CAMDEN PROPERTY TRUST
Form 10-Q
November 01, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2013

OR

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

For the transition period from to

Commission file number: 1-12110

CAMDEN PROPERTY TRUST
(Exact Name of Registrant as Specified in Its Charter)

Texas (State or other jurisdiction of incorporation or organization)	76-6088377 (I.R.S. Employer Identification No.)
11 Greenway Plaza, Suite 2400 Houston, Texas	77046
(Address of principal executive offices)	(Zip Code)

(713) 354-2500
(Registrant's Telephone Number, Including Area Code)

3 Greenway Plaza, Suite 1300, Houston, TX 77046
(Former Name, Former Address and Former Fiscal Year, If Changed Since Last Report)

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

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

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

Large accelerated filer Q Accelerated filer o

Non-accelerated filer o Smaller Reporting Company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No Q

On October 25, 2013, 85,308,064 common shares of the registrant were outstanding, net of treasury shares and shares held in our deferred compensation arrangements.

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Exhibit 101.INS
Exhibit 101.SCH
Exhibit 101.CAL
Exhibit 101.DEF
Exhibit 101.LAB
Exhibit 101.PRE

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements
CAMDEN PROPERTY TRUST
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(in thousands, except per share amounts)	September 30, 2013	December 31, 2012
Assets		
Real estate assets, at cost		
Land	$967,121	$949,777
Buildings and improvements	5,596,754	5,389,674
	$6,563,875	$6,339,451
Accumulated depreciation	(1,619,325)	(1,518,896)
Net operating real estate assets	$4,944,550	$4,820,555
Properties under development, including land	438,968	334,463
Investments in joint ventures	43,338	45,092
Properties held for sale	58,765	30,517
Total real estate assets	$5,485,621	$5,230,627
Accounts receivable – affiliates	27,474	33,625
Other assets, net	112,520	88,260
Cash and cash equivalents	4,707	26,669
Restricted cash	60,889	5,991
Total assets	$5,691,211	$5,385,172
Liabilities and equity		
Liabilities		
Notes payable		
Unsecured	$1,721,998	$1,538,212
Secured	943,039	972,256
Accounts payable and accrued expenses	124,336	101,896
Accrued real estate taxes	50,247	28,452
Distributions payable	56,793	49,969
Other liabilities	69,716	67,679
Total liabilities	$2,966,129	$2,758,464
Commitments and contingencies		
Non-Qualified deferred compensation share awards	47,092	—
Equity		
Common shares of beneficial interest; $0.01 par value per share; 175,000 shares authorized; 99,652 and 99,106 issued; 96,662 and 96,201 outstanding at September 30, 2013 and December 31, 2012, respectively	967	962
Additional paid-in capital	3,595,536	3,587,505
Distributions in excess of net income attributable to common shareholders	(571,935)	(598,951)
Treasury shares, at cost (11,354 and 11,771 common shares at September 30, 2013 and December 31, 2012, respectively)	(410,309)	(425,355)
Accumulated other comprehensive loss	(1,021)	(1,062)
Total common equity	$2,613,238	$2,563,099
Non-controlling interests	64,752	63,609
Total equity	$2,677,990	$2,626,708
Total liabilities and equity	$5,691,211	$5,385,172

See Notes to Condensed Consolidated Financial Statements.

CAMDEN PROPERTY TRUST
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands, except per share amounts)	2013	2012	2013	2012
Property revenues				
Rental revenues	$174,303	$155,984	$510,772	$447,728
Other property revenues	27,653	25,779	80,264	72,957
Total property revenues	$201,956	$181,763	$591,036	$520,685
Property expenses				
Property operating and maintenance	$52,109	$49,531	$151,711	$140,662
Real estate taxes	21,618	17,932	64,919	53,085
Total property expenses	$73,727	$67,463	$216,630	$193,747
Non-property income				
Fee and asset management	$3,096	$3,041	$8,817	$9,572
Interest and other income (loss)	86	3	1,176	(750)
Income (loss) on deferred compensation plans	2,315	(1,781)	5,212	3,820
Total non-property income	$5,497	$1,263	$15,205	$12,642
Other expenses				
Property management	$5,353	$5,509	$16,578	$15,644
Fee and asset management	1,505	1,864	4,468	5,051
General and administrative	9,993	9,303	31,377	27,712
Interest	24,275	25,865	73,967	78,759
Depreciation and amortization	54,880	49,409	160,272	145,709
Amortization of deferred financing costs	875	909	2,689	2,721
Expense (benefit) on deferred compensation plans	2,315	(1,781)	5,212	3,820
Total other expenses	$99,196	$91,078	$294,563	$279,416
Gain on sale of land	—	—	698	—
Gain on acquisition of controlling interest in joint ventures	—	—	—	40,191
Equity in income of joint ventures	1,926	3,688	20,658	4,686
Income from continuing operations before income taxes	$36,456	$28,173	$116,404	$105,041
Income tax expense	(720)	(334)	(1,587)	(992)
Income from continuing operations	$35,736	$27,839	$114,817	$104,049
Income from discontinued operations	1,656	3,964	5,296	11,164
Gain on sale of discontinued operations, net of tax	34,410	—	91,059	32,541
Net income	$71,802	$31,803	$211,172	$147,754
Less income allocated to non-controlling interests from continuing operations	(1,074)	(1,025)	(3,026)	(2,807)
Less income, including gain on sale, allocated to non-controlling interests from discontinued operations	(8)	(75)	(1,778)	(872)
Less income allocated to perpetual preferred units	—	—	—	(776)
Less write off of original issuance costs of redeemed perpetual preferred units	—	—	—	(2,075)
Net income attributable to common shareholders	$70,720	$30,703	$206,368	$141,224

See Notes to Condensed Consolidated Financial Statements.

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CAMDEN PROPERTY TRUST
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
AND COMPREHENSIVE INCOME (continued)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands, except per share amounts)	2013	2012	2013	2012
Earnings per share – basic				
Income from continuing operations attributable to common shareholders	$0.39	$0.31	$1.26	$1.17
Income from discontinued operations, including gain on sale, attributable to common shareholders	0.41	0.05	1.09	0.52
Net income attributable to common shareholders	$0.80	$0.36	$2.35	$1.69
Earnings per share – diluted				
Income from continuing operations attributable to common shareholders	$0.39	$0.31	$1.25	$1.16
Income from discontinued operations, including gain on sale, attributable to common shareholders	0.41	0.04	1.09	0.51
Net income attributable to common shareholders	$0.80	$0.35	$2.34	$1.67
Distributions declared per common share	$0.63	$0.56	$1.89	$1.68
Weighted average number of common shares outstanding – basic	87,449	85,631	87,117	82,923
Weighted average number of common shares outstanding – diluted	87,902	86,293	88,429	84,694
Net income attributable to common shareholders				
Income from continuing operations	$35,736	$27,839	$114,817	$104,049
Less income allocated to non-controlling interests from continuing operations	(1,074)	(1,025)	(3,026)	(2,807)
Less income allocated to perpetual preferred units	—	—	—	(776)
Less write off of original issuance costs of redeemed perpetual preferred units	—	—	—	(2,075)
Income from continuing operations attributable to common shareholders	$34,662	$26,814	$111,791	$98,391
Income from discontinued operations, including gain on sale	$36,066	$3,964	$96,355	$43,705
Less income, including gain on sale, allocated to non-controlling interests from discontinued operations	(8)	(75)	(1,778)	(872)
Income from discontinued operations, including gain on sale, attributable to common shareholders	$36,058	$3,889	$94,577	$42,833
Net income attributable to common shareholders	$70,720	$30,703	$206,368	$141,224
Condensed Consolidated Statements of Comprehensive Income:				
Net income	$71,802	$31,803	$211,172	$147,754
Other comprehensive income				
Reclassification of prior service cost and net loss on post retirement obligations	14	7	41	23
Comprehensive income	$71,816	$31,810	$211,213	$147,777
Less income allocated to non-controlling interests from continuing operations	(1,074)	(1,025)	(3,026)	(2,807)
Less income, including gain on sale, allocated to non-controlling interests from discontinued operations	(8)	(75)	(1,778)	(872)

