the portfolio. As purchase prices approached replacement cost, we favored new development to enhance our portfolio, better manage risk and achieve higher yields.

Richard J. Campo
Chairman and Chief Executive Officer

The rapidly expanding U.S. economy fueled demand for apartments during the year. The Las Vegas, Southern California, Tampa, Orlando, Denver and Charlotte markets all exceeded our expectations for NOI growth. In Houston and Dallas, the increased supply of new housing, particularly high-end apartments, exceeded demand causing an increase in vacancy rates. Fortunately, just as we have seen in other growth markets through the years, new starts have declined rapidly. We expect to see supply and demand balance over the next 12 months as job growth remains strong in these markets.

1999 Achievements

Our achievements in 1999 prove that Camden is well positioned to compete and anticipate market changes despite the challenging operating environment.

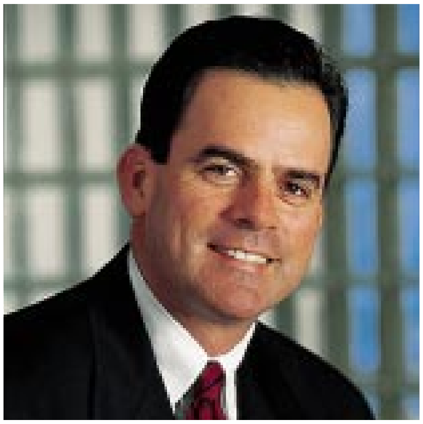
Exceeding Expectations in Las Vegas. A major contributor to our growth in 1999 was our Las Vegas portfolio. When we acquired the portfolio in 1998, the Las Vegas market was experiencing significant overbuilding. Our research indicated that the combination of continued strong job growth and declining housing starts would produce a greatly improved market within 12 to 18 months. In 1999, the market started to rebound, and in the fourth quarter we experienced a 9.1 percent NOI increase on a same property basis.

We added value to this portfolio by improving operations, making physical improvements and offering new services. To enhance revenue, we initiated rebilling for sewer charges, which reduced operating costs, and increased ancillary income by entering into revenue sharing arrangements with various service providers.

Creating a Competitive Advantage with Land Planning. One unique way we are creating value for our shareholders is by developing apartment sites instead of simply acquiring ready-to-build sites—a strategy that few of our competitors have the expertise or financial strength to pursue. This is a relatively new approach for our industry, and we are proving our ability at land planning in several markets.

In early 1998, we purchased a 38 acre site in the Central Business District of Dallas for an upscale, 1,200 apartment home community. We will further enhance the value of the apartments by building and marketing 55 for-sale townhomes adjacent to the site. The balance of the property will be sold or developed for commercial and retail uses.

In 1999, we began developing the infrastructure at Andrau Airpark, a 696 acre site adjacent to the Westchase District in Houston. Prior to closing the transaction, we arranged the acquisition of 500 acres by a national firm that is developing an exclusive country club community. We are in the process of selling parcels for retail and commercial development, leaving Camden with 70 acres to build apartment homes as demand supports. Through the sale of non-apartment parcels, we expect to recoup our entire investment in the property, giving us tremendous flexibility and pricing advantages.



D. Keith Oden
President and Chief Operating Officer

We continued our push into Southern California with the purchase of a 10 acre development site strategically located in downtown Long Beach. Our development plan includes a 500 room hotel next to the convention center, 240 high-rise condominiums and a 550 apartment home community. By purchasing the entire site, we ensure the quality of the adjacent land use and can lower our actual investment in the property, just as in the Andrau transaction.

Building New Properties and Our Portfolio. Camden designs and builds multifamily projects that appeal to a broad range of residents. Our product line extends from our upscale, urban-infill communities to affordable communities in established neighborhoods. One advantage that all of our communities share is a strategic location with easy access.

We continued new property development in 1999. During the year, Camden completed construction on six communities, including more than 2,500 apartment homes representing a total investment of approximately $185 million. As of year-end, three of our development properties were in the lease-up phase, and six properties were under construction, which will be completed in 2000 and 2001.

Reaffirming Our Faith in the Value of Camden. Our share repurchase program emphasizes our belief in the upside potential in Camden's stock valuation. As of year-end, we repurchased a total of $150 million in shares of the $200 million share repurchase program authorized by the board of trust managers. Moreover, six of our senior executive officers had personally invested an additional $23 million in Camden shares by March of 2000. The board supported management's investment decision believing that it further aligns the interests of management with our shareholders.

Reliable Access to Low-cost Capital. Access to a wide variety of capital sources produces the lowest cost of capital, and Camden continues to have ample resources and reliable access to funds. In August 1999, we entered into an unsecured credit line with 14 banks for a total commitment of $375 million. With difficult capital markets, we consider this new line of credit an endorsement of our business strategy and abilities.

Camden's Outlook for 2000

We will rely on smart management and creative investments in 2000 to ensure continued long-term increases in FFO per share. Our goals will be achieved by investing in our core portfolio, our people and processes, and by expanding into complementary real estate activities.

Focus on the Core Business. Camden's core competency is managing and developing multifamily communities and providing value-added services to our residents. To grow our cash flow in 2000, we will emphasize our core operations and find better ways to manage our current portfolio. In addition to concentrating on our existing communities, we will focus on new development projects that will enhance long-term shareholder value.

We will also continue investing in employee education and in technology to improve our productivity. In 2000, our web-centric information system will help us increase efficiency, enhance communication and improve customer service.

Catching the e-Commerce Wave. Our commitment to providing superior broadband access will allow our residents to make the most of video, audio and high-speed Internet. In addition, high-speed access will provide us with a platform capable of delivering a full range of products and services, including portals dedicated to serving the needs of our residents. As Internet usage increases, Camden is positioned to take advantage of new revenue streams from advertising, e-commerce and content.

Value for Residents = Value for Shareholders. Camden has a commitment to providing excellent customer service. To create value for our residents, we will expand our offering of ancillary services. Our initiatives of providing long-distance service through strategic alliances with national carriers and rebilling for water and trash services has produced an above average growth rate, creating more value for our shareholders.

Skillfully Balance the Portfolio. Today's market conditions are increasingly difficult and complex, but Camden is more insulated because of our geographic diversity. Our objective is improved diversification across selected markets and enhanced resident services, producing a less concentrated portfolio and NOI stream.

In 2000, we will concentrate on further balancing our portfolio by disposing of non-strategic assets due to age, physical condition, location or other factors. We have already identified $150 million in assets to sell, and the potential proceeds would be used to complete the share repurchase program, repay debt and assure financial flexibility for new investments.

We have a substantial development pipeline for external growth in 2000. We own land parcels and control the development rights that will allow for the future development of up to 5,600 apartment homes.

Camden's Value-Added Approach

Our mission is *"Quality people working together to create quality living."* It is only through our employees' tireless efforts each and every day that we can continue to provide high quality services and deliver superior value to our shareholders. As the equation on the cover of this report suggests, we cannot achieve one without the other.

Thank you for your continued investment and support of our company. We look forward to updating you on our progress in the future.