Less income allocated to perpetual preferred units	—	—	—	(776)
Less write off of original issuance costs of redeemed perpetual preferred units	—	—	—	(2,075)
Comprehensive income attributable to common shareholders	$70,734	$30,710	$206,409	$141,247

See Notes to Condensed Consolidated Financial Statements.

CAMDEN PROPERTY TRUST
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY AND PERPETUAL PREFERRED UNITS
(Unaudited)

(in thousands)	Common Shareholders Common shares of beneficial interest	Additional paid-in capital	Distributions in excess of net income	Treasury shares, at cost	Accumulated other comprehensive loss	Non-controlling interests	Total equity
Equity, December 31, 2012	$962	$3,587,505	$ (598,951)	$(425,355)	$ (1,062)	$ 63,609	$2,626,708
Net income			206,368			4,804	211,172
Other comprehensive income					41		41
Common shares issued	6	40,092					40,098
Net share awards	(1)	987		12,620			13,606
Employee share purchase plan		437		469			906
Common share options exercised		740		1,957			2,697
Change in classification of deferred compensation plan		(34,517)					(34,517)
Change in redemption value of non-qualified share awards			(12,928)				(12,928)
Diversification of share awards within deferred compensation plan		221	132				353
Conversions of operating partnership units		71				(71)	—
Cash distributions declared to equity holders			(166,556)			(3,590)	(170,146)
Equity, September 30, 2013	$967	$3,595,536	$ (571,935)	$(410,309)	$ (1,021)	$ 64,752	$2,677,990

See Notes to Condensed Consolidated Financial Statements.

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CAMDEN PROPERTY TRUST
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY AND PERPETUAL PREFERRED UNITS
(continued)
(Unaudited)

(in thousands)	Common Shareholders Common shares of beneficial interest	Additional paid-in capital	Distributions in excess of net income	Treasury shares, at cost	Accumulated other comprehensive loss	Non-controlling interests	Total equity	Perpetual preferred units
Equity, December 31, 2011	$845	$2,901,024	$(690,466)	$(452,003)	$(683)	$69,051	$1,827,768	$97,925
Net income			141,224			3,679	144,903	2,851
Other comprehensive income					23		23	
Common shares issued	112	693,263					693,375	
Net share awards		(2,477)		14,096			11,619	
Employee share purchase plan		613		718			1,331	
Common share options exercised		1,840		11,433			13,273	
Conversions of operating partnership units	2	(450)				448	—	
Cash distributions declared to perpetual preferred units								(776)
Cash distributions declared to equity holders			(142,993)			(5,950)	(148,943)	
Redemption of perpetual preferred units								(100,000)
Purchase of non-controlling interests		(13,285)				3,044	(10,241)	
Equity, September 30, 2012	$959	$3,580,528	$(692,235)	$(425,756)	$(660)	$70,272	$2,533,108	$—

See Notes to Condensed Consolidated Financial Statements.

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CAMDEN PROPERTY TRUST
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended September 30,	
(in thousands)	2013	2012
Cash flows from operating activities		
Net income	$211,172	$147,754
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	163,573	156,423
Gain on acquisition of controlling interest in joint ventures	—	(40,191)
Gain on sale of discontinued operations, net of tax	(91,059)	(32,541)
Gain on sale of land	(698)	—
Distributions of income from joint ventures	7,935	3,064
Equity in income of joint ventures	(20,658)	(4,686)
Share-based compensation	10,682	9,950
Amortization of deferred financing costs	2,689	2,721
Net change in operating accounts and other	25,968	7,501
Net cash from operating activities	$309,604	$249,995
Cash flows from investing activities		
Development and capital improvements	$(245,336)	$(202,730)
Acquisition of operating properties, including joint venture interests, net of cash acquired	(224,109)	(305,258)
Proceeds from sale of land and discontinued operations	162,019	54,125
Investments in joint ventures	(1,126)	(6,706)
Distributions from investments in joint ventures	6,094	9,230
Increase in non-real estate assets	(15,103)	(2,918)
Change in restricted cash	(53,704)	(791)
Other	—	(3,395)
Net cash from investing activities	$(371,265)	$(458,443)
Cash flows from financing activities		
Borrowings on unsecured line of credit and other short-term borrowings	$450,900	$79,000
Repayments on unsecured line of credit and other short-term borrowings	(267,900)	(45,000)
Repayment of notes payable	(29,217)	(345,592)
Proceeds from issuance of common shares	40,098	693,375
Distributions to common shareholders, perpetual preferred units and non-controlling interests	(163,290)	(138,641)
Redemption of perpetual preferred units	—	(100,000)
Payment of deferred financing costs	(827)	(757)
Common share options exercised	2,466	12,575
Net decrease in accounts receivable – affiliates	6,151	2,165
Other	1,318	1,754
Net cash from financing activities	$39,699	$158,879
Net decrease in cash and cash equivalents	(21,962)	(49,569)
Cash and cash equivalents, beginning of period	26,669	55,159
Cash and cash equivalents, end of period	$4,707	$5,590
Supplemental information		
Cash paid for interest, net of interest capitalized	$56,500	$61,120

Cash paid for income taxes	2,116	1,548

See Notes to Condensed Consolidated Financial Statements.

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CAMDEN PROPERTY TRUST
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
(Unaudited)

	Nine Months Ended September 30,	
(in thousands)	2013	2012
Supplemental schedule of noncash investing and financing activities		
Distributions declared but not paid	$56,793	$49,940
Value of shares issued under benefit plans, net of cancellations	20,555	21,226
Net change in redemption of non-qualified share awards	12,796	—
Conversion of operating partnership units to common shares	71	447
Accrual associated with construction and capital expenditures	21,502	14,428
Amount payable for purchase of non-controlling interest	—	10,241
Acquisition of operating properties, including joint venture interests:		
Mortgage debt assumed	—	272,606
Other liabilities assumed	—	6,640

See Notes to Condensed Consolidated Financial Statements.

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CAMDEN PROPERTY TRUST
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Description of Business
Business. Formed on May 25, 1993, Camden Property Trust, a Texas real estate investment trust ("REIT"), is primarily engaged in the ownership, management, development, acquisition, and construction of multifamily apartment communities. Our multifamily apartment communities are referred to as "communities," "multifamily communities," "properties," or "multifamily properties" in the following discussion. As of September 30, 2013, we owned interests in, operated, or were developing 192 multifamily properties comprised of 66,278 apartment homes across the United States. Of the 192 properties, 12 properties were under construction, and when completed will consist of a total of 3,644 apartment homes. In addition, we own land holdings we may develop into multifamily apartment communities in the future.

2. Summary of Significant Accounting Policies
Principles of Consolidation. Our condensed consolidated financial statements include our accounts and the accounts of other subsidiaries and joint ventures (including partnerships and limited liability companies) over which we have control. All intercompany transactions, balances, and profits have been eliminated in consolidation. Investments acquired or created are continuously evaluated based on the accounting guidance relating to variable interest entities ("VIEs"), which requires the consolidation of VIEs in which we are considered to be the primary beneficiary. If the investment is determined not to be a VIE, then the investment is evaluated for consolidation (primarily using a voting interest model) under the remaining consolidation guidance relating to real estate entities. If we are the general partner of a limited partnership, or manager of a limited liability company, we also consider the consolidation guidance relating to the rights of limited partners (non-managing members) to assess whether any rights held by the limited partners overcome the presumption of control by us.

Interim Financial Reporting. We have prepared these unaudited financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial statements and the applicable rules and regulations of the Securities and Exchange Commission ("SEC"). Accordingly, these statements do not include all information and footnote disclosures required for annual statements. While we believe the disclosures presented are adequate for interim reporting, these interim unaudited financial statements should be read in conjunction with the audited financial statements and notes included in our 2012 Annual Report on Form 10-K. In the opinion of management, all adjustments and eliminations, consisting of normal recurring adjustments, necessary for a fair representation of our financial statements for the interim period reported have been included. Operating results for the three and nine months ended September 30, 2013 are not necessarily indicative of the results which may be expected for the full year.

Allocations of Purchase Price. Upon acquisition of real estate, we allocate the fair value between tangible and intangible assets, which includes land, buildings (as-if-vacant), furniture and fixtures, the value of in-place leases, including above and below market leases, and acquired liabilities. In allocating these values we apply methods similar to those used by independent appraisers of income-producing property. Upon the acquisition of a controlling interest of an investment in an unconsolidated joint venture, such joint venture is consolidated and our initial equity investment is remeasured to fair value at the date the controlling interest is acquired; any differences between the carrying value of the previously held equity investment is recognized in earnings at the time of obtaining control. Transaction costs associated with the acquisition of operating real estate assets are expensed. Estimates of fair value of acquired debt are based upon interest rates available for the issuance of debt with similar terms and remaining maturities. Depreciation is computed on a straight-line basis over the remaining useful lives of the related tangible assets. The value of in-place leases and above or below market leases is amortized over the estimated average

remaining life of leases in place at the time of acquisition. The unamortized value of below market leases is included in other liabilities in our condensed consolidated balance sheets, and the unamortized value of in-place leases is included in other assets, net, in our condensed consolidated balance sheets.
The unamortized values of below market leases and in-place leases at September 30, 2013 and 2012 are as follows:

	September 30,	
(in millions)	2013	2012
Unamortized value of below market leases	$0.4	$0.2
Unamortized value of in-place leases	$2.3	$3.3

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Revenues recognized related to below market leases and amortization expense related to in-place leases for the three and nine months ended September 30, 2013 and 2012 are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2013	2012	2013	2012
Revenues related to below market leases	$0.2	$0.2	$0.9	$1.2
Amortization of in-place leases	$1.4	$2.4	$4.5	$10.8

Asset Impairment. Long-lived assets are reviewed for impairment annually or whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Impairment may exist if estimated future undiscounted cash flows associated with long-lived assets are not sufficient to recover the carrying value of such assets. We consider projected future discounted and undiscounted cash flows, trends, strategic decisions regarding future development plans, and other factors in our assessment of whether impairment conditions exist. While we believe our estimates of future cash flows are reasonable, different assumptions regarding a number of factors, including market rents, economic conditions, and occupancies, could significantly affect these estimates. In estimating fair value, management uses appraisals, management estimates, and discounted cash flow calculations which utilize inputs from a marketplace participant’s perspective. When impairment exists, the long-lived asset is adjusted to its fair value. In addition, we evaluate our equity investments in joint ventures and if we believe there is an other than temporary decline in market value of our investment below our carrying value, we will record an impairment charge. There were no impairment charges recorded for the three and nine months ended September 30, 2013 and 2012, respectively.

The value of our properties under development depends on market conditions, including estimates of the project start date as well as estimates of demand for multifamily communities. We have reviewed market trends and other marketplace information and have incorporated this information as well as our current outlook into the assumptions we use in our impairment analyses. Due to the judgment and assumptions applied in the impairment analyses, it is possible actual results could differ substantially from those estimated.

We believe the carrying value of our operating real estate assets, properties under development, and land is currently recoverable. However, if market conditions deteriorate or if changes in our development strategy significantly affect any key assumptions used in our fair value estimates, we may need to take material charges in future periods for impairments related to existing assets. Any such material non-cash charges could have an adverse effect on our consolidated financial position and results of operations.

Cost Capitalization. Real estate assets are carried at cost plus capitalized carrying charges. Carrying charges are primarily interest and real estate taxes which are capitalized as part of properties under development. Capitalized interest is generally based on the weighted average interest rate of our unsecured debt. Expenditures directly related to the development and improvement of real estate assets are capitalized at cost as land and buildings and improvements. Indirect development costs, including salaries and benefits and other related costs directly attributable to the development of properties, are also capitalized. We begin capitalizing development, construction, and carrying costs when the development of the future real estate asset is probable and activities necessary to get the underlying real estate ready for its intended use have been initiated. All construction and carrying costs are capitalized and reported in the balance sheet as properties under development until the apartment homes are substantially completed. Upon substantial completion of the apartment homes, the total capitalized development cost for the apartment homes and the associated land is transferred to buildings and improvements and land, respectively.

As discussed above, carrying charges are principally interest and real estate taxes capitalized as part of properties under development. Capitalized interest was approximately $4.2 million and $3.1 million for the three months ended September 30, 2013 and 2012, respectively, and $10.8 million and $9.4 million for the nine months ended

September 30, 2013 and 2012, respectively. Capitalized real estate taxes were approximately $0.7 million for each of the three months ended September 30, 2013 and 2012, and $2.3 million and $2.1 million for the nine months ended September 30, 2013 and 2012, respectively.

Where possible, we stage our construction to allow leasing and occupancy during the construction period, which we believe minimizes the duration of the lease-up period following completion of construction. Our accounting policy related to properties in the development and leasing phase is to expense all operating expenses associated with completed apartment homes. We capitalize renovation and improvement costs we believe extend the economic lives of depreciable property. Capital expenditures subsequent to initial construction are capitalized and depreciated over their estimated useful lives.