Respectfully,

Richard J. Campo
Chairman and Chief Executive Officer

D. Keith Oden
President and Chief Operating Officer

Talbot Kelly Underwood Brian Tillett Tagreed Tutah Danielle Toothman Wendy Van Nice Kevin Tucker Sylvia Uresti Lamar Tucker Antoinette Tyler Aniedi Usoroh Catherine Tinkley Heather Turner Tamara Union Dana Thompson John Thompson Gayenell Umrani Shanna Tinker Lorena Torres Sara Trout Terence Verity Joseph Vasko Michelle Vinson Machen Ward Delmarise Walton Aimee Vickers Sheri Walker Sharon Washington Louise Vera Tammy Wages Brook Vincent José Vargas Yolanda Vasquez Rosa Villarreal Francisco Vazquez Minerva Vazquez Kimberly Washington Ana Vasquez Corrine Watts Jennifer White Bruce Willoughby Sandy Wood Rhonda Wieferich Vencent White George Wilson Sr. Theodore White Eyes Faschon Whitson Keith Wilcox Roland Williams Shannon Woolsey Richard Williams Cynthia Williams Keith Wilmovsky Donna Watts Rebecca Williamson Brandy Whitman Angela Wicks Kenneth White Heinz Wyzisk Charles Zegzdryn Dwight Young Robert Wright James Yanes Andrea Yergensen Willie Zoubi Raymond York Sr. Barbara Allen Calvin Allen Jeffrey Allende Audrey Aguirre Enrique Almaguer Jose Alfaro Frank Allison Jose Acosta Jr. Maria Alquicira Luis Almengor Kenneth Anderson Holly Anderson Destry Adams Guadalupe Acosta Herman Acosta George Anderson Roberto Albanez Agustin Aguilar Martha Alejo Fernando Ambrosio Hector Alvarado Anthony Amity Theodore Albright Jr. Vern Ackerland Roberto Alegria Francisco Amaya Arcilio Aguilar Kristy Antonakakis Kim Atwell Alfonso Arias Minerva Andrez Jorge Armas Michelle Autrey Roger Aton Alberto Avila Rebecka Bailey Ana Arias Rebecca Baca Melisa Askew Zenaido Andrade Karyn Bailey Agustin Argueta Isidro Avendano Nakisha Anthony Maria Andrade Juan Baez Jessica Ayala Meagan Anderson Thomas Bergendahl James Bergeron Fela Salazar Benavidez Carolyn Barnes Christine Benedict Anne Bearden David Barton Celestino Benevidez Dolores Berberena Teodomira Benitez Jose Barahona Adolph Barksdale Felton Bell Matthew Barrett Kimberly Ball Andres Barrales Elton Beck Patricia Bassett Ellen Bradstreet Brian Beyer David Blatt Jacklyn Biotti Pedro Bonilla Miguel Bonilla Peggy Brennan Jennifer Binnicker Jose Bonilla-Orellana Roberto Bonilla Clinton Besspiata Paul Black Salomon Boyzo Jerome Bonton Serena Boughton Beverly Bonin Nick Bosque Derek Boulware Kari Bohag Ricky Brem Ronald Buey Jr. Daniel Buirley Bobbie Burkett Connie Browne Shellie Brobecker Terry Brown Randy Brown Hal Ray Bruns Joseph Budd Raymond Burroughs Carlos Brocato Anna Brooks William Burton Chad Burek Gail Burley Jerry Bryant Karen Bruni Holly Britt Carl Campo Jennifer Carrasco Fermin Campos Yusena Castaneda Claudia Carcamo Carlos Cantu Benjamin Callison Socorro Carrillo Santos Castillo Thelma Cantu Carlos Castro Jose Cadiz Bruce Carlson Richard Castillo Dennis Callaway Tracy Carlton Deborah Campbell Graciela Campos Stephen Carnall Carmen Castro Danys Carrasco Edgar Calvo Matt Carlisle Enrique Carmona Michael Callanan Jorge Canari Charlene Clough Jonathon Cheek Hollis Chestnut Samuel Chacon Heladio Cerrato Elba Christodoulakis Patricia Chavez Teddy Christman Donna Colvin Enoc Contreras Cari Clark Shane Chatfield Sara Clark Daniel Chavez Graciela Contreras Phillip Collins Benjamin Cervantes Jr. Jose Cerin Arthur Clayton Dennis Clarey Robert Chamberlain Brenda Davis Carol Ann Daniel Maria Corpus Michael Curry Kelvin Crockett Jose Cruz Diane Daniels Charles Cruz Jr. Alberto Davilla Pedro Cruz Florentino Cruz John Curtis Gaudencio Covarrubias Maria Cruz Holly Cruickshank Philip Dahdouh Ana Cruz Mark Davis Sr. Charles Dean Leroy Davis Denise Dominguez Derrick Dawson Jose Diaz Esther Dodd Forrest Davis Cresencio De La Garza Linda Dixon David Diaz Earle Demar Jr. Yasmine Del Solar Mario Diaz Francisco DeLara Jose DeLeon Pauletta Dearinger Anthony Dick Rolando Deleon Jose De Leon Alison De'Herrera Douglas Dicker Diana Eder Marcelle Eckhardt Anthony Durband Mary Doty John Ellerbe Francisco Duarte Juan Duarte Asbel Echevarria Maldonado John Doran Teodoro Duran Chad Doucette Jeffery Ekberg Lisa Durbin Fernando Eliaz Eduardo Dorantes Donald Donhoff Laura Dotson Ann Elliott Mary Earnhardt Maria Doniz Neysa Ferrerosa Jeffery Erskin Kourtney Evans Phillip Fain Monica Escobedo Wiilie Felder Shawn Fegan Elizabeth Evans Leo Fields Jr. Ralph Fitzgerald Juanito Felix Callie Faulk Mirna Enriquez Guadalupe Espinosa Maria Estrada Susan Fetherlin Debra Evans Juan Figueroa Maria Espino Sara Ermer Susan Encinias Crystal Fields Charles Forbes Joan Frost Christopher Franklin Stephen Fulkerson Daniel Gaines Eldardo Fuentes Bernardino Flores Vernon Fulbright Toria Fowler Francisco Garcia Brenda Garcia Robert Fletcher Alfred Fong Carlos Garcia Ion Fotin Teresa Garcia Noe Garcia Selma Flores Leodegario Garcia-Mendez Edwin Flores-Guevara Jose Fuentes Jesus Flores Steve Frazier Alfred Fontanilla Carole Foster Margarito Garcia Juan Galvan Juan Flores Stephen Gallegos Naomi Flores Byron Garay Clifton Gardner Julie Gillis Ernesto Gonzales Vincent Gee Eloy Garza Edward Gonzales Byron Glatter Gilbert Gonzalez Jaime Garrido Tonya Gardner Olee Garner Griselda Garibay Theodore Gonzales Marc Gonsalves Liana Gonzalez Guillermo Gonzalez Lazaro Gomez Ronald Gibbons Abraham Gonzalez Edward Gomez Manuel Gonzalez Mark Gomez Carlos Gonzalez Robert Gentry Walter Gonzales Maurice Glenn Antonio Gil John Grogan Arthur Gould Carol Graham Melissa Gray Lawrence Gray Sergio Gonzalez Richard Greenfield Omar Gonzalez Michael Graham Lionel Gutierrez Clifton Gordon Julio Guzman Tina Guerrero Claudette Grimes Jozef Guzvani Salvador Gutierrez Gelacio Guitierrez Pedro Gutierrez Jeremy Guffey Iulian Gruia Robbin Grant Tomas Gonzalez Kylea Goudeam Gregory Goode Daniel Hartnett Sherman Hannah Jose Hernandez Rhonda Hagood Cynthia Hayes Domingo Hernandez Anna Hall Charles Hamilton Amanda Hernandez Mireya Hernandez Marcia Harp Laura Hernandez Todd Hebert Adraine Hall Jennifer Hawkins Bernice Hall Paul Hartz Stephen Hunsberger Samuel Hicks Lynn Hodnett Sadie Hill Mark Hickman Melissa Hooper Melissa Hudson Susan Horne Elizabeth Hunter Nicolas Hernandez Jason Hopper Rick Hodges Fred Holewinske Mirtala Hernandez Kenneth Hughes Oliberio Herrera-Sosa Jorja Hughes Yanet Hernandez Sheilah Huff Virgilio Herrera Georgia Holbrook Joy Holt Elizabeth Hutto Heather Hutchison Ronald Hutchins Daniel Jordan Floyd Jordan Jr. Byron Johnson Lucy Jackson Robin Jedele Robert Jones Jr. Shannan Jasien Christina Ippolito Lisa Jackson Marci Hutton Arnulfo Jaudres Maria Iturbide Juan Juarez Hector Jimenez Juan Infantozzi Joy Johnson Angelica Juarez Joyce Jaquess Shannon Jensen Fred Jones Duwan Johnson Robert Kelley James Kelly Scott Krachinski Patrick Kirby Ellis Krout Donald Koffron Todd Kincaid Juana Kaldany Mary Ann Kirk Kemal Kutlak Robert Lally Harold Kindy Gary Kotraba Dennis Kemerer Edward Kaufmann Trevor Lambrecht Joseph Lesage Judith Lauko Gus Lephew Susan Lindsey Thomas Leonard Gregory Leifleit Tolliver Lewis Jeffrey Lashley Daniel Lehmann Jennifer Leyko Rosanne Lawrence Maria Lanham Charles Lidey Deborah Langdon Kelly Large Yvonne Lee Jimmy Ligons Amy Lee Jose Lara Ana Lazo Martha Leyva Rickey Lemons Lisa Lanphear Alfredo Leal Gayle Lawson Rodolfo Leon Anthony Lara Cindy Livingston Tom Maher Donny Maher Alvaro Lopez Jr. Rigoberto Lovo Rogelio Lopez Andrea Madrid Patricia Lopez Pedro Lopez Eduardo Mangual Roberto Loera Rafael Lona Esteban Longino William Maloney Anthony Lovejoy Charles Magruder Deborah Lowery Joseph Long Danilo Lopez James Mahon Americo Marenghi Debra McCooty Tim Matthews Derrick Marshall Rodolfo Martinez-Lino Juan Martinez Juana Mata Javier Martinez Fernando Martinez Maria Mata Brandon McDaniel Olivia Mauricio Juan Matheu Jesse McClintic Maria Martinez Alberto Mariscal Agustin Marcial Jhona Martineau Michael McCarty Jose Martinez-Cadiz Stephen Matthews Nicole Massa Santiago Martinez Tami Mann Robert McLean Tammy Mercer Norwell McNeill Jr. Filiberto Meneses Joella Melendez Patricia Meredith Sandra McKamie Urbano Mendoza Roland Mendez Jr. Maria Meza Juan Medina Jeff McMahan Jenny McKnight Shawn Mease Cherie Miller Roberto Mier Scott McDonald Deanna McKenzie Bertha Mendoza Kevin McDaniel Cory McGaughey Raul Moreno Emma Morales Chris Montrone Howard Mincy William Moores Leobardo Moctezuma Cameron Milostan Jose Moreno Edouard Millery Abel Moreno Jose Molina Antonieta Molina Breck Morgan Bonnie Mitchell Alba Montanez Luralyn Miner Joseph Missey Amy Montalvo Alberto Montiel Hector Montes Jacqueline Morelli Dana Morrison Carolyn O'Connor Anthony Muccio John Nixon Karen Nichols Deborah Mosij Artemio Obregon Mark Mose Charles Moss Danie Nixon Christopher Newton Vanessa Myers Marvin Mosley Linda Norris Juan Ocampo Jose Munoz Rosa Murillo Peregrina Nieves Maria Nolasco Christopher O'Briant Edward Nelson Kenneth Murphy Nedzad Naimkadic Jonathan Mueller Jasmina Naimkadic Stacey Norton Leticia Murillo Desire Morton Alida Niquette Leo Ouellette Shannon O'Neil Gladys Ortega Patricia Peigh Rumualdo Palacio Ramon Ontiveros Jr. Rosa Ornelas Gloria Orozco Miguel Palacios Beatrice Pena Ronald Oswald Luis Ojeda Marbella Palacios Marcos Palacios Daniel Pena Jose Oliva Tomas Pena Oscar Orellana Diora Page Jose Portillo Lasca Pierson Robert Petty Reinaldo Portillo Eleuterio Prado Jose Platero John Porter Rafael Pizano Thomas Phalen Jr. Teresa Perez Reyna Perla Fermin Perez-Hernandez Melvin Picen Carlos Portillo Mark Pfeiffer Jon'nye Polk Francisco Peters Jose Polidoro Joanna Pulido Frederick Raucci Monica Quezada Christina Punjabi Zinnia Rangel James Ray Oscar Ramirez Sanjuana Pruneda Marco Rangel Donald Ramirez Jose Ramirez Tanya Radzibaba James Puckett Fidelia Ramirez Maureen Reardon Eva Recendiz Moises Ramirez-Cruz Minerva Rebollar Aracely Ramirez Angela Ramos Arnold Ramirez Alejandro Quintanilla Paula Price Francisco Ramon Suzy Ratajczak Kerry Ray Luis Ramirez Jennifer Reagan Jimmy Ramirez Judith Ramirez Armando Ramirez Alma Rich Agustin Ricardo Bob Rhoades Jr. Charles Rizzo John Riley Pam Reed Kimberly Rendon Brandon Richards Adilio Rivera Tomasa Ricardo Russell Rieck John Reynolds Felipe Rivera Antonio Rivera Gloria Rivera Miguel Rivera Wilver Rivera Balvina Retana John Robin Carmelo Reyes Betty Reese Terry Ritsos Shawn Robinson Lachunda Roberts Jodi Riley Agustina Rodriguez Timothy Ross Lance Rogers Guillerma Rodriguez Michelle Robles Gerardo Rodriguez Rodolfo Rodriguez Billy Ross Hector Rodarte Richard Rochester Rodrigo Rodriguez Estela Rodriguez Sara Romero Magdaleno Ruelas Vicente Rodriguez Jr. Dagoberto Rutiaga Evangelina Rodriguez Jose Rocche Marta Rodriguez Rimberto Romero Cesar Rosales Gerardo Rodriguez Adan Rubio Jason Rose Maria Roldan Edward Rodgers Bryan Roby Charles Ruempel Laurel Santiago Jorge Sanchez Luiz Saenz Jaime Sanchez Ignacio Saenz Sergio Sanchez Evangelina Saenz Rose Salcido Alex Sanchez John Schelden Rigoberto Salas Jose Rutiaga Francisco Rutiaga Alejandra Sanchez Jacqueline Sanchez Ruben Say Colleen Saitz Kent Schiller Carlos Sanchez Nubia Salmeron Maria Salazar Gerald Sanford Ma Sanchez Reba Schell Rosalinda Santos Abraham Salomon Christina Schaefer Alyson Simmonds Linda Scrudato Jeanne Shearer Riley Sharp Patrick Schoening Karen Sfara Melba Segovia Valerie Shambeau Bryan Selby Jeffrey Sexton Andres Sierra Yolanda Silva Robert Shafer Michael Schuckman David Shaddix Christina Silber Efren Segarra Ricky Shaw Terry Spieker Redo Solare Algernon Smith Gregory Smith Sara Smith Gary Smith Lyndi Spratt Simon Soliz Rachel Smith Brandi Spencer Brent Smoot Nancy Smith David Smith Amy Smith Shawn Stanley Gerard Smith Patricia Sullivan Horst Struve Timothy Tallant Jason Strope Jesse Taylor Richard Tempero Charles Stowell Shane Syamken Ronald Summerville Joel Teague Barry Taylor Ruben Tamayo-Patino Tom Stellings Marc Stephens Caroline Taylor James Swarner Nancy Trzpis David Thomas Marsha Upperman Lonnie Trembath Sadie Torres Maria Tristan Shawn Thomason Reyna Trejo Mario Valdez Dario Valdez Luciano Valdez Gavino Valdivia Raymond Tihen Martin Tinoco Noram Valencia Sharon Tuley Jesse VanderWalker Ernesto Vallin Robert Thompson David Thompson Gary Tillman Manuel Vizcarrondo Jr. Jorge Velasquez Cira Villarreal Evonda Walker Gilberto Villanueva Julie Wahl Constantin Viditchi Roy Waterworth Charles Vazquez Esperanza Vasquez Colby Verrett Nestor Villafana Martin Villagomez Francisco Vazquez-Avila Ryan Walker Jose Villanueva Joseph Villarreal Chad Walker Jesus Varela Thomas Walsh Lisa Villarreal Geneva Vandy Griff William Velasquez Anthony Womack Marvin Whiting Flower White Kristy Wilson Leo Westerberg Dennis White Tim Wilkinson Autumn Witt Rhiannon Worrell Robert Watts Wendi Wilson Shawn Webb Reginald Weatherspoon Robyn Wirt Lisa Wayt Harold Wenzler Chadwick Whetman Ellen Whittlesey Brandy Waugh Lisa Webb Walter Zbierski Karen Yeoman Albino Zavala Jason Yenglin William Zimmerman III Martin Zacarias-Ceja Frank Zanoni Fernando Zavala Robin Young Mary Hovey Jerry Bracamonte Sandi Fallon Amy Vazquez Nicole Wiederaenders Gina Yenser Gerardo Valadez Arthur Lynch Roy Desoto Alisha Degner Enrique Guzman Yvonne Schaefer Patricia Escamilla Warren Csea Jeffy Sheriff Jill Carmichael Kristina Staedtler John LaBarge Cheryl Rizzo Perry Bennett Kellie Dyson

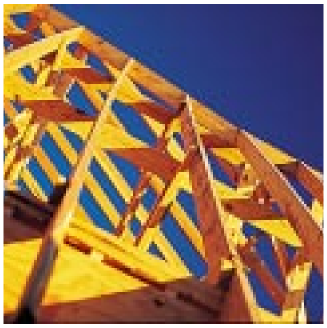
Camden's People = VALUE

Camden's positive corporate culture is the most powerful influence affecting our success. Our culture is all about the factors that drive our employees and how they approach their careers with Camden. Our employees share a set of values that define our company and determine how we conduct our business. Our values are:

- **Customer focused**
- **Act with integrity**
- **Team players**
- **People driven**
- **Results oriented**
- **Work smart**
- **Always do the right thing**
- **Lead by example**
- **Have fun**

As Camden has grown and changed over the years, our values have remained constant. They are the foundation for our corporate culture, and they are instilled throughout every level of our organization.

A strong set of corporate values is the cornerstone of our efforts to enhance value for our shareholders.



Leveraging the talents

of Camden's employees to create value

We have always focused on maximizing our company's performance by leveraging the talents of our employees to create and deliver value. Our success is dependent on having employees with skills in various disciplines—property management, construction, finance, acquisitions, development, maintenance and everything in between. When our employees work together as a team, we can achieve greater results.

Productivity at Camden

Because our employees are an essential part of the value equation, we will continue to make significant investments to maximize their potential through education and technology. These investments will result in increased productivity and improved customer service—factors critical to our core operations.

Through education and leadership, we empower people to excel and achieve. Our objective is to continue to reduce employee turnover and increase efficiency by providing educational opportunities that teach specific job skills, enabling people to do more in less time and achieve a more effective work environment. The result of our strong employee strategies is an employee turnover rate that is significantly lower than the industry average.

In January 1999, we implemented an in-house Corporate University, offering employees more than 20 continuing education courses on topics such as fair housing, safety, sales, computer applications, customer service, management and maintenance. A team of highly skilled educators facilitates all of these courses. After completing 100 continuing education units, employees earn certifications in management, maintenance or sales and service, and they receive a one-time salary increase. In 2000, we will offer new courses and partner with outside agencies to increase computer-based training and distance learning opportunities.