We also incur expenditures related to renovation and construction of office space we lease and capitalize these leasehold improvements as furniture, fixtures, equipment and other. We depreciate these costs using the straight-line method over the shorter

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of the lease term or the useful life of the improvement. During the third quarter of 2013, we relocated our corporate headquarters. In conjunction with this relocation, we capitalized approximately $11.3 million related to leasehold improvements which will be depreciated over the life of our new lease.

Depreciation and amortization is computed over the expected useful lives of depreciable property on a straight-line basis with lives generally as follows:

	Estimated Useful Life
Buildings and improvements	5-35 years
Furniture, fixtures, equipment, and other	3-20 years
Intangible assets/liabilities (in-place leases and below market leases)	underlying lease term

Discontinued Operations. A property is classified as a discontinued operation when (i) the operations and cash flows of the property can be clearly distinguished and have been or will be eliminated from our ongoing operations; (ii) the property has either been disposed of or is classified as held for sale; and (iii) we will not have any significant continuing involvement in the operations of the property after the disposal transaction. Significant judgments are involved in determining whether a property meets the criteria for discontinued operations reporting and the period in which these criteria are met. A property is classified as held for sale when (i) management commits to a plan to sell and it is actively marketed; (ii) it is available for immediate sale in its present condition and the sale is expected to be completed within one year; and (iii) it is unlikely significant changes to the plan will be made or the plan will be withdrawn.

The results of operations for properties sold during the period or classified as held for sale at the end of the current period are classified as discontinued operations in the current and prior periods. The property-specific components of earnings classified as discontinued operations include separately identifiable property-specific revenues, expenses, depreciation, and interest expense, if any. The gain or loss resulting from the eventual disposal of the held for sale properties is also classified within discontinued operations. Real estate assets held for sale are measured at the lower of carrying amount or fair value less costs to sell and are presented separately in the accompanying condensed consolidated balance sheets. Subsequent to classification of a property as held for sale, no further depreciation is recorded. Properties sold by our unconsolidated entities are not included in discontinued operations and related gains or losses are reported as a component of equity in income of joint ventures.

Gains on sale of real estate are recognized using the full accrual or partial sale methods, as applicable, in accordance with GAAP, provided various criteria relating to the terms of sale and any subsequent involvement with the real estate sold are satisfied.

Fair Value. For financial assets and liabilities recorded at fair value on a recurring or nonrecurring basis, fair value is the price we would receive to sell an asset, or pay to transfer a liability, in an orderly transaction with a market participant at the measurement date. In the absence of such data, fair value is estimated using internal information consistent with what market participants would use in a hypothetical transaction.

In determining fair value, observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions; preference is given to observable inputs. These two types of inputs create the following fair value hierarchy:

- Level 1: Quoted prices for identical instruments in active markets.
- Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.
- Level 3: Significant inputs to the valuation model are unobservable.

Recurring Fair Value Disclosures. The valuation methodology we use to measure our deferred compensation plan investments at fair value on a recurring basis is based on quoted market prices utilizing public information for the same transactions. Our deferred compensation plan investments are recorded in other assets in our condensed consolidated balance sheets.

Non-recurring Fair Value Disclosures. Certain assets are measured at fair value on a non-recurring basis. These assets are not measured at fair value on an ongoing basis, but are subject to fair value adjustments in certain circumstances. These assets primarily include long-lived assets which are recorded at fair value when they are impaired. The fair value methodologies used

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to measure long-lived assets are described above at "Asset Impairment." The inputs associated with the valuation of long-lived assets are generally included in Level 3 of the fair value hierarchy.

3. Per Share Data

Basic earnings per share are computed using net income attributable to common shareholders and the weighted average number of common shares outstanding. Diluted earnings per share reflect common shares issuable from the assumed conversion of common share options and share awards granted and units convertible into common shares. Only those items having a dilutive impact on our basic earnings per share are included in diluted earnings per share. Our unvested share-based awards are considered participating securities and are reflected in the calculation of basic and diluted earnings per share using the two-class method. The number of common share equivalent securities excluded from the diluted earnings per share calculation was approximately 2.9 million and 3.3 million for the three months ended September 30, 2013 and 2012, respectively, and was approximately 2.1 million and 2.4 million for the nine months ended September 30, 2013 and 2012, respectively. These securities, which include common share options and share awards granted and units convertible into common shares, were excluded from the diluted earnings per share calculation as they are anti-dilutive.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands, except per share amounts)	2013	2012	2013	2012
Earnings per share calculation – basic				
Income from continuing operations attributable to common shareholders	$34,662	$26,814	$111,791	$98,391
Amount allocated to participating securities	(623)	(288)	(1,958)	(1,387)
Income from continuing operations attributable to common shareholders, net of amount allocated to participating securities	$34,039	$26,526	$109,833	$97,004
Income from discontinued operations, including gain on sale, attributable to common shareholders	36,058	3,889	94,577	42,833
Net income attributable to common shareholders, as adjusted	$70,097	$30,415	$204,410	$139,837
Income from continuing operations attributable to common shareholders, as adjusted – per share	$0.39	$0.31	$1.26	$1.17
Income from discontinued operations, including gain on sale, attributable to common shareholders – per share	0.41	0.05	1.09	0.52
Net income attributable to common shareholders, as adjusted – per share	$0.80	$0.36	$2.35	$1.69
Weighted average number of common shares outstanding – basic	87,449	85,631	87,117	82,923
Earnings per share calculation – diluted				
Income from continuing operations attributable to common shareholders, net of amount allocated to participating securities	$34,039	$26,526	$109,833	$97,004
Income allocated to common units from continuing operations	—	—	947	985
Income from continuing operations attributable to common shareholders, as adjusted	$34,039	$26,526	$110,780	$97,989
Income from discontinued operations, including gain on sale, attributable to common shareholders	36,058	3,889	94,577	42,833
Income from discontinued operations allocated to common units	—	—	1,778	852
Net income attributable to common shareholders, as adjusted	$70,097	$30,415	$207,135	$141,674

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(in thousands, except per share amounts)	Three Months Ended September 30, 2013	2012	Nine Months Ended September 30, 2013	2012
Earnings per share calculation – diluted (continued)				
Income from continuing operations attributable to common shareholders, as adjusted – per share	$0.39	$0.31	$1.25	$1.16
Income from discontinued operations, including gain on sale, attributable to common shareholders – per share	0.41	0.04	1.09	0.51
Net income attributable to common shareholders, as adjusted – per share	$0.80	$0.35	$2.34	$1.67
Weighted average number of common shares outstanding – basic	87,449	85,631	87,117	82,923
Incremental shares issuable from assumed conversion of:				
Common share options and share awards granted	453	662	497	655
Common units	—	—	815	1,116
Weighted average number of common shares outstanding – diluted	87,902	86,293	88,429	84,694

4. Common Shares

In May 2012, we created an at-the-market ("ATM") share offering program through which we can, but have no obligation to, sell common shares having an aggregate offering price of up to $300 million (the "2012 ATM program"), in amounts and at times as we determine, into the existing trading market at current market prices as well as through negotiated transactions. Actual sales from time to time may depend on a variety of factors including, among others, market conditions, the trading price of our common shares, and determinations by management of the appropriate sources of funding for us. The net proceeds for the nine months ended September 30, 2013 were used for general corporate purposes, which included funding for development and capital improvement projects.

The following table presents activity under our 2012 ATM program for the three and nine months ended September 30, 2013 and 2012 (in thousands, except per share amounts):

	Three Months Ended September 30, 2013	2012	Nine Months Ended September 30, 2013	2012
Total net consideration	$—	$88,915.9	$40,097.6	$173,627.6
Common shares sold	—	1,302.5	555.1	2,607.9
Average price per share	$—	$69.34	$73.73	$67.63

At September 30, 2013, we had common shares having an aggregate offering price of up to $82.7 million remaining available for sale under the 2012 ATM program. No additional shares were sold subsequent to quarter end through the date of this filing.

In May 2011, we created an ATM share offering program through which we could, but had no obligation to, sell common shares having an aggregate offering price of up to $300 million (the “2011 ATM program”), in amounts and at times as we determined, into the existing trading market at current market prices as well as through negotiated transactions. The net proceeds resulting from the 2011 ATM program were used to redeem all of our outstanding redeemable perpetual preferred units and for other general corporate purposes, which included funding for development activities, financing of acquisitions, repayment of notes payable and borrowings under our $500 million unsecured line of credit. The 2011 ATM program terminated in the second quarter of 2012, and no further common shares are available for sale under the 2011 ATM program.

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The following table presents activity under our 2011 ATM program for the three and nine months ended September 30, 2012 (in thousands, except per share amounts):

	Three Months Ended	Nine Months Ended
	September 30, 2012	September 30, 2012
Total net consideration	$—	$128,128.0
Common shares sold	—	1,971.4
Average price per share	$—	$66.01

We currently have an automatic shelf registration statement which allows us to offer, from time to time, common shares, preferred shares, debt securities, or warrants. Our Amended and Restated Declaration of Trust provides we may issue up to 185 million shares of beneficial interest, consisting of 175 million common shares and 10 million preferred shares.

5. Property Acquisitions, Discontinued Operations, and Assets Held for Sale

Acquisitions. During April 2013, we acquired one operating property, Camden Post Oak, comprised of 356 apartment homes, located in Houston, Texas for approximately $108.5 million. During September 2013, we acquired two operating properties: Camden Sotelo, comprised of 170 apartment homes, located in Tempe, Arizona for approximately $34.0 million and Camden Vantage, comprised of 592 apartment homes, located in Atlanta, Georgia for approximately $82.5 million. During June 2013, we acquired approximately 38.8 acres in three land parcels located in Scottsdale, Chandler, and Tempe, Arizona for approximately $25.8 million.

The following table summarizes the fair values of the assets acquired and liabilities assumed for the acquisition of the operating properties described above as of the acquisition date (in millions):

Assets acquired:	
Buildings and improvements	$192.0
Land	29.5
Intangible and other assets	4.5
Total assets acquired	$226.0
Liabilities assumed:	
Other liabilities	$1.9
Total liabilities assumed	$1.9
Net assets acquired	$224.1

The three operating properties acquired as discussed above contributed revenues of approximately $5.4 million and property expenses of approximately $2.2 million from the respective acquisition dates through September 30, 2013.

Discontinued Operations. For the three and nine months ended September 30, 2013, income from discontinued operations, included the results of operations of two operating properties, Camden Centennial and Camden Pinnacle, comprised of 500 apartment homes, sold on September 30, 2013. Our restricted cash balance at September 30, 2013 included approximately $54.1 million in proceeds from the disposition of these two properties which was held with a qualified intermediary for use in a like-kind exchange. Discontinued operations for the nine months ended September 30, 2013 also included the results of operations of two operating properties, Camden Reserve and Camden Live Oaks, comprised of 1,296 apartment homes sold in January and April 2013, respectively.

For the three and nine months ended September 30, 2012, income from discontinued operations included the results of operations of the four operating properties sold in 2013, as discussed above, and also included the results of operations of 11 operating properties, Camden Vista Valley, Camden Landings, Camden Creek, Camden Laurel Ridge, Camden

Steeplechase, Camden Sweetwater, Camden Valleybrook, Camden Park Commons, Camden Forest, Camden Baytown, and Camden Westview, comprised of 3,213 apartment homes, sold during 2012.

Discontinued operations for the three and nine months ended September 30, 2013 and 2012 also included the results of operations of five operating properties, Camden Gardens, Camden Springs, Camden Fountain Palms, Camden Sierra, and Camden Towne Center, comprised of 1,280 apartment homes, classified as held for sale at September 30, 2013. Two of these properties, Camden Gardens and Camden Springs, were sold in October 2013 for approximately $34.6 million.

The following is a summary of income from discontinued operations for the three and nine months ended September 30, 2013 and 2012:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	2013	2012	2013	2012
Property revenues	$4,455	$13,545	$14,988	$40,528
Property expenses	(1,891)	(6,181)	(6,391)	(18,614)
	$2,564	$7,364	$8,597	$21,914
Interest	—	—	—	(36)
Depreciation and amortization	(908)	(3,400)	(3,301)	(10,714)
Income from discontinued operations	$1,656	$3,964	$5,296	$11,164
Gain on sale of discontinued operations, net of tax	$34,410	$—	$91,059	$32,541

During the nine months ended September 30, 2013, we sold two land holdings comprised of an aggregate of approximately 3.7 acres located adjacent to current development communities in Atlanta, Georgia and Houston, Texas, for approximately $6.6 million. We recognized a gain of approximately $0.7 million relating to these land sales.

6. Investments in Joint Ventures

As of September 30, 2013, our equity investments in unconsolidated joint ventures, which we account for utilizing the equity method of accounting, consisted of three joint ventures. We have a 20% ownership interest in each of these joint ventures. We currently provide property and asset management services to each of these joint ventures which own operating properties, and we may provide construction and development services to the joint ventures which own properties under development. The following table summarizes the combined basis balance sheet and statement of income data for the unconsolidated joint ventures as of and for the periods presented:

(in millions)	September 30, 2013	December 31, 2012
Total assets	$826.6	$917.8
Total third-party debt	563.2	712.7
Total equity	234.9	165.2

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2013	2012	2013	2012
Total revenues (1)	$27.7	$26.6 (2)	$80.5	$79.2 (2)
Net income	2.2	15.3	102.2	13.5
Equity in income (3)	1.9	3.7	20.7	4.7

(1) Excludes approximately $10.3 million for the nine months ended September 30, 2013, and approximately $6.5 million and $19.5 million for the three and nine months ended September 30, 2012, respectively, relating to the discontinued operations from the sale of 14 operating properties within one of our unconsolidated joint ventures during the second quarter of 2013. Additionally, excludes approximately $6.6 million and $20.4 million for the three and nine months ended September 30, 2012, respectively, related to the discontinued operations from the sale of seven operating properties within two of our unconsolidated joint ventures during the third and fourth quarters of 2012.