We also have a commitment to provide our employees with the appropriate resources. Technological advances provide the tools that enhance their ability to perform their jobs. Our first step was implementing web-enabled applications to provide us with better information to manage the business, including the latest systems for accounting, payroll, human

BILL SENGELMANN
Vice President, Development
Corporate

The acquisition of Andrau Airpark, 696 undeveloped acres on Houston's west side for a master-planned community, illustrates yet another facet of our ingenuity.

resources and training. Our web-centric information system will improve productivity by enhancing communication and streamlining processes. We are planning to roll out web-enabled resident services and property operating systems in the near future.

Extending Revenue Sources

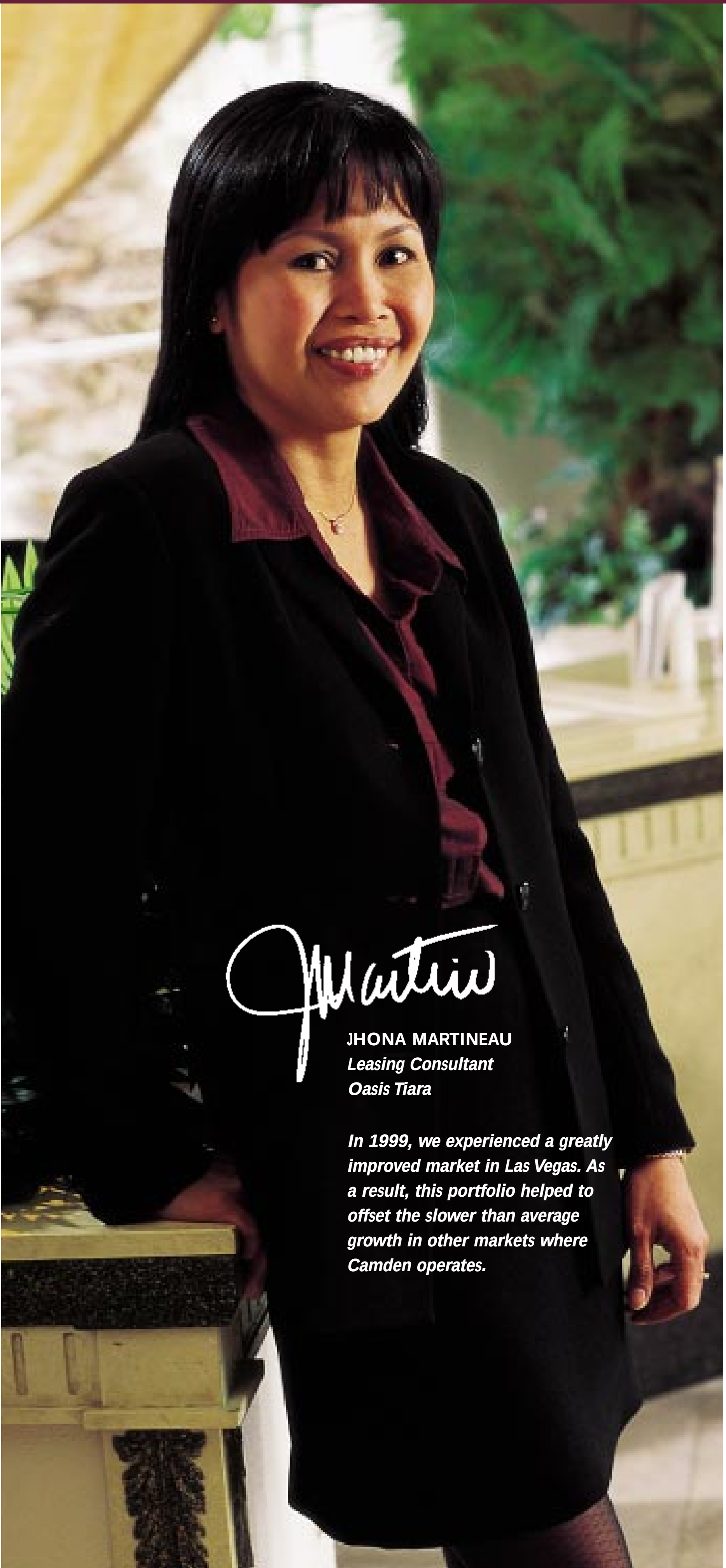
We constantly look for better ways to serve our residents. While still focused on property management, our team realizes the potential for extending revenue sources by providing residents with value-added services. To be successful, we must understand what services our customers value and determine the price for the convenience.

Camden has been at the forefront of offering a wide range of ancillary services, such as phone, cable, Internet connectivity and security. Most of our properties have implemented revenue sharing arrangements for cable and local phone services, and rebilling for water and waste management services. In 1999, we began rebilling for sewer service in our Las Vegas portfolio and later in the year, we began rolling out an arrangement for long-distance services with AT&T. Going forward, our revenue growth will be enhanced by increased telephone revenue sharing, expanded rebilling for waste management portfolio-wide and full implementation of water rebilling in Las Vegas.

We focus on providing quality services to produce customer loyalty and increase resident retention. The added value of ancillary services allows Camden to keep the resident longer, which results in lower resident turnover and reduces the cost of vacancy. As is typical for our industry, we generally have a resident turnover rate of 60 to 65 percent, but reducing turnover even slightly can have a significant, positive impact on financial results and shareholder returns.

Developing Value through Innovation

At Camden, we embrace innovation and change because, properly managed, they equate to value. Market conditions have created fewer acquisition opportunities over the past two years, so Camden



has found other unique ways to balance its portfolio and increase revenue streams. One such way is through wholesale site development.

Our employees have a vast array of real estate expertise, including site and facilities acquisition, development, construction and negotiating financial transactions—all of which play an important role in our development strategy. We have leveraged these skills to become a leader in this new industry trend. Through this innovative process, Camden purchases development tracts in strategic locations at wholesale prices. The company then develops the community's infrastructure, manufactures the sites to prepare for building, and sells parcels of the land at retail prices for commercial or retail uses. When market timing is right, Camden can develop multifamily communities on the land with a lower overall cost and a higher development yield.

A major benefit of this approach is the ability to control the sites by playing an active role in developing the infrastructure. Camden can select the neighbors that will add value to residents living in its communities. Additionally, this arrangement reduces competition in the area and will enable Camden to become

involved in other types of development, such as for-sale townhomes and condominiums. We can then pursue development opportunities at the appropriate time on our own land.

Though our management has significant experience in these activities, our first land development initiative was the purchase of our Farmers Market property in downtown Dallas. Subsequently, we have purchased development property at the Andrau Airpark in Houston and on Ocean Boulevard in Long Beach, California. The full value of our ability to grow FFO and generate higher yields through this development strategy, and the subsequent appreciation of our financial performance, will be realized as we complete these important development initiatives.

Marketing Our Expertise to Others

Another avenue for increasing revenue is providing corporate real estate services to third parties. To generate sustainable other income, we are offering these skills to others by serving as the exclusive consultants on third party development projects. With corporate real estate services, we are expanding beyond multifamily projects to include construction management; consulting services; general contracting for commercial, restaurant and retail; due diligence consulting; and commercial brokerage services. For example, our construction department has earned a reputation for delivering a high-quality product. They were honored with the 1999 Gold Nugget Award from Builders Magazine for the best apartment project, The Park at Greenway. Without making significant new investments, we are leveraging these skills to provide construction management services to third parties, further contributing to Camden's financial success.

In addition, we provide financing to select third parties or establish joint ventures for owning strategic properties. This creative financial structuring enhances revenue while creating an opportunity for future acquisitions.

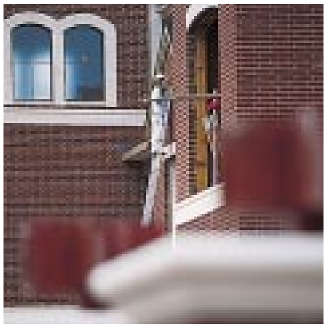
Portfolio Balancing

Understanding the local real estate cycles and market conditions affecting our industry is critical. Our team carefully researches and analyzes market data,

AMY RUSHING
Property Manager
The Park at Farmers Market

KRISTI MYERS
Leasing Consultant
The Park at Farmers Market

An emerging trend in many major cities is the revitalization of downtown areas. Camden is focusing on developing urban-infill, high-amenity communities in these markets, such as Farmers Market in Dallas.



including population and job growth, on an ongoing basis to predict trends. What is true for one market is not necessarily so for another, and even within one market, there may be important differences between urban and suburban projects. Our proactive research combined with our knowledge and ability to respond quickly is vital to our success.

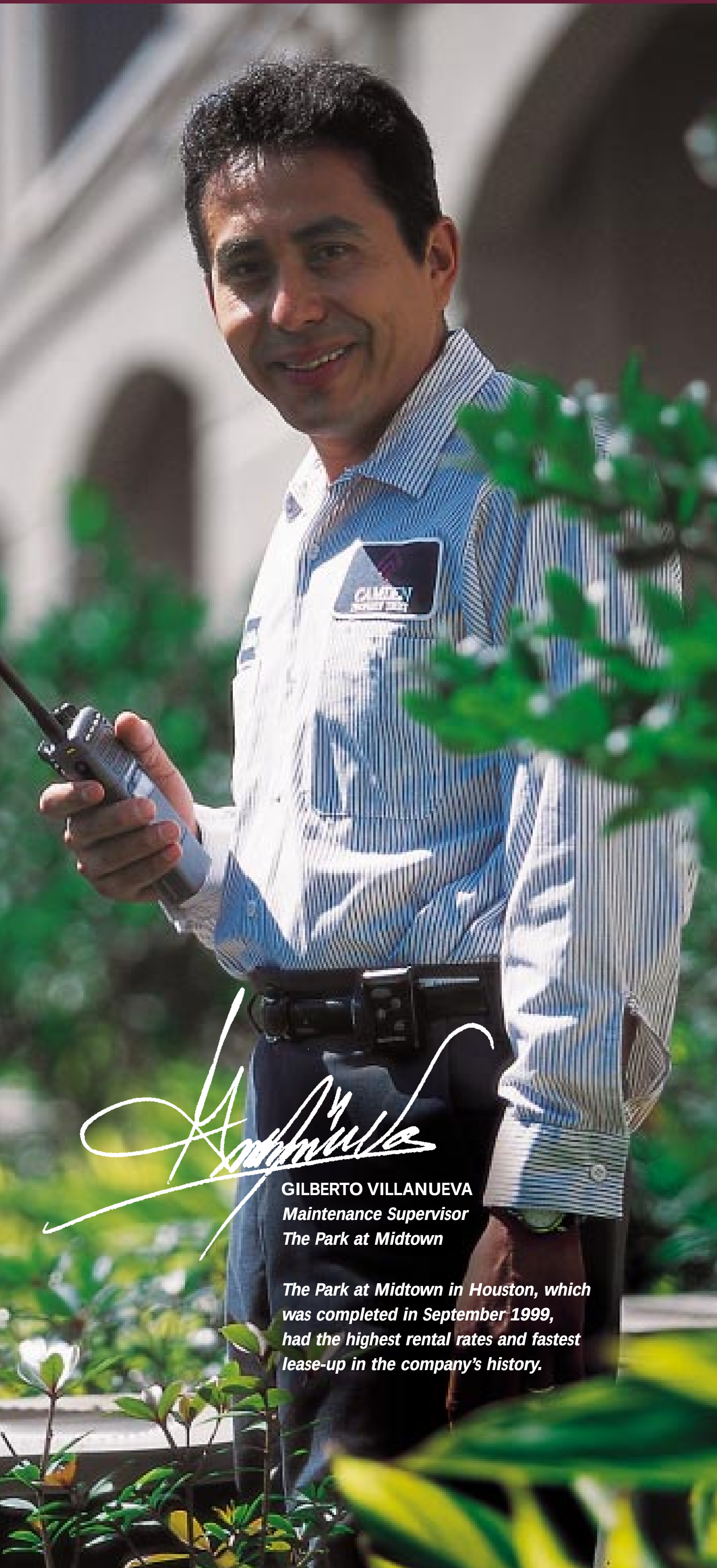
Before implementing our diversification strategy, approximately 78 percent of our assets were located in Houston. Today, Camden is a super-regional company with assets in markets from Orlando to Orange County, and no market accounts for more than 17 percent of our NOI. As we demonstrated with our 1999 results, diversification protects our cash flow and the stability of our dividend.

Three-fourths of our properties are located in the leading growth markets, based on projected population and employment gains over the next 10 years. Houston, Dallas and Las Vegas will always be key markets for Camden, but our goal is to lower our exposure in these markets and to raise it in other areas, such as the West Coast. Texas will continue to be weak in the first half of 2000 as job growth catches up to the excess supply that came on line in 1999. In Houston, permits issued for new apartments declined nearly 50 percent during the year, and construction activity slowed down. In 2000, Charlotte, Tampa, Denver, Las Vegas and Southern California will offer the best same property growth potential due to their solid employment growth and the manageable amount of new housing supply.

Solid Financial Management

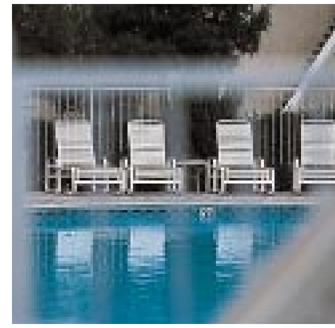
Camden has sound financial management and a solid capital structure. Our conservative financial policies are reflected in our low payout ratios, strong coverage ratios, moderate debt levels and excellent access to capital. The new unsecured credit line indicates our lenders' confidence in our creditworthiness and our ability to service our debt.

To achieve greater economies of scale and synergies, we centralized our purchasing department in 1999. This program resulted in a significant amount of rebates from our vendors, and we expect that these rebates will increase substantially in 2000. We are also working to make the purchasing process more efficient with improved procurement practices, such as online ordering and electronic payments.



GILBERTO VILLANUEVA
Maintenance Supervisor
The Park at Midtown

The Park at Midtown in Houston, which was completed in September 1999, had the highest rental rates and fastest lease-up in the company's history.



Camden has leveraged its tremendous purchasing power to negotiate low pricing structures with national suppliers for items such as paint and appliances. In addition to the corporate savings realized, we can pass this advantage to our residents through marketing agreements and alliances with national providers. Under these initiatives, we offer AT&T long-distance service, washer and dryer rentals, and the ability to purchase computers and equipment at discounted prices through Compaq Computer Corporation. We are also developing other alliances to provide products and services via Camden's web-centric information system. By providing the value of convenience to our residents, we will increase ancillary revenue, which will have a positive impact on property net operating income.

Financial Table of Contents

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 because 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 contemplated by 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 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.

These forward-looking statements represent our estimates and assumptions only as of the date of this report.

Business

Camden Property Trust is a real estate investment trust and, with our subsidiaries, reports as a single business segment. Our activities relate to the ownership, development, construction and management of multifamily apartment communities in the Southwest, Southeast, Midwest and Western regions of the United States. As of December 31, 1999, we owned interests in, operated or were developing 159 multifamily properties containing 55,785 apartment homes located in nine states. Our properties, excluding properties in lease-up and under development during 1999, had a weighted average occupancy rate of 93% for the year ended December 31, 1999. This represents the average occupancy for all our properties in 1999 weighted by the number of apartment homes in each property. Six of our multifamily properties containing 2,474 apartment homes were under development at December 31, 1999. Additionally, we have several sites which we intend to develop into multifamily apartment communities.

On April 8, 1998, we acquired, through a tax-free merger, Oasis Residential, Inc., a publicly traded Las Vegas-based multifamily REIT. Through this acquisition, we acquired 52 completed multifamily properties and 15,514 apartment homes. Each share of Oasis common stock outstanding on April 8, 1998 was exchanged for 0.759 of a Camden common share. Each share of Oasis Series A cumulative convertible preferred stock outstanding on April 8, 1998 was exchanged for one Camden Series A cumulative convertible preferred share with terms and conditions comparable to the Oasis preferred stock. We issued 12.4 million common shares and 4.2 million preferred shares in exchange for the outstanding Oasis common and preferred stock, respectively. We assumed approximately $484 million of Oasis debt, at fair value in the merger. The accompanying consolidated financial statements include the operations of Oasis since April 1, 1998, the effective date of the Oasis merger for accounting purposes.

In connection with the merger with Oasis, on June 30, 1998, we completed a transaction in which Camden USA, Inc., one of our wholly owned subsidiaries, and TMT-Nevada, L.L.C., a Delaware limited liability company, formed Sierra-Nevada Multifamily Investments, LLC. We entered into this transaction to reduce our market risk in the Las Vegas area. TMT-Nevada holds an 80% interest in Sierra-Nevada and Camden USA holds the remaining 20% interest.

In the above transaction, we transferred to Sierra-Nevada 19 apartment communities containing 5,119 apartment homes for an aggregate of $248 million. Prior to the merger, Oasis owned 100% of each of these communities. In the merger, Camden USA acquired these communities. As a result, after the merger and prior to the Sierra-Nevada transaction, Camden USA owned 100% of each of these 19 properties which are located in Las Vegas, Nevada. 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.

On April 15, 1997, we acquired, through a tax-free merger, Paragon Group, Inc., a Dallas-based multifamily REIT. Through this acquisition, we acquired 50 multifamily properties and 15,975 apartment homes. Each share of Paragon common stock outstanding on April 15, 1997 was exchanged for 0.64 of our common shares. We issued 9.5 million common shares in exchange for all of the outstanding shares of Paragon common stock, issued 2.4 million limited partnership units in Camden Operating, L.P. and assumed approximately $296 million of Paragon debt, at fair value, in the Paragon acquisition. The accompanying consolidated financial statements include the operations of Paragon since April 1, 1997, the effective date of the Paragon acquisition for accounting purposes.

Our multifamily property portfolio, excluding land we hold for future development and joint venture properties we do not manage, at December 31, 1999, 1998 and 1997 is summarized as follows:

	1999			1998 (a)			1997		
	Apartment Homes	Properties	% (b)	Apartment Homes	Properties	% (b)	Apartment Homes	Properties	% (b)
Operating Properties									
Texas									
Houston	8,258	19	16%	6,345	15	13%	6,345	16	18%
Dallas (d)	9,381	26	18	9,381	26	17	9,381	26	24
Austin	1,745	6	4	1,745	6	4	1,745	6	5
Other	1,641	5	3	1,641	5	3	1,585	5	4
Total Texas Operating Properties	21,025	56	41	19,112	52	37	19,056	53	51
Arizona	2,326	7	5	2,326	7	5	1,894	5	5
California	1,272	3	3	1,272	3	3			
Colorado (c)	2,312	7	4	1,972	6	3			
Florida	7,335	17	15	7,261	17	14	6,355	17	18
Kentucky	1,016	4	2	1,142	5	2	1,142	5	3
Missouri	3,327	8	7	3,327	8	7	3,487	10	10
Nevada (c)	11,963	41	14	12,163	41	14			
North Carolina (d)	2,735	10	4	2,735	10	4	2,735	10	6
Total Operating Properties	53,311	153	95	51,310	149	89	34,669	100	93
Properties Under Development									
Texas									
Houston (e)				2,213	5	4	1,365	3	4
Dallas	620	1	1	600	1	1			
Total Texas Development Properties	620	1	1	2,813	6	5	1,365	3	4
Arizona	332	1	1	325	1	1	240	1	1
California	380	1	1	380	1	1			
Colorado	218	1		558	2	1			
Florida (e)	492	1	1	1,150	3	2	306	1	1
Kentucky	432	1	1	432	1	1	432	1	1
Total Properties Under Development	2,474	6	5	5,658	14	11	2,343	6	7
Total Properties	55,785	159	100%	56,968	163	100%	37,012	106	100%
Less: Joint Venture Apartment Homes (c) (d)	6,504			6,704			1,264		
Total Apartment Homes Owned 100%	49,281			50,264			35,748		

(a) Includes the combination of operations at December 31, 1998 of two adjacent properties in Nevada, which were acquired in the Oasis merger, two adjacent properties in Houston and two adjacent properties in Florida.

(b) Based on number of apartment homes we owned 100%.

(c) The 1999 and 1998 figures include properties held in joint ventures as follows: one property with 321 apartment homes 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 (5,119 apartment homes at December 31, 1998) in Nevada owned through Sierra-Nevada Multifamily Investments, LLC in which we own a 20% interest.

(d) The 1999, 1998 and 1997 figures include properties held in a joint venture as follows: one property with 708 apartment homes in Dallas and two properties with 556 apartment homes in North Carolina in which we own a 44% interest, the remaining interest is owned by unaffiliated private investors.

(e) The 1999 figures exclude two properties classified as Properties Under Development at December 31, 1998 as follows: one property with 300 apartment homes in Houston which is now classified as land held for future development, and one property with 352 apartment homes in Florida which was sold during the year.

At December 31, 1999, we had three completed properties under lease-up as follows:

Property and Location	Product Type	Number of Apartment Homes	% Leased at 3/2/00	Date of Completion	Estimated Date of Stabilization
The Park at Goose Creek Baytown, TX	Affordable	272	96%	3Q99	1Q00
The Park at Holly Springs Houston, TX	Garden	548	66%	3Q99	4Q00
The Park at Greenway Houston, TX	Urban	756	82%	4Q99	3Q00

At December 31, 1999, we had six development properties in various stages of construction as follows:

Property and Location	Product Type	Number of Apartment Homes	Estimated Cost ($ millions)*	Estimated Date of Completion	Estimated Date of Stabilization
In Lease-Up					
The Park at Caley					
Denver, CO	Garden	218	$ 18.4	1Q00	2Q00
The Park at Lee Vista					
Orlando, FL	Garden	492	33.1	1Q00	1Q01
The Park at Oxmoor					
Louisville, KY	Garden	432	22.3	1Q00	1Q01
Subtotal		1,142	73.8		
Under Construction					
The Park at Arizona Center					
Phoenix, AZ	Urban	332	24.7	1Q00	1Q01
The Park at Farmers Market, Phase I					
Dallas, TX	Urban	620	50.1	4Q00	4Q01
The Park at Crown Valley					
Mission Viejo, CA	Garden	380	42.9	1Q01	4Q01
Subtotal		1,332	117.7		
Total for 6 development properties		2,474	$191.5		

** As of December 31, 1999, we had incurred $143.6 million of the estimated $191.5 million.*

Properties under development in our consolidated financial statements includes land held for development totaling $94.8 million at December 31, 1999. Included in this amount is $74.7 million related to the development of three urban land projects located in Dallas, Houston and Long Beach, California.

At December 31, 1999, we had a $30.4 million investment in 38 acres in downtown Dallas which are being used for development of The Park at Farmers Market, Phase I, and the proposed future development of Phase II. We are also in the planning phase related to the possible development of 55 for-sale townhomes in this area. The remaining land may be sold to third parties for commercial and retail development. Additionally, we had $44.3 million in land under development in two properties located in Houston and Long Beach. These properties are currently in the planning stage to determine the number of apartment homes that will be developed based on demand in these areas over the next three to five years. We also may sell certain parcels of these two properties to third parties for commercial and retail development.

At year end, we were obligated under an earnest money contract to sell two parcels of land totaling approximately $15 million. We expect to complete this transaction late in the first quarter to early in the second quarter of 2000.

Our multifamily property portfolio is diversified throughout markets in the Southwest, Southeast, Midwest and Western regions of the United States.

At December 31, 1999 and 1998, our investment in various geographic areas, excluding investment in joint ventures, was as follows:

(Dollars in thousands)	1999		1998	
Texas				
Houston	$ 402,997	15%	$ 347,069	14%
Dallas	393,223	15	370,538	15
Austin	69,162	3	67,832	3
Other	59,200	2	57,705	2
Total Texas Properties	924,582	35	843,144	34
Arizona	148,871	6	133,047	5
California	177,394	7	139,602	6
Colorado	184,798	7	158,837	7
Florida	393,569	15	376,235	15
Kentucky	69,322	3	56,954	2
Missouri	172,454	6	169,741	7
Nevada	491,226	18	487,679	20
North Carolina	93,949	3	90,219	4
Total Properties	$2,656,165	100%	$2,455,458	100%

Liquidity and Capital Resources

Financial Structure. We intend to continue maintaining 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 3.7 times for each of the years ended December 31, 1999 and 1998. At December 31, 1999 and 1998, 76.0% and 73.2%, respectively, of our properties (based on invested capital) were unencumbered.

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) common share repurchases; and

(vi) distributions on our common and preferred equity.

We consider our long-term liquidity requirements to be the repayment of maturing debt and 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.

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 believes that we can reinvest available cash flow into our securities at yields which exceed those currently available on direct real estate investments. In management's opinion, these repurchases can be made without incurring additional debt and without reducing our financial flexibility. At December 31, 1999, we had repurchased approximately 5.7 million common shares and redeemed approximately 104,000 units at a total cost of $149.7 million. Management expects to complete the remaining repurchases during 2000.

As of December 31, 1999, we had $259 million available under the unsecured line of credit. In December 1999, we filed a universal shelf registration statement providing for the issuance of up to $660.2 million in debt securities, preferred shares, common shares or warrants, all of which was available at year end. Additionally, at December 31, 1999, we had $75.3 million available under our $500 million shelf registration filed in April 1997 and $14.5 million available from our medium-term note program. Subsequent to year end, we filed a post-effective amendment to combine these three programs into a single $750 million universal shelf registration. We have significant unencumbered real estate assets which could be sold or used as collateral for financing purposes should other sources of capital not be available.

We are currently seeking to selectively dispose of up to $150 million of real estate 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 currently anticipate using the potential proceeds from these sales to retire debt and repurchase shares. However, we cannot assure you that we will complete these sales or that the final outcomes of these sales, if completed, will be on terms favorable to us.

On January 17, 2000, we paid a distribution of $0.52 per share for the fourth quarter of 1999 to all holders of record of our common shares as of December 20, 1999, and paid an equivalent amount per unit to holders of limited partnership units in Camden

Operating, L.P. Total distributions to common shareholders and holders of operating partnership units for the year ended December 31, 1999 were $2.08 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 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, and expect to continue reducing the payout ratio. The dividend payout ratio was 65% and 68.5% for the year ended December 31, 1999 and 1998, respectively.

On February 15, 2000, we paid a quarterly dividend on our preferred shares of $0.5625 per share to all preferred shareholders of record as of December 20, 1999. Total dividends to holders of preferred shares for the year ended December 31, 1999 were $2.25 per share.

Financial Flexibility. 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 development properties in selected new markets. During the year ended December 31, 1999, we incurred $188.5 million in development costs and no acquisition costs. We are developing six additional properties at an aggregate cost of approximately $191.5 million of which we incurred $81.9 million during 1999. At year end, we were obligated for approximately $45 million under construction contracts (a substantial amount of which is to be funded by debt). We fund our developments and acquisitions through a combination of equity capital, partnership units, medium-term notes, construction loans, other debt securities and the 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. Such sales may generate capital for acquisitions and new developments, debt reduction, and common share repurchases.