(2)

Includes approximately $1.3 million of revenues for the three months ended September 30, 2012 related to one previously unconsolidated joint venture acquired by us in December 2012 and approximately $6.6 million of revenues for the nine months ended September 30, 2012 related to this joint venture and 12 previously unconsolidated joint ventures acquired by us in January 2012.

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

The joint ventures in which we have a partial interest have been funded in part with secured third-party debt. As of September 30, 2013, we had no outstanding guarantees related to loans of our unconsolidated joint ventures.

We may earn fees for property and asset management, construction, development, and other services related to joint ventures in which we own an equity interest and also may earn a promoted equity interest if certain thresholds are met. Fees earned for these services were approximately $2.4 million and $2.8 million for the three months ended September 30, 2013 and 2012,

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respectively, and approximately $7.5 million and $8.8 million for the nine months ended September 30, 2013 and 2012, respectively. We eliminate fee income for services provided to these joint ventures to the extent of our ownership.

In May 2013, one of our unconsolidated joint ventures sold its 14 operating properties, Oasis Bay, Oasis Crossings, Oasis Emerald, Oasis Gateway, Oasis Island, Oasis Landing, Oasis Meadows, Oasis Palms, Oasis Pearl, Oasis Place, Oasis Ridge, Oasis Sierra, Oasis Springs, and Oasis Vinings, comprised of 3,098 apartment homes, located in Las Vegas, Nevada, for approximately $200.2 million. Our proportionate share of the gain was approximately $13.0 million. Additionally, as a result of achieving certain performance measures as set forth in the joint venture agreement, we recognized a promoted equity interest of approximately $3.8 million during the second quarter of 2013, and $1.2 million during the third quarter of 2013. Our proportionate share of the gain and the promoted equity interest were reported as components of equity in income of joint ventures in the condensed consolidated statements of income and comprehensive income.

7. Notes Payable

The following is a summary of our indebtedness:

(in millions)	Balance at September 30, 2013	December 31, 2012
Commercial Banks		
Unsecured line of credit and short-term borrowings	$183.0	$—
Senior unsecured notes		
5.45% Notes, due 2013	200.0	199.9
5.08% Notes, due 2015	249.7	249.5
5.75% Notes, due 2017	246.4	246.3
4.70% Notes, due 2021	248.8	248.7
3.07% Notes, due 2022	346.5	346.3
5.00% Notes, due 2023	247.6	247.5
	1,539.0	1,538.2
Total unsecured notes payable	1,722.0	1,538.2
Secured notes		
1.00% – 6.00% Conventional Mortgage Notes, due 2014 – 2045	906.4	934.6
Tax-exempt Mortgage Note due 2028 (1.26% floating rate)	36.6	37.7
	943.0	972.3
Total notes payable	$2,665.0	$2,510.5
Other floating rate debt included in secured notes (1.00%)	$175.0	$175.0

We have a $500 million unsecured credit facility which matures in September 2015 with an option to extend at our election to September 2016. Additionally, we have the option to increase this credit facility to $750 million by either adding additional banks to the credit facility or obtaining the agreement of the existing banks in the credit facility to increase their commitments. The interest rate is based upon LIBOR plus a margin which is subject to change as our credit ratings change. Advances under the line of credit may be priced at the scheduled rates, or we may enter into bid rate loans with participating banks at rates below the scheduled rates. These bid rate loans have terms of 180 days or less and may not exceed the lesser of $250 million or the remaining amount available under the line of credit. The line of credit is subject to customary financial covenants and limitations. We believe we are in compliance with all such financial covenants and limitations.

Our line of credit provides us with the ability to issue up to $100 million in letters of credit. While our issuance of letters of credit does not increase our borrowings outstanding under our line of credit, it does reduce the amount available. At September 30, 2013, we had $170.0 million outstanding on our $500 million unsecured line of credit and we had outstanding letters of credit totaling approximately $11.0 million, leaving approximately $319.0 million available under our unsecured line of credit. As an alternative to our unsecured line of credit, from time to time, we may borrow using an unsecured overnight borrowing facility. Our use of short-term borrowings does not decrease the amount available under our unsecured line of credit. At September 30, 2013, we had $13.0 million short-term borrowings outstanding.

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In January 2013, we repaid a 4.95% secured conventional mortgage note which was scheduled to mature on April 1, 2013 for approximately $26.1 million.

At September 30, 2013 and 2012, the weighted average interest rate on our floating rate debt, which includes our unsecured line of credit and short-term borrowings, was approximately 1.0% and 1.1%, respectively.

Our indebtedness, which includes our unsecured line of credit and short-term borrowings, had a weighted average maturity of 6.1 years at September 30, 2013. Scheduled repayments on outstanding debt, including our unsecured line of credit, short-term borrowings and scheduled principal amortizations, and the respective weighted average interest rate on maturing debt at September 30, 2013, were as follows:

(in millions)	Amount	Weighted Average Interest Rate	
2013	$200.8	5.5	%
2014	35.4	3.2	
2015	435.0	3.3	
2016 (1)	2.2	—	
2017	249.2	5.8	
Thereafter	1,742.4	4.2	
Total	$2,665.0	4.3	%

(1) Includes only scheduled principal amortizations.

8. Share-based Compensation and Non-Qualified Deferred Compensation Plan

Incentive Compensation. During the second quarter of 2011, our Board of Trust Managers adopted, and on May 11, 2011 our shareholders approved, the 2011 Share Incentive Plan of Camden Property Trust (as amended, the “2011 Share Plan”). Under the 2011 Share Plan, we may issue up to a total of approximately 9.1 million fungible units (the “Fungible Pool Limit”), which is comprised of approximately 5.8 million new fungible units plus approximately 3.3 million fungible units previously available for issuance under our 2002 share incentive plan based on a 3.45 to 1.0 fungible unit to full value award conversion ratio. Fungible units represent the baseline for the number of shares available for issuance under the 2011 Share Plan. Different types of awards are counted differently against the Fungible Pool Limit, as follows:

- Each share issued or to be issued in connection with an award, other than an option, right or other award which does not deliver the full value at grant of the underlying shares, will be counted against the Fungible Pool Limit as 3.45 fungible pool units;
- Options and other awards which do not deliver the full value at grant of the underlying shares and which expire more than five years from date of grant will be counted against the Fungible Pool Limit as one fungible pool unit; and
- Options, rights and other awards which do not deliver the full value at grant and expire five years or less from the date of grant will be counted against the Fungible Pool Limit as 0.83 of a fungible pool unit.

At September 30, 2013, approximately 6.7 million fungible units were available under the 2011 Share Plan, which results in approximately 1.9 million common shares which may be granted pursuant to full value awards based on the 3.45 to 1.0 fungible unit-to-full value award conversion ratio.