During the third quarter of 1999, we entered into a line of credit with 14 banks for a total commitment of $375 million. This line of credit replaced our three previous lines of credit which totaled $275 million. The new line of credit is scheduled to mature in August 2002. The scheduled interest rate is currently based on a spread 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 $187.5 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.

During the first quarter of 1999, our operating partnership issued $100 million of 8.5% Series B 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 the date 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 our 8.5% Series B Cumulative Redeemable Perpetual Preferred Shares. The preferred units are subordinate to present and future debt. We used the net proceeds to reduce indebtedness outstanding under the unsecured lines of credit and repurchase common shares.

During the third quarter of 1999, our operating partnership issued $35.5 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 the date 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 our 8.25% Series C Cumulative Redeemable Perpetual Preferred Shares. The preferred units are subordinate to present and future debt. Subsequent to year end, our operating partnership issued an additional $17.5 million Series C preferred units. We used the net proceeds to reduce indebtedness outstanding under the unsecured lines of credit and repurchase common shares.

During the first quarter of 1999, we issued $39.5 million aggregate principal amount of senior unsecured notes from our $196 million medium-term note shelf registration. These fixed rate notes, due in January 2002 through 2009, bear interest at a weighted average rate of 7.07%, payable semiannually on January and July 15. We used the net proceeds to reduce indebtedness outstanding under the unsecured lines of credit.

During the second quarter of 1999, we issued $15 million principal amount of senior unsecured notes from our $196 million medium-term note shelf registration. These fixed rate notes, due in March 2002, bear interest at a rate of 6.74%, payable semiannually on March and September 15. We used the net proceeds to reduce indebtedness outstanding under the unsecured lines of credit.

Also during the second quarter of 1999, we issued from our $500 million shelf registration an aggregate principal amount of $200 million of five-year senior unsecured notes. Interest on the notes accrues at an annual rate of 7.0% and is payable semiannually on April and October 15, commencing on October 15, 1999. The notes are direct, senior unsecured obligations and rank equally with all other unsecured and unsubordinated indebtedness. We may redeem the notes at any time subject to a make-whole provision. The proceeds from the sale of the notes were $197.7 million, net of issuance costs. We used the net proceeds to reduce indebtedness under the unsecured lines of credit and for general working capital purposes.

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 derivative instruments. 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.

We currently have a $25 million interest rate swap agreement designated as a partial hedge of floating rate debt. The swap is scheduled to mature in July 2000, but the issuing bank has an option to extend this agreement to July 2002. The interest rate is fixed at 6.1%, resulting in an interest rate exposure equal to the difference between 6.1% and the actual base rate on the related indebtedness. This swap continues to be used as a hedge to manage the risk of interest rate fluctuations on the unsecured line of credit and other floating rate indebtedness.

During September 1999, we executed three interest rate swap agreements totaling $70 million which are scheduled to mature in October 2000. These swaps are being used as a hedge of interest rate exposure on our $90 million medium-term notes issued in October 1998 which mature in October 2000. Currently, the interest rate on the medium-term notes is fixed at 7.23%. The interest rates on the swaps are reset monthly based on the one-month LIBOR rate plus a spread which resulted in an effective interest rate on the swaps of 7.70% at December 31, 1999.

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, 1999, after adjusting for the effect of the interest rate swap agreements, we had fixed rate debt of $940.6 million and floating rate debt of $224.5 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 $33.8 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

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 convertible securities, including minority interest, 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, 1999 increased $14.4 million, or 10.4%, over 1998 primarily due to the Oasis merger, property acquisitions, developments and improvements in the performance of the stabilized properties in the portfolio.

The calculation of basic and diluted FFO for the years ended December 31, 1999 and 1998 follows:

(In thousands)	1999	1998
Funds from operations		
Net income to common shareholders	$ 52,252	$ 47,962
Real estate depreciation	87,491	76,740
Real estate depreciation from unconsolidated ventures	3,198	2,253
Loss on sale of property held in unconsolidated ventures	738	
Gain on sales of properties and joint venture interests	(2,979)	
Funds from operations—basic	140,700	126,955
Preferred share dividends	9,371	9,371
Income allocated to operating partnership units	2,014	1,322
Interest on convertible subordinated debentures	258	317
Amortization of deferred costs on convertible debentures	26	31
Funds from operations—diluted	$152,369	$137,996
Weighted average shares—basic	41,236	41,174
Common share options and awards granted	431	399
Preferred shares	3,207	2,416
Minority interest units	2,624	2,610
Convertible subordinated debentures	146	180
Weighted average shares—diluted	47,644	46,779

Results of Operations

Changes in revenues and expenses related to the operating properties from period to period are primarily due to the Oasis and Paragon mergers, property acquisitions, developments, dispositions and improvements in the performance of the stabilized properties in the portfolio. Where appropriate, comparisons are made on a dollars-per-weighted-average-apartment homes 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, 1999 are as follows:

	1999	1998	1997
Rental income per apartment home per month	$ 623	$ 591	$ 535
Property operating and maintenance per apartment home per year	$ 2,367	$ 2,290	$ 2,414
Real estate taxes per apartment home per year	$ 798	$ 742	$ 718
Weighted average number of operating apartment homes	45,606	42,411	29,280

1999 Compared to 1998

For the year ended December 31, 1999, income before gain on sales of properties and joint venture interests, losses on early retirement of debt and minority interests increased $10.3 million, or 17.5%, as compared to the year ended December 31, 1998. This increase is primarily due to the Oasis merger, the transfer of 19 properties into the Sierra-Nevada joint venture, the development of 2,855 apartment homes, the acquisition of 2,226 apartment homes, the disposition of 1,752 apartment homes and an increase in net operating income generated by the stabilized portfolio. The weighted average number of apartment homes increased by 3,195 apartment homes, or 7.5%, from 42,411 to 45,606 for the years ended December 31, 1998 and 1999, respectively. Total operating properties were 126 and 130 at December 31, 1998 and 1999, respectively. The weighted average number of apartment homes and the operating properties exclude the impact of our ownership interest in operating properties and apartment homes owned in joint ventures.

Rental income per apartment home per month increased $32, or 5.4%, from $591 to $623 for the years ended December 31, 1998 and 1999, respectively. The increase was primarily due to a 3.0% increase in revenues from the stabilized real estate portfolio, higher average rental rates on properties added to the portfolio through the Oasis merger, and four of the five acquired properties, and completion of new development properties. Additionally, seven of the eight disposed properties had average rental rates significantly lower than the portfolio average.

Other property income increased $4.1 million from $18.1 million to $22.1 million for the years ended December 31, 1998 and 1999, respectively, which represents a monthly increase of $4 per apartment home. This increase in other property income was primarily due to a larger number of apartment homes owned and in operation and a $2.7 million increase from revenue sources such as telephone, cable and water.

Fee and asset management income increased $3.8 million from $1.6 million to $5.4 million for the years ended December 31, 1998 and 1999, respectively. This increase is primarily due to fees generated from the construction and renovation of multifamily properties for third parties.

Property operating and maintenance expenses increased $10.8 million, from $97.1 million to $108.0 million, but decreased as a percent of total property income from 30.5% to 29.7% for the years ended December 31, 1998 and 1999, respectively. Our operating expense ratio decreased from the prior year primarily as a result of our continued focus on creating operating efficiencies in the stabilized portfolio, and the impact of our April 1, 1998 adoption of a new accounting policy, whereby expenditures for floor coverings, appliances and HVAC unit replacements are expensed in the first five years of a property's life and capitalized thereafter. Prior to the adoption of this policy, we had been expensing these costs. Had this policy change been adopted as of January 1, 1998, the 1998 operating expense ratio would have been 30.1%.

Real estate taxes increased $4.9 million from $31.5 million to $36.4 million for the years ended December 31, 1998 and 1999, respectively, which represents an annual increase of $56 per apartment home. Real estate taxes per apartment home have increased due to increases in the valuations of renovated, acquired and developed properties and increases in property tax rates. This increase per apartment home was partially offset by lower property taxes in the portfolio added through the Oasis merger.

General and administrative expenses increased from $8.0 million in 1998 to $10.6 million in 1999, and increased as a percent of revenues from 2.5% to 2.9%. The general and administrative expense ratio increase is primarily attributable to the impact of our March 20, 1998 adoption of Issue No. 97-11, Accounting for Internal Costs Relating to Real Estate Property Acquisitions, which required certain costs that were previously capitalized to be expensed, an increase in compensation costs and additional expenses associated with training and information systems functions.

Interest expense increased from $50.5 million in 1998 to $57.9 million in 1999 primarily due to increased indebtedness related to the Oasis merger, completed developments, renovations and property acquisitions. Additionally, the average interest rate on our debt increased slightly from 7.1% for 1998 to 7.2% for the year ended 1999. Interest capitalized was $16.4 million and $9.9 million for the years ended December 31, 1999 and 1998, respectively.

Depreciation and amortization increased from $78.1 million to $89.5 million. This increase was due primarily to the Oasis merger, developments, renovations and property acquisitions.

Gains on sales of properties and joint venture interests increased $3.0 million due to gains from the disposition of two multifamily properties containing 358 units and our joint venture investment in two commercial office buildings. The gains recorded on these dispositions were partially offset by a loss on the sale of a retail/commercial center. These gains 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."

1998 Compared to 1997

The changes in operating results from 1997 to 1998 are primarily due to the Oasis and Paragon mergers, the development of five properties aggregating 2,074 apartment homes, the acquisition of seven properties containing 3,123 apartment homes, the disposition of 11 properties containing 2,986 apartment homes and an increase in net operating income generated by the stabilized portfolio. The weighted average number of apartment homes increased by 13,131 apartment homes, or 44.8%, from 29,280 to 42,411 for the years ended December 31, 1997 and 1998, respectively. Total operating properties were 97 and 126 at December 31, 1997 and 1998, respectively. The weighted average number of apartment homes and the operating properties exclude the impact of our ownership interest in operating properties and apartment homes owned in joint ventures.

Rental income per apartment home per month increased $56, or 10.5%, from $535 to $591 for the years ended December 31, 1997 and 1998, respectively. The increase was primarily due to increased revenue growth from the stabilized real estate portfolio, higher average rental rates on properties added to the portfolio through the Oasis merger, the acquisition of seven properties and the completion of new development properties.

Other property income increased $8.6 million from $9.4 million to $18.1 million for the years ended December 31, 1997 and 1998, respectively. This increase in other property income was primarily due to a larger number of apartment homes owned and in operation and a $2.9 million increase from new revenue sources such as telephone, cable and water.

Property operating and maintenance expenses increased $26.5 million, from $70.7 million to $97.1 million, but decreased as a percent of total property income from 35.8% to 30.5% for the years ended December 31, 1997 and 1998, respectively. Our operating expense ratios decreased from the prior year primarily as a result of operating efficiencies resulting from operating a larger portfolio and the impact of our April 1, 1998 adoption of a new accounting policy, whereby expenditures for carpet, appliances and HVAC unit replacements are expensed in the first five years of a property's life and capitalized thereafter. Prior to the adoption of this policy, we had been expensing these costs. Had this policy change not been adopted, the 1998 operating expense ratio would have been 32.0%.

Real estate taxes increased $10.4 million from $21.0 million to $31.5 million for the years ended December 31, 1997 and 1998, respectively, which represents an annual increase of $24 per apartment home. Real estate taxes per apartment home have increased primarily due to increases in the valuations of renovated, acquired and developed properties, and increases in property tax rates. This increase per apartment home was partially offset by lower property taxes in the portfolio added through the Oasis merger.

General and administrative expenses increased from $4.4 million in 1997 to $8.0 million in 1998, and increased as a percent of revenues from 2.2% to 2.5%. The general and administrative expense ratio increase is mainly attributable to the impact of our March 20, 1998 adoption of Issue No. 97-11, Accounting for Internal Costs Relating to Real Estate Property Acquisitions, which required certain costs that were previously capitalized to be expensed, which was partially offset by efficiencies resulting from operating a larger portfolio.

Interest expense increased from $28.5 million in 1997 to $50.5 million in 1998 due to increased indebtedness related to the Oasis and Paragon mergers, completed developments, renovations and property acquisitions. This increase was partially offset by reductions in average interest rates on our debt, the equity offering that occurred in July 1997 and property dispositions. Interest capitalized was $9.9 million and $3.3 million for the years ended December 31, 1998 and 1997, respectively.

Depreciation and amortization increased from $44.8 million to $78.1 million. This increase was due primarily to the Oasis and Paragon mergers, developments, renovations and property acquisitions.

Gain on sales of properties decreased $10.2 million due to the December 1997 disposition of four properties containing 1,400 apartment homes. Dispositions in 1998 resulted in no book gain or loss.

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.

Year 2000 Conversion

We recognized the need to ensure that our computer equipment and software, other equipment and operations would not be adversely impacted by the change to the calendar Year 2000. As such, we took steps to identify and resolve potential areas of risk by implementing a comprehensive Year 2000 action plan. The plan was divided into four phases: identification, assessment, notification/certification, and testing/contingency plan development; and included three major elements: computer systems, other equipment and third parties. We have completed all four phases of our Year 2000 action plan.

The Year 2000 issue did not pose significant operating problems for our computer systems, since the majority of computer equipment and software products we utilize were already compliant or were converted or modified as part of system upgrades unrelated to the Year 2000 issue. We have developed a contingency plan which will permit our primary computer systems operations to continue if any Year 2000 issues presently unknown to us occur in the future.

We communicated with our key third party service providers and vendors, including those who had previously sold equipment to us, and obtained information and compliance certificates, wherever possible, regarding their state of readiness with respect to the Year 2000 issue. Although all of our key third party service providers and vendors indicated that they are or were expected to be ready regarding the Year 2000 issue, and we are not aware of any material Year 2000 issues regarding these third parties' readiness, we cannot be certain that the representations of these third parties were accurate or their systems will continue to be Year 2000 compliant.

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 requires recognition of all derivatives as either assets or liabilities in the financial statements and measurement of those instruments at fair value. The initial effective date of SFAS No. 133 was delayed, and is now effective for all periods beginning after June 15, 2000. Management believes that the adoption of SFAS No. 133 will not have a material impact on our consolidated financial statements.

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, 1999 and 1998, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1999. 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 generally accepted auditing standards. 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, 1999 and 1998, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1999 in conformity with generally accepted accounting principles.

Deloitte & Touche LLP

Houston, Texas
February 4, 2000

Consolidated Balance Sheets

	December 31,	
(In thousands, except per share amounts)	1999	1998
Assets		
Real estate assets, at cost		
Land	$ 354,833	$ 321,752
Buildings and improvements	2,122,793	1,917,026
	2,477,626	2,238,778
Less: accumulated depreciation	(253,545)	(167,560)
Net operating real estate assets	2,224,081	2,071,218
Properties under development, including land	178,539	216,680
Investment in joint ventures	21,869	32,484
Total real estate assets	2,424,489	2,320,382
Accounts receivable—affiliates	2,228	831
Notes receivable:		
Affiliates	1,800	1,800
Other	34,442	
Other assets, net	14,744	15,036
Cash and cash equivalents	5,517	5,647
Restricted cash	4,712	4,286
Total assets	$2,487,932	$2,347,982
Liabilities and Shareholders' Equity		
Liabilities		
Notes payable:		
Unsecured	$ 820,623	$ 632,923
Secured	344,467	369,645
Accounts payable	20,323	24,180
Accrued real estate taxes	24,485	21,474
Accrued expenses and other liabilities	33,987	28,278
Distributions payable	27,114	25,735
Total liabilities	1,270,999	1,102,235
Minority interests:		
Preferred units	132,679	
Common units	64,173	71,783
Total minority interests	196,852	71,783
7.33% Convertible Subordinated Debentures	3,406	3,576
Shareholders' Equity		
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, 1999 and 1998	42	42
Common shares of beneficial interest; $0.01 par value per share; 100,000 shares authorized; 45,317 and 45,123 issued at December 31, 1999 and 1998, respectively	448	447
Additional paid-in capital	1,303,645	1,299,539
Distributions in excess of net income	(132,198)	(98,897)
Unearned restricted share awards	(8,485)	(10,039)
Less: treasury shares, at cost	(146,777)	(20,704)
Total shareholders' equity	1,016,675	1,170,388
Total liabilities and shareholders' equity	$2,487,932	$2,347,982

See Notes to Consolidated Financial Statements.

Consolidated Statements of Operations

	Year Ended December 31,		
(In thousands, except per share amounts)	1999	1998	1997
Revenues			
Rental income	$341,168	$300,632	$187,928
Other property income	22,148	18,093	9,446
Total property income	363,316	318,725	197,374
Equity in income of joint ventures	683	1,312	1,141
Fee and asset management	5,373	1,552	743
Other income	1,924	2,250	531
Total revenues	371,296	323,839	199,789
Expenses			
Property operating and maintenance	107,972	97,137	70,679
Real estate taxes	36,410	31,469	21,028
General and administrative	10,606	7,998	4,389
Interest	57,856	50,467	28,537
Depreciation and amortization	89,516	78,113	44,836
Total expenses	302,360	265,184	169,469
Income before gain on sales of properties and joint venture interests, losses related to early retirement of debt and minority interests	68,936	58,655	30,320
Gain on sales of properties and joint venture interests	2,979		10,170
Losses related to early retirement of debt			(397)
Income before minority interests	71,915	58,655	40,093
Income allocated to minority interests			
Preferred unit distributions	(8,278)		
Operating partnership units	(2,014)	(1,322)	(1,655)
Total income allocated to minority interests	(10,292)	(1,322)	(1,655)
Net income	61,623	57,333	38,438
Preferred share dividends	(9,371)	(9,371)	
Net income to common shareholders	$ 52,252	$ 47,962	$ 38,438
Basic earnings per share	$ 1.27	$ 1.16	$ 1.46
Diluted earnings per share	$ 1.23	$ 1.12	$ 1.41
Distributions declared per common share	$ 2.08	$ 2.02	$ 1.96
Weighted average number of common shares outstanding	41,236	41,174	26,257
Weighted average number of common and common dilutive equivalent shares outstanding	44,291	44,183	28,356

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
Shareholders' Equity, January 1, 1997	$	$165	$ 348,339	$ (49,515)	$ (3,561)	$
Net income to common shareholders				38,438		
Common shares issued in Paragon Acquisition (9,466 shares)		95	262,275			
Public offering of 4,830 common shares		48	142,579			
Common shares issued under dividend reinvestment plan			38			
Conversion of debentures (851 shares)		9	21,061			
Restricted shares issued under benefit plan (188 shares)		2	5,519		(3,407)	
Restricted shares placed into Rabbi Trust (261 shares)		(3)			3	
Common share options exercised (33 shares)		1	773			
Conversion of Operating Partnership units (5 shares)			154			
Cash distributions ($1.96 per share)				(52,449)		
Shareholders' Equity, December 31, 1997		317	780,738	(63,526)	(6,965)	
Net income to common shareholders				47,962		
Common shares issued in Oasis Merger (12,393 shares)		124	395,404			
Preferred shares issued in Oasis Merger (4,165 shares)	42		104,083			
Common shares issued under dividend reinvestment plan			35			
Conversion of debentures (102 shares)		1	2,408			
Restricted shares issued under benefit plan (232 shares)		2	6,675		(3,076)	
Employee Stock Purchase Plan			(136)			
Restricted shares placed into Rabbi Trust (236 shares)		(2)			2	
Common share options exercised (82 shares)		1	428			
Conversion of Operating Partnership units (346 shares)		4	9,904			
Repurchase of common shares (801 shares)						(20,704)
Cash distributions ($2.02 per share)				(83,333)		
Shareholders' Equity, December 31, 1998	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)

See Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

	Year Ended December 31,		
(In thousands)	1999	1998	1997
Cash Flow from Operating Activities			
Net income	$ 61,623	$ 57,333	$ 38,438
Adjustments to reconcile net income to			
net cash provided by operating activities:			
Depreciation and amortization	89,516	78,113	44,836
Equity in income of joint ventures, net of cash received	2,491	1,278	929
Gain on sales of properties and joint venture interests	(2,979)		(10,170)
Losses related to early retirement of debt			397
Minority interest	2,014	1,322	1,655
Accretion of discount on unsecured notes payable	320	169	142
Net change in operating accounts	11,036	204	(10,253)
Net cash provided by operating activities	164,021	138,419	65,974
Cash Flow from Investing Activities			
Cash of Oasis and Paragon at acquisition		7,253	9,847
Net proceeds from Sierra-Nevada transaction		226,128	
Increase in real estate assets	(213,352)	(335,567)	(133,206)
Net proceeds from sales of properties	13,226	42,513	37,826
Net proceeds from sale of joint venture interests	5,465	6,841	
Increase in investment in joint ventures	(2,012)	(4,922)	
Decrease in investment in joint ventures	1,505	1,478	4,624
Increase in notes receivable	(23,530)		
Net decrease in affiliate notes receivable		5,389	7,749
Other	(1,873)	(4,126)	(549)
Net cash used in investing activities	(220,571)	(55,013)	(73,709)
Cash Flow from Financing Activities			
Net increase (decrease) in unsecured lines of			
credit and short-term borrowings	(66,000)	146,792	31,000
Debt repayments from Sierra-Nevada transaction		(114,248)	
Proceeds from notes payable	253,380	152,600	100,000
Repayment of notes payable	(25,178)	(160,225)	(206,097)
Proceeds from issuance of preferred units, net	132,679		
Proceeds from issuance of common shares			142,627
Distributions to shareholders and minority interests	(108,253)	(89,115)	(55,514)
Repurchase of common shares and units	(128,929)	(20,704)	
Losses related to early retirement of debt			(397)
Other	(1,279)	673	218
Net cash provided by (used in) financing activities	56,420	(84,227)	11,837
Net (decrease) increase in cash and cash equivalents	(130)	(821)	4,102
Cash and cash equivalents, beginning of period	5,647	6,468	2,366
Cash and cash equivalents, end of period	$ 5,517	$ 5,647	$ 6,468

Consolidated Statements of Cash Flows *(continued)*

	Year Ended December 31,		
(In thousands)	1999	1998	1997
Supplemental Information			
Cash paid for interest, net of interest capitalized	$ 54,226	$ 51,574	$ 27,155
Interest capitalized	16,396	9,929	3,338
Supplemental Schedule of Noncash Investing and Financing Activities			
Acquisition of Oasis (including the Sierra-Nevada transaction) and Paragon, net of cash acquired:			
Fair value of assets acquired	$ 835	$ 793,513	$ 650,634
Liabilities assumed	835	505,721	332,839
Common shares issued		395,528	262,370
Preferred shares issued		104,125	
Fair value of minority interest		21,520	65,272
Notes payable assumed upon purchase of properties		22,424	16,022
Conversion of 7.33% subordinated debentures to common shares, net	169	2,409	21,070
Value of shares issued under benefit plans, net	2,047	6,821	5,372
Conversion of operating partnership units to common shares	479	9,881	153
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 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 in the Southwest, Southeast, Midwest and Western regions of the United States. As of December 31, 1999, we owned interests in, operated or were developing 159 multifamily properties containing 55,785 apartment homes located in nine states. Six of our multifamily properties containing 2,474 apartment homes were under development at December 31, 1999. Additionally, we have several sites which we intend to develop into multifamily apartment communities.

Acquisition of Oasis Residential, Inc. On April 8, 1998, we acquired, through a tax-free merger, Oasis Residential, Inc., a publicly traded Las Vegas-based multifamily REIT. Through this acquisition, we acquired 52 completed multifamily properties and 15,514 apartment homes at the date of acquisition. Each share of Oasis common stock outstanding on April 8, 1998 was exchanged for 0.759 of a Camden common share. Each share of Oasis Series A cumulative convertible preferred stock outstanding on April 8, 1998 was exchanged for one Camden Series A cumulative convertible preferred share with terms and conditions comparable to the Oasis preferred stock. We issued 12.4 million common shares and 4.2 million preferred shares in exchange for the outstanding Oasis common and preferred stock, respectively. We assumed approximately $484 million of Oasis debt, at fair value, in the merger. The accompanying consolidated financial statements include the operations of Oasis since April 1, 1998, the effective date of the Oasis merger for accounting purposes.

In connection with the merger with Oasis, on June 30, 1998, we completed a transaction in which Camden USA, Inc., one of our wholly owned subsidiaries, and TMT-Nevada, L.L.C., a Delaware limited liability company, formed Sierra-Nevada Multifamily Investments, LLC. We entered into this transaction to reduce our market risk in the Las Vegas area. TMT-Nevada holds an 80% interest in Sierra-Nevada and Camden USA holds the remaining 20% interest.

In the above transaction, we transferred to Sierra-Nevada 19 apartment communities containing 5,119 apartment homes for an aggregate of $248 million. Prior to the merger, Oasis owned 100% of each of these communities. In the merger, Camden USA acquired these communities. As a result, after the merger and prior to the Sierra-Nevada transaction, Camden USA owned 100% of each of these 19 properties which are located in Las Vegas, Nevada. 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.

Acquisition of Paragon Group, Inc. On April 15, 1997, we acquired, through a tax-free merger, Paragon Group, Inc., a Dallas-based multifamily REIT. Through this acquisition, we acquired 50 multifamily properties and 15,975 apartment homes. Each share of Paragon common stock outstanding on April 15, 1997 was exchanged for 0.64 of our common shares. We issued 9.5 million common shares in exchange for all of the outstanding shares of Paragon common stock, issued 2.4 million limited partnership units in Camden Operating, L.P. and assumed approximately $296 million of Paragon debt, at fair value, in the Paragon acquisition. The accompanying consolidated financial statements include the operations of Paragon since April 1, 1997, the effective date of the Paragon acquisition for accounting purposes.

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%. Those entities owned less than 50% are accounted for using the equity method. All significant intercompany accounts and transactions have been eliminated in consolidation. 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.

Operating Partnership and Minority Interests. Approximately 29% of our multifamily apartment units at December 31, 1999 are held in our operating partnership. This operating partnership has issued both common and preferred limited partnership units. As of December 31, 1999 we held 82.3% of the common limited partnership units and the sole 1% general partnership interest. The remaining 16.7% of the common limited partnership units are primarily held by former officers, directors and investors of Paragon, who collectively owned 1,977,270 common limited partnership units at December 31, 1999. 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.

Additionally, in conjunction with the Oasis merger, we acquired the controlling managing member interest in Oasis Martinique, LLC which owns one property located 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 limited partnership units and Martinique units, as well as holders of preferred limited partnership units, which are discussed in Note 8.

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 those costs prohibited by EITF 97-11 described in the New Accounting Pronouncements section, 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 "Land" and "Buildings and improvements" 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. Upon achieving 90% occupancy, or generally one year from opening the leasing office (with some allowances for larger than average properties), whichever comes first, all apartment homes are considered operating and we begin expensing all items that were previously considered as carrying costs.