Awards which may be granted under the 2011 Share Plan include incentive share options, non-qualified share options (which may be granted separately or in connection with an option), share awards, dividends and dividend equivalents and other equity based awards. Persons eligible to receive awards under the 2011 Share Plan are trust managers, directors of our affiliates, executive and other officers, key employees, and consultants, as determined by the Compensation Committee of our Board of Trust Managers. The 2011 Share Plan will expire on May 11, 2021.

Options. Approximately 0.2 million and 0.5 million options were exercised during the nine months ended September 30, 2013 and 2012, respectively. The options were exercised at prices ranging from $30.06 to $62.32 per option during the nine months ended September 30, 2013, and at prices ranging from $30.06 to $51.37 per option during the nine months ended September 30, 2012. The total intrinsic value of options exercised was approximately $5.2 million and $12.0 million during the nine months ended September 30, 2013 and 2012, respectively. At September 30, 2013, there was approximately $0.1 million of

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total unrecognized compensation cost related to unvested options, which is expected to be amortized over the next year. At September 30, 2013, outstanding options and exercisable options had a weighted average remaining life of approximately 3.5 years and 3.1 years, respectively.

The following table summarizes outstanding share options and exercisable options at September 30, 2013:

	Outstanding Options (1)		Exercisable Options (1)	
Range of Exercise Prices	Number	Weighted Average Price	Number	Weighted Average Price
$30.06-$41.16	228,012	$33.14	130,107	$35.46
$42.90-$43.94	108,947	43.43	108,947	43.43
$45.53-$62.32	298,609	47.39	298,609	47.39
Total options	635,568	$41.60	537,663	$43.70

(1) The aggregate intrinsic value of outstanding and exercisable options at September 30, 2013 was $12.6 million and $9.6 million, respectively. The aggregate intrinsic values were calculated as the excess, if any, between our closing share price of $61.44 per share on September 30, 2013 and the strike price of the underlying award.

Valuation Assumptions. Options generally have a vesting period of three to five years. We estimate the fair values of each option award on the date of grant using the Black-Scholes option pricing model. No new options have been granted in 2013.

Share Awards and Vesting. Share awards generally have a vesting period of three to five years. The compensation cost for share awards is based on the market value of the shares on the date of grant and is amortized over the vesting period. To estimate forfeitures, we use actual forfeiture history. At September 30, 2013, the unamortized value of previously issued unvested share awards was approximately $40.1 million, which is expected to be amortized over the next four years. The total fair value of shares vested during the nine months ended September 30, 2013 and 2012 was approximately $14.9 million and $13.4 million, respectively.

Total compensation cost for option and share awards charged against income was approximately $3.9 million and $3.6 million for the three months ended September 30, 2013 and 2012, respectively, and approximately $11.3 million and $10.4 million for the nine months ended September 30, 2013 and 2012, respectively. Total capitalized compensation cost for option and share awards was approximately $0.5 million and $0.4 million for the three months ended September 30, 2013 and 2012, respectively, and approximately $1.6 million and $1.1 million for the nine months ended September 30, 2013 and 2012, respectively.

The following table summarizes activity under our share incentive plans for the nine months ended September 30, 2013:

	Options Outstanding	Weighted Average Exercise Price	Nonvested Share Awards Outstanding	Weighted Average Grant Price
Total options and nonvested share awards outstanding at December 31, 2012	838,754	$42.36	862,253	$52.64
Granted	—	—	349,565	69.59
Exercised/vested	(182,664)	41.52	(296,373)	50.43
Forfeited	(20,522)	73.32	(65,076)	57.90
	635,568	$41.60	850,369	$59.98

Total options and nonvested share awards outstanding at
September 30, 2013

Non-Qualified Deferred Compensation Plan. In July 2013, we entered into an Amended and Restated Camden Property Trust Non-Qualified Deferred Compensation Plan (the "Plan") to permit diversification of fully vested share awards into other equity securities subject to a six month holding period. As a result of these modifications, the fully vested awards and the proportionate share of nonvested awards eligible for diversification were reclassified from additional paid in capital to temporary equity in our Condensed Consolidated Balance Sheets. The share awards are adjusted to their redemption value at each reporting period. Changes in value from period to period are charged to distributions in excess of net income attributable to common shareholders in our Condensed Consolidated Statements of Equity and Perpetual Preferred Units.

The following table summarizes the share award activity since the effective date of the amended and restated Plan through September 30, 2013:

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(in thousands)	
Balance at December 31, 2012	$—
Change in classification	34,517
Change in redemption value	12,928
Diversification of share awards	(353)
Balance at September 30, 2013	$47,092

9. Net Change in Operating Accounts

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

	Nine Months Ended September 30,	
(in thousands)	2013	2012
Change in assets:		
Other assets, net	$(8,964)	$(8,765)
Change in liabilities:		
Accounts payable and accrued expenses	6,737	11,759
Accrued real estate taxes	21,470	20,230
Other liabilities	5,939	(16,322)
Other	786	599
Change in operating accounts and other	$25,968	$7,501

10. Commitments and Contingencies

Construction Contracts. As of September 30, 2013, we estimate the additional costs to complete 10 consolidated projects currently under construction to be approximately $412.2 million. We expect to fund these amounts through a combination of cash flows generated from operations, draws on our unsecured credit facility or other short-term borrowings, proceeds from property dispositions, equity issued from our ATM program, the use of debt and equity offerings under our automatic shelf registration statement, and secured mortgages.

Litigation. One of our wholly-owned subsidiaries previously acted as a general contractor for the construction of two apartment projects in Florida which were subsequently sold and converted to condominium units by unrelated third-parties. One condominium association instituted a lawsuit against our subsidiary alleging a failure to comply with building codes. In June 2013, we entered into a settlement agreement with this association, which resolved this matter in full. Pursuant to this settlement agreement, we made a one-time payment to the association in an amount which was not material.

The other association instituted a lawsuit against our subsidiary and other unrelated third-parties alleging negligent construction and failure to comply with building codes. This association is claiming damages for the costs of repair arising out of the alleged defective construction as well as the recovery of incidental and consequential damages resulting from such alleged negligence. We have denied liability to the association. Based upon the amount of discovery completed to date, it is not possible to determine the potential outcome or to estimate a range of loss, if any, which would be associated with any potential adverse decision.

We are also subject to various legal proceedings and claims which arise in the ordinary course of business. Matters which arise out of allegations of bodily injury, property damage, and employment practices are generally covered by insurance. While the resolution of these legal proceedings and claims cannot be predicted with certainty, management believes the final outcome of such matters will not have a material adverse effect on our condensed consolidated financial statements.