If there is an event or change in circumstance that 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 $33.4 million and $26.1 million in 1999 and 1998, respectively, of renovation and improvement costs which extended the economic lives and enhanced the earnings of our multifamily properties. If the accounting policy described below had been adopted as of January 1, 1998, the amounts capitalized for 1998 would have been $27.2 million.

Effective April 1, 1998, we implemented prospectively a new accounting policy whereby expenditures for carpet, appliances and HVAC unit replacements are capitalized and depreciated over their estimated useful lives. Previously, all such replacements had been expensed. We believe that the newly adopted accounting policy is preferable as it is consistent with standards and practices utilized by the majority of our peers and provides a better matching of expenses with the related benefit of the expenditure. The change in accounting principle is inseparable from the effect of the change in accounting estimate and is therefore treated as a change in accounting estimate. See the New Accounting Pronouncements section for the effect of this change and our adoption of a new accounting pronouncement for the year ended December 31, 1998.

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 $16.4 million in 1999, $9.9 million in 1998 and $3.3 million in 1997. Capitalized real estate taxes were $3.2 million in 1999, $1.4 million in 1998 and $557,000 in 1997.

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 subsequent to the initial renovation period are depreciated over their expected useful lives of 3 to 15 years using the straight line method.

Other Assets, Net. Deferred financing costs are amortized over the lives of the asset or 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 $5.6 million in 1999 and $4.1 million in 1998.

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. Rental and other property income is recorded when due from residents and is recognized monthly as it is earned. Interest and all other sources of income are recognized as earned.

Rental Operations. We own and operate multifamily apartment homes that are rented to residents on lease terms ranging from six to thirteen months, with monthly payments due in advance. None of the 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.

Income Taxes and Distributions. 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 95% of our REIT taxable income to our shareholders and satisfy certain other requirements. Accordingly, no provision for federal income taxes has been included in the accompanying consolidated financial statements.

Taxable income differs from net income for financial reporting purposes due principally to the timing of the recognition of depreciation expense. This difference is primarily due to the difference in the book/tax basis of the real estate assets and the differing methods of depreciation and useful lives of the assets. During 1999, book depreciation expense exceeded the amount reported for tax purposes by $21.1 million. The net book basis of our real estate assets exceeds our net tax basis by $198.5 million at December 31, 1999.

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

	Year Ended December 31,		
Common Share Distributions	1999	1998	1997
Ordinary income	$2.08	$1.68	$1.30
20% Long-term capital gain		0.10	0.12
25% Sec. 1250 capital gain		0.24	0.08
Return of capital			0.46
Total	$2.08	$2.02	$1.96
Percentage of distributions representing tax preference items	12.187%	9.052%	17.013%

	Year Ended December 31,	
Preferred Share Dividends	1999	1998*
Ordinary income	$2.25	$1.40
20% Long-term capital gain		0.09
25% Sec. 1250 capital gain		0.20
Total	$2.25	$1.69

**Preferred share dividends for 1998 only include dividends paid from the date of the Oasis merger through December 31, 1998.*

Property Operating and Maintenance Expenses. Property operating and maintenance expenses included normal repairs and maintenance totaling $24.5 million in 1999, $21.5 million in 1998 and $14.6 million in 1997.

Earnings Per Share. Basic earnings per share has been computed by dividing net income to common shareholders by the weighted average number of common shares outstanding. Diluted earnings per share has been computed by dividing net income to common shareholders (as adjusted) by the weighted average number of common and common dilutive equivalent shares outstanding.

The following table presents basic and diluted earnings per share for the periods indicated:

	Year Ended December 31,		
(In thousands,except per share amounts)	1999	1998	1997
BASIC EARNINGS PER SHARE			
Weighted average common shares outstanding	41,236	41,174	26,257
Basic earnings per share	$ 1.27	$ 1.16	$ 1.46
DILUTED EARNINGS PER SHARE			
Weighted average common shares outstanding	41,236	41,174	26,257
Shares issuable from assumed conversion of:			
Common share options and awards granted	431	399	330
Minority interest units	2,624	2,610	1,769
Weighted average common shares outstanding, as adjusted	44,291	44,183	28,356
Diluted earnings per share	$ 1.23	$ 1.12	$ 1.41
EARNINGS FOR BASIC AND DILUTED COMPUTATION			
Net income	$61,623	$57,333	$38,438
Less: preferred share dividends	9,371	9,371	
Net income to common shareholders (basic earnings per share computation)	52,252	47,962	38,438
Minority interests	2,014	1,322	1,655
Net income to common shareholders, as adjusted (diluted earnings per share computation)	$54,266	$49,284	$40,093

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

New Accounting Pronouncements. In March 1998, the Emerging Issues Task Force ("EITF") of the Financial Accounting Standards Board ("FASB") reached a consensus decision on Issue No. 97-11, Accounting for Internal Costs Relating to Real Estate Property Acquisitions, which requires that internal costs of identifying and acquiring operating properties be expensed as incurred for transactions entered into on or after March 20, 1998. Prior to our adoption of this policy, we had been capitalizing such costs. Had we adopted Issue No. 97-11 and the new accounting policy for floor coverings, appliances and HVAC unit replacements as of January 1, 1998, net income to common shareholders would have increased $650,000 or $0.02 per basic and diluted earnings per share for the year ended December 31, 1998.

In June 1998, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 133, Accounting for Derivative Instruments and Hedging Activities, which requires recognition of all derivatives as either assets or liabilities in the financial statements and measurement of those instruments at fair value. The initial effective date of SFAS No. 133 was delayed, and is now effective for all periods beginning after June 15, 2000. Management believes that the adoption of SFAS No. 133 will not have a material impact on our consolidated financial statements.

3. Notes Receivable

We have entered into agreements with unaffiliated third parties to develop, construct, and manage four multifamily projects containing 1,357 apartment homes. We are providing financing for a portion of each project in the form of notes receivable which mature in 2004. These notes earn interest at 10% annually and are secured by second liens on the assets and partial guarantees by the third party owners. Payments on the notes are to be from operating cash flow of the individual properties. At December 31, 1999, these notes had principal balances totaling $28.1 million. We anticipate funding up to an aggregate of $41 million in connection with these projects. We earn fees for managing the development, construction and eventual operations of these properties. We have the option to purchase these properties in the future at a price to be determined based upon the property's performance and an agreed valuation model.

Additionally, we have a $6.3 million note receivable which bears interest at 12% and matures in June 2000.

4. Notes Payable

The following is a summary of our indebtedness:

	December 31,	
(In millions)	1999	1998
Senior Unsecured Notes:		
6.73%–7.28% Notes, due 2001–2006	$ 523.1	$ 323.9
6.68%–7.70% Medium-Term Notes, due 2000–2009	181.5	127.0
Unsecured Lines of Credit and Short-Term Borrowings	116.0	182.0
	820.6	632.9
Secured Notes—Mortgage Loans (5.75%–8.63%), due 2001–2028	344.5	369.7
Total notes payable	$1,165.1	$1,002.6
Floating rate debt included in unsecured notes payable, net of interest rate swap agreements (5.75%–8.50%)	$ 161.0	$ 157.0
Floating rate tax-exempt debt included in mortgage loans (6.95%–7.15%)	$ 63.5	$ 64.3
Net book value of real estate assets subject to mortgage notes	$ 605.5	$ 646.6

In August 1999, we entered into a line of credit with 14 banks for a total commitment of $375 million. This line of credit replaces our three previous lines of credit which totaled $275 million. The new line of credit is scheduled to mature in August 2002. The scheduled interest rate is currently based on a spread 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 $187.5 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, 1999, we had $259 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, 1999 was $74.3 million, with a maximum outstanding balance of $220 million.

During September 1999, we executed three interest rate swap agreements totaling $70 million which are scheduled to mature in October 2000. These swaps are being used as a hedge of interest rate exposure on our $90 million medium-term notes issued in October 1998 which mature in October 2000. Currently, the interest rate on the medium-term notes is fixed at 7.23%. The interest rates on the swaps are reset monthly based on the one-month LIBOR rate plus a spread which resulted in an effective interest rate on the swaps of 7.70% at December 31, 1999.

During the first quarter of 1999, we issued $39.5 million aggregate principal amounts of senior unsecured notes from our $196 million medium-term note shelf registration. These fixed rate notes, due in January 2002 through 2009, bear interest at a weighted average rate of 7.07%, payable semiannually on January and July 15. We used the net proceeds to reduce indebtedness outstanding under the unsecured lines of credit.

During the second quarter of 1999, we issued $15 million aggregate principal amounts of senior unsecured notes from our $196 million medium-term note shelf registration. These fixed rate notes, due in March 2002, bear interest at a rate of 6.74%, payable semiannually on March and September 15. We used the net proceeds to reduce indebtedness outstanding under the unsecured lines of credit.

Also during the second quarter, we issued from our $500 million shelf registration an aggregate principal amount of $200 million of five-year senior unsecured notes. Interest on the notes accrues at an annual rate of 7.0% and is payable semiannually on April and October 15, commencing on October 15, 1999. The notes are direct, senior unsecured obligations and rank equally with all other unsecured and unsubordinated indebtedness. We may redeem the notes at any time subject to a make-whole provision. We used the net proceeds of $197.7 million to reduce indebtedness under the unsecured lines of credit and for general working capital purposes.

At December 31, 1999, we maintained a $25 million interest rate hedging agreement which is scheduled to mature in July 2000. The issuing bank has an option to extend this agreement to July 2002. The LIBOR rate is fixed at 6.1%, resulting in the fixed rate equal to 6.1% plus the actual LIBOR spread on the related indebtedness. This swap continues to be used as a hedge to manage the risk of interest rate fluctuations on the unsecured lines of credit and other floating rate indebtedness.

At December 31, 1999, the weighted average interest rate on floating rate debt was 7.45%.

Scheduled principal repayments on all notes payable outstanding at December 31, 1999 over the next five years are $107.0 million in 2000, $167.5 million in 2001, $156.4 million in 2002, $125.5 million in 2003, $235.3 million in 2004 and $373.4 million thereafter.

5. Convertible Subordinated Debentures

In April 1994, we issued $86.3 million aggregate principal amount of 7.33% Convertible Subordinated Debentures due 2001. The debentures are convertible at any time prior to maturity into our common shares of beneficial interest at a conversion price of $24 per share, subject to adjustment under certain circumstances. The debentures will not be redeemable prior to maturity, except in certain circumstances intended to maintain our status as a REIT. Interest on the debentures is payable on April and October 1 of each year. The debentures are unsecured and subordinated to present and future senior debt and will be effectively subordinated to all debt and other liabilities.

6. 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 the second quarter of 1997 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. 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 share awards. 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 a committee of our Board of Trust Managers. No incentive awards may be granted after May 27, 2003.

Following is a summary of the activity of the plan for the three years ended December 31, 1999:

	Shares Available for Issuance	Options and Restricted Shares					
	1999	1999	Weighted Average 1999 Price	1998	Weighted Average 1998 Price	1997	Weighted Average 1997 Price
Balance at January 1	1,280,362	2,838,499	$28.03	1,303,849	$24.94	843,360	$23.34
Current Year Share Adjustment (a)	(477,959)						
Options							
Granted	(603,072)	603,072	24.88	1,657,008	29.32	310,050	26.99
Exercised		(79,650)	22.67	(82,327)	22.96	(33,042)	23.39
Forfeited	139,768	(139,768)	27.38	(271,538)	23.57	(4,333)	24.00
Net Options	(463,304)	383,654	27.71	1,303,143	30.92	272,675	27.47
Restricted Shares							
Granted	(142,826)	142,826	25.31	248,769	29.06	193,724	28.42
Forfeited		(53,274)	27.01	(17,262)	27.67	(5,910)	26.39
Net Restricted Shares	(142,826)	89,552	26.79	231,507	29.16	187,814	28.48
Balance at December 31	196,273	3,311,705	$27.50	2,838,499	$28.03	1,303,849	$24.94
Exercisable options at December 31		1,056,076	$27.86	586,607	$26.15	565,600	$22.95
Vested restricted shares at December 31		343,702	$25.93	213,782	$25.20	123,341	$24.46

(a) Current year share adjustment is the net affect from the repurchase of our common shares and the increase in shares available due to the increase in shares outstanding.

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 committee 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 1999 were exercised at prices ranging from $22 to $24.25 per share. At December 31,1999, options outstanding were at prices ranging from $22 to $29.44 per share. Such options have a weighted average remaining contractual life of eight 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 that are held by former employees of Oasis into 894,111 options to purchase Camden common shares based on the 0.759 exchange ratio described in Note 1. The options are exercisable at prices ranging from $28.66 to $33.76. All of the Oasis options became fully vested upon conversion, are exercisable, and have a weighted average remaining contractual life of five years. These options are exercisable at a weighted average price of $30.29.

The fair value of each option grant, excluding the Oasis stock options, was estimated on the date of grant utilizing the Black-Scholes option-pricing model with the following weighted average assumptions used for grants in 1999, 1998, and 1997, respectively: risk-free interest rates of 4.9%, 5.5% to 5.6%, and 6.3% to 6.9%, expected life of ten years, dividend yield of 7.6%, 7.8% and 6.3%, and expected share volatility of 13.7%, 13.9%, and 14.4%. The weighted average fair value of options granted in 1999, 1998, and 1997, respectively, was $0.91, $1.27 and $2.63 per share.

Restricted shares have vesting periods of up to five years. The compensation cost for restricted shares has been recognized at the fair market value of our shares.

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 98,456 and 32,678 shares purchased under the ESPP during 1999 and 1998, respectively. No shares were purchased in 1997. The weighted average fair value of ESPP shares purchased in 1999 and 1998 was $27.42 and $30.41 per share, respectively. On January 4, 2000, 17,298 shares were purchased under the ESPP related to the 1999 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:

	Year Ended December 31,		
(In thousands, except per share amounts)	1999	1998	1997
Net income to common shareholders	$51,076	$47,360	$38,381
Basic earnings per share	$ 1.24	$ 1.15	$ 1.46
Diluted earnings per share	$ 1.20	$ 1.10	$ 1.41

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 key employee share option 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, 1999, approximately 532,000 restricted shares were held in the rabbi trust.

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.

7. Common Share Repurchase Program

In October 1999, the Board of Trust Managers authorized us to repurchase or redeem up to $100 million of our securities through open market purchases and private transactions. This amount is in addition to the initial $50 million the Board authorized for repurchase or redemption in September 1998, and the additional $50 million the Board authorized for repurchase or redemption in March 1999. As of December 31, 1999, we had repurchased 5,691,826 common shares and redeemed 103,864 units for a total cost of $146.8 million and $2.9 million, respectively. Management expects to complete the remaining repurchases in 2000.

8. Preferred Units

In February 1999, our operating partnership issued $100 million of 8.5% Series B 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 our 8.5% Series B Cumulative Redeemable Perpetual Preferred Shares. The preferred units are subordinate to present and future debt. We used the net proceeds to reduce indebtedness outstanding under the unsecured lines of credit and repurchase common shares.

During the third quarter of 1999, our operating partnership issued $35.5 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 our 8.25% Series C Cumulative Redeemable Perpetual Preferred Shares. The preferred units are subordinate to present and future debt. Subsequent to year end, our operating partnership issued $17.5 million of the 8.25% Series C Cumulative Redeemable Perpetual Preferred Units. We used the net proceeds to reduce indebtedness outstanding under the unsecured lines of credit and repurchase common shares.

9. Convertible Preferred Shares

The 4,165,000 preferred shares pay a cumulative dividend quarterly in arrears in an amount equal to $2.25 per share per annum. The preferred shares generally have no voting rights and have a liquidation preference of $25 per share plus accrued and unpaid distributions. The preferred shares are 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 are not redeemable prior to April 30, 2001.

10. Related Party Transactions

Two of our executive officers have loans totaling $1.8 million with one of our nonqualified-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.

In connection with the Oasis and Paragon mergers and the formation of Sierra-Nevada, we began performing property management services for owners of affiliated properties. Management fees earned on the properties amounted to $845,000, $583,000, and $279,000 for the years ended December 31, 1999, 1998, and 1997, 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 and $340,000 to these executives in 1999 and 1998, respectively.

In December 1999, our Board of Trust Managers approved a plan which permitted six of our senior executive officers to complete the purchase of 666,034 shares of our common shares of beneficial interest in open market transactions for a total of $17.5 million. 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 7.5% 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 fully for any amounts paid by us pursuant to the terms of the guaranty agreement, including interest from the date amounts are paid by us until repayment by the officer. We have not had to perform under the guaranty agreement.

Subsequent to year end, the Board approved a plan for four of our senior executive officers to complete the purchase of an additional $5.5 million of our common shares. We have provided additional guarantees for these purchases.

11. 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, 1999 and 1998. 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, 1999 and 1998, management estimates that the fair value of 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.

As of December 31, 1999, the outstanding balance of fixed rate notes payable of $985.6 million (excluding $25 million of variable rate debt fixed through an interest rate swap agreement) had a fair value of

$963.5 million as estimated based upon interest rates available for the issuance of debt with similar terms and remaining maturities. The floating rate notes payable balance at December 31, 1999 approximates fair value.

The fair value of our interest rate swap agreements, which are used for hedging purposes, are estimated by obtaining quotes from an investment broker. At December 31, 1999, there were no carrying amounts related to these arrangements in the consolidated balance sheet, and the fair value of these agreements was approximately $90,000.

As of December 31, 1998, the carrying amount of fixed and floating rate debt, including interest rate swap agreements, approximated fair value.

We are exposed to credit risk in the event of nonperformance by counterparties to our interest rate swap agreements, but have no off-balance sheet risk of loss. We anticipate that our counter parties will fully perform their obligations under the agreements.

12. 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)	1999	1998	1997
Decrease (increase) in assets:			
Accounts receivable—affiliates	$ (1,085)	$ 1,496	$ 853
Other assets, net	38	1,518	2,046
Restricted cash	(426)	1,272	(1,733)
Increase (decrease) in liabilities:			
Accounts payable	(3,768)	11,570	434
Accrued real estate taxes	3,011	3,879	842
Accrued expenses and other liabilities	13,266	(19,531)	(12,695)
Net change in operating accounts	$11,036	$ 204	$(10,253)

13. Commitments and Contingencies

Construction Contracts. As of December 31, 1999, we were obligated for approximately $45.0 million of additional expenditures (a substantial amount of which is to be provided by debt).

Lease Commitments. At December 31, 1999, we had long-term leases covering certain land, office facilities and equipment. Rental expense totaled $1.7 million in 1999, $1.0 million in 1998 and $783,000 in 1997. Minimum annual rental commitments for the years ending December 31, 2000 through 2004 are $1.5 million, $1.3 million, $1.1 million, $1.0 million and $1.0 million, respectively, and $8.1 million in the aggregate thereafter.

Employment Agreements. We have employment agreements with six of our senior officers, the terms of which expire at various times through August 20, 2001. 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 multi-family 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. We are currently in the process of determining the extent of the alleged noncompliance on the properties discussed above and the remaining changes that may be necessitated. At this time, we are not able to provide an estimate of costs and expenses associated with the resolution of this matter, however, management does not expect the amount to be material. There can be no assurance that we will be successful in the defense of the Justice Department action.

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.

14. Subsequent Events

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 is 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.

At year end, we were obligated under an earnest money contract to sell two parcels of land totaling approximately $15 million. We expect to complete this transaction late in the first quarter to early in the second quarter of 2000.

We are currently seeking to selectively dispose of up to $150 million of real estate 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 currently anticipate using the potential proceeds from these sales to retire debt and repurchase shares. However, we cannot assure you that we will complete these sales or that the final outcomes of these sales, if completed, will be on terms favorable to us.

15. Quarterly Financial Data (unaudited)

Summarized quarterly financial data for the years ended December 31, 1999 and 1998 are as follows:

(In thousands, except per share amounts)	First	Second	Third	Fourth	Total
1999:					
Revenues	$88,835	$91,412	$94,177	$96,872	$371,296
Net income to common shareholders	13,706*	12,838	13,535**	12,173	52,252
Basic earnings per share	0.32*	0.31	0.33**	0.30	1.27
Diluted earnings per share	0.31*	0.30	0.32**	0.29	1.23
1998***:					
Revenues	$58,592	$91,587	$86,549	$87,111	$323,839
Net income to common shareholders	8,961	9,568	14,650	14,783	47,962
Basic earnings per share	0.28	0.22	0.33	0.33	1.16
Diluted earnings per share	0.27	0.21	0.31	0.32	1.12

**Includes a $720 or $0.02 basic and diluted earnings per share impact related to gain on the sale of a property.*

***Includes a $2,259 or $0.06 basic earnings and $0.05 diluted earnings per share impact related to gain on sales of properties.*

****Includes results of the Oasis merger beginning April 1, 1998.*

16. 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
1999:			
First	$\$26\frac{11}{16}$	$\$24\frac{3}{16}$	$0.520
Second	$28\frac{3}{16}$	$24\frac{1}{8}$	0.520
Third	$28\frac{3}{16}$	$25\frac{15}{16}$	0.520
Fourth	$27\frac{3}{4}$	$25\frac{9}{16}$	0.520
1998:			
First	$\$30\frac{9}{16}$	$\$28\frac{5}{8}$	$0.505
Second	$31\frac{1}{16}$	$27\frac{15}{16}$	0.505
Third	$30\frac{7}{16}$	25	0.505
Fourth	$27\frac{7}{8}$	$24\frac{1}{2}$	0.505

Comparative Summary of Selected Financial and Property Data

	Year Ended December 31,				
(In thousands, except per share amounts)	1999	1998*	1997**	1996	1995
Operating Data					
Revenues					
Rental income	$ 341,168	$ 300,632	$ 187,928	$105,785	$ 92,275
Other property income	22,148	18,093	9,446	4,453	3,617
Total property income	363,316	318,725	197,374	110,238	95,892
Equity in income of joint ventures	683	1,312	1,141		
Fee and asset management	5,373	1,552	743	949	1,029
Other income	1,924	2,250	531	419	353
Total revenues	371,296	323,839	199,789	111,606	97,274
Expenses					
Property operating and maintenance	107,972	97,137	70,679	40,604	37,093
Real estate taxes	36,410	31,469	21,028	13,192	11,481
General and administrative	10,606	7,998	4,389	2,631	2,263
Interest	57,856	50,467	28,537	17,336	13,843
Depreciation and amortization	89,516	78,113	44,836	23,894	20,264
Total expenses	302,360	265,184	169,469	97,657	84,944
Income before gain on sales of properties and joint venture interests, losses related to early retirement of debt and minority interests	68,936	58,655	30,320	13,949	12,330
Gain on sales of properties and joint venture interests	2,979		10,170	115	
Losses related to early retirement of debt			(397)	(5,351)	
Income before minority interests	71,915	58,655	40,093	8,713	12,330
Income allocated to minority interests					
Preferred unit distributions	(8,278)				
Operating partnership units	(2,014)	(1,322)	(1,655)		
Total income allocated to minority interests	(10,292)	(1,322)	(1,655)		
Net income	61,623	57,333	38,438	8,713	12,330
Preferred share dividends	(9,371)	(9,371)		(4)	(39)
Net income to common shareholders	$ 52,252	$ 47,962	$ 38,438	$ 8,709	$ 12,291
Basic earnings per share	$ 1.27	$ 1.16	$ 1.46	$ 0.59	$ 0.86
Diluted earnings per share	$ 1.23	$ 1.12	$ 1.41	$ 0.58	$ 0.86
Distributions per common share	$ 2.08	$ 2.02	$ 1.96	$ 1.90	$ 1.84
Weighted average number of common shares outstanding	41,236	41,174	26,257	14,849	14,325
Weighted average number of common and common dilutive equivalent shares outstanding	44,291	44,183	28,356	14,979	14,414

Comparative Summary of Selected Financial and Property Data *(continued)*

	Year Ended December 31,				
(In thousands, except property data amounts)	1999	1998*	1997**	1996	1995
Balance Sheet Data (at end of period)					
Real estate assets	$2,678,034	$2,487,942	$1,397,138	$646,545	$607,598
Accumulated depreciation	(253,545)	(167,560)	(94,665)	(56,369)	(36,800)
Total assets	2,487,932	2,347,982	1,323,620	603,510	582,352
Notes payable	1,165,090	1,002,568	480,754	244,182	235,459
Minority interests	196,852	71,783	63,325		
Convertible subordinated debentures	3,406	3,576	6,025	27,702	44,050
Series A Preferred Shares issued in 1993					1,950
Shareholders' Equity	1,016,675	1,170,388	710,564	295,428	267,829
Common shares outstanding	39,093	43,825	31,694	16,521	14,514
Other Data					
Cash flows provided by (used in):					
Operating activities	$ 164,021	$ 138,419	$ 65,974	$ 41,267	$ 37,594
Investing activities	(220,571)	(55,013)	(73,709)	(41,697)	(97,003)
Financing activities	56,420	(84,227)	11,837	2,560	59,404
Funds from operations***	152,369	137,996	75,753	39,999	35,260
Property Data					
Number of operating properties (at end of period)	153	149	100	48	50
Number of operating apartment homes (at end of period)	53,311	51,310	34,669	17,611	16,742
Number of operating apartment homes (weighted average)	45,606	42,411	29,280	17,362	16,412
Weighted average monthly total property income per apartment home	$ 664	$ 626	$ 562	$ 529	$ 487
Properties under development (at end of period)	6	14	6	5	9

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

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

**** 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 depreciation 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.*

Corporate Information

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.com

Lewis A. Levey
Private Investor

F. Gardner Parker
Private Investor

Steven A. Webster
Vice Chairman
R & B Falcon Corporation

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
Senior Vice President—Finance,
Chief Financial Officer, Treasurer, and Secretary

Alison L. Dimick
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:

1999 Quarter Ended	High	Low
First	26 11/16	24 3/16
Second	28 3/16	24 1/8
Third	28 3/16	25 15/16
Fourth	27 3/4	25 9/16

On December 31, 1999, the closing sale price for our common shares was $27.75 per share.

As of December 31, 1999, the number of record holders of our common shares and preferred shares was 1,219 and 104, respectively. Management believes after inquiry that the number of beneficial owners of our common shares is in excess of 30,000.

Annual Meeting

Our Annual Meeting of Shareholders will be held May 4, 2000, at 10:00 a.m. Central Time at The St. Regis Hotel, located at 1919 Briar Oaks Lane in 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

Trustee for Convertible Subordinated Debentures

State Street Bank and Trust Company
(800) 531-0368

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

camdenprop.com

Form 10-K

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

Designed by Curran & Connors, Inc. / www.curran-connors.com

CAMDEN
PROPERTY TRUST

3 Greenway Plaza, Suite 1300, Houston, Texas 77046
(713) 354-2500 (800) 9-CAMDEN