Other Contingencies. In the ordinary course of our business, we issue letters of intent indicating a willingness to negotiate for acquisitions, dispositions, or joint ventures and also enter into arrangements contemplating various transactions. Such letters of intent and other arrangements are non-binding as to either party unless and until a definitive contract is entered into by the parties. Even if definitive contracts relating to the purchase or sale of real property are entered into, these contracts generally provide the purchaser with time to evaluate the property and conduct due diligence, during which periods the purchaser will have the ability to terminate the contracts without penalty or forfeiture of any deposit or earnest money. There can be no assurance definitive contracts will be entered into with respect to any matter covered by letters of intent or we will consummate any transaction contemplated by any definitive contract. Furthermore, due diligence periods for real property are frequently extended as needed. An acquisition or sale of real property becomes probable at the time the due diligence period expires and the definitive contract has not been terminated. We are then at risk under a real property acquisition contract, but generally only to the extent of any earnest money deposits associated with the contract, and are obligated to sell under a real property sales contract. At September 30, 2013, we had made earnest money deposits of approximately $2.3 million for potential acquisitions of operating properties and land, of which approximately $1.3 million is non-refundable.

Lease Commitments. At September 30, 2013, we had long-term leases covering certain land, office facilities, and equipment. Rental expense totaled approximately $0.7 million for each of the three months ended September 30, 2013 and 2012, respectively, and approximately $2.1 million and $1.9 million for the nine months ended September 30, 2013 and 2012, respectively. Minimum annual rental commitments for the remainder of 2013 are $0.7 million, and for the years ending December 31, 2014 through 2017 are approximately $3.1 million, $1.9 million, $2.2 million, and $2.2 million, respectively, and approximately $16.4 million in the aggregate thereafter.

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

11. Income Taxes

We have maintained and intend to maintain our election as a REIT under the Internal Revenue Code of 1986, as amended. In order for us to continue to qualify as a REIT we must meet a number of organizational and operational requirements, including a requirement to distribute annual dividends to our shareholders equal to a minimum of 90% of our REIT taxable income, computed without regard to the dividends paid deduction and our net capital gains. As a REIT, we generally will not be subject to federal income tax on our taxable income at the corporate level to the extent such income is distributed to our shareholders annually. If our taxable income exceeds our dividends in a tax year, REIT tax rules allow us to designate dividends from the subsequent tax year in order to avoid current taxation on undistributed income. If we fail to qualify as a REIT in any taxable year, we will be subject to federal and state income taxes at regular corporate rates, including any applicable alternative minimum tax. In addition, we may not be able to requalify as a REIT for the four subsequent taxable years. Historically, we have incurred only state and local income, franchise, margin, and excise taxes. Taxable income from non-REIT activities managed through taxable REIT subsidiaries is subject to applicable federal, state, and local income and margin taxes. Our operating partnerships are flow-through entities and are not subject to federal income taxes at the entity level.

We have provided for income, franchise and excise taxes in the condensed consolidated statements of income and comprehensive income for the three and nine months ended September 30, 2013 and 2012 as income tax expense. For the three and nine months ended September 30, 2013, income tax expense is primarily related to state income tax and federal taxes on certain of our taxable REIT subsidiaries. We have no significant temporary differences or tax credits associated with our taxable REIT subsidiaries.

We believe we have no uncertain tax positions or unrecognized tax benefits requiring disclosure as of and for the nine months ended September 30, 2013.

12. Fair Value Disclosures

Recurring Fair Value Disclosures. The following table presents information about our financial instruments measured at fair value on a recurring basis as of September 30, 2013 and December 31, 2012 under the fair value hierarchy discussed in Note 2, "Summary of Significant Accounting Policies and Recent Accounting Pronouncements."

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Financial Instruments Measured at Fair Value on a Recurring Basis

	September 30, 2013				December 31, 2012			
(in millions)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Deferred compensation plan investments (1)	$40.8	$—	$—	$40.8	$35.0	$—	$—	$35.0

(1) Approximately $1.2 million of participant cash was withdrawn from our deferred compensation plan investments during the nine months ended September 30, 2013.

Financial Instrument Fair Value Disclosures. As of September 30, 2013 and December 31, 2012, the carrying values of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses and distributions payable represent fair value because of the short-term nature of these instruments. The carrying value of restricted cash approximates its fair value based on the nature of our assessment of the ability to recover these amounts.
In calculating the fair value of our notes payable, interest rate and spread assumptions reflect current creditworthiness and market conditions available for the issuance of notes payable with similar terms and remaining maturities. These financial instruments utilize Level 2 inputs. The following table presents the carrying and estimated fair values of our notes payable at September 30, 2013 and December 31, 2012:

	September 30, 2013		December 31, 2012	
(in millions)	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Fixed rate notes payable	$2,270.4	$2,366.3	$2,297.8	$2,518.1
Floating rate notes payable (1)	394.6	384.7	212.7	203.4

(1) Includes balances outstanding under our unsecured line of credit and short-term borrowings.

Non-recurring Fair Value Disclosures. There were no events during the nine months ended September 30, 2013 or 2012 which required fair value adjustments of our non-financial assets and non-financial liabilities.

13. Non-controlling Interests

The following table summarizes the effect of changes in our ownership interest in subsidiaries on the equity attributable to common shareholders for the nine months ended September 30:

(in thousands)	2013	2012
Net income attributable to common shareholders	$206,368	$141,224
Transfers from the non-controlling interests:		
Increase (decrease) in equity for conversion of operating partnership units	71	(448)
Decrease in additional paid-in-capital for purchase of remaining non-controlling ownership interest in a consolidated joint venture	—	(13,285)
Change in common equity and net transfers from non-controlling interests	$206,439	$127,491

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the condensed consolidated financial statements and notes appearing elsewhere in this report, as well as Part I, Item 1A, "Risk Factors" within our Annual Report on Form 10-K for the year ended December 31, 2012. Historical results and trends which might appear in the condensed consolidated financial statements should not be interpreted as being indicative of future operations.

We consider portions of this report to be "forward-looking" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, both as amended, with respect to our expectations for future periods. Forward-looking statements do not discuss historical fact, and include statements related to expectations, projections, intentions, or other items relating to the future; forward-looking statements are not guarantees of future performance, results, or events. Although we believe the expectations reflected in our forward-looking statements are based upon reasonable assumptions, we can give no assurance our expectations will be achieved. Any statements contained herein which are not statements of historical fact should be deemed forward-looking statements. Reliance should not be placed on these forward-looking statements as these statements are subject to known and unknown risks, uncertainties, and other factors beyond our control and could differ materially from our actual results and performance.

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

- volatility in capital and credit markets, or other unfavorable changes in economic conditions, could adversely impact us;
- short-term leases expose us to the effects of declining market rents;
- we face risks associated with land holdings and related activities;
- difficulties of selling real estate could limit our flexibility;
- we could be negatively impacted by the condition of Fannie Mae or Freddie Mac;
- compliance or failure to comply with laws, including those requiring access to our properties by disabled persons, could result in substantial cost;
- competition could limit our ability to lease apartments or increase or maintain rental income;
- development and construction risks could impact our profitability;
- our acquisition strategy may not produce the cash flows expected;
- competition could adversely affect our ability to acquire properties;
- losses from catastrophes may exceed our insurance coverage;
- investments through joint ventures and discretionary funds involve risks not present in investments in which we are the sole investor;
- tax matters, including failure to qualify as a REIT, could have adverse consequences;
- we rely on information technology in our operations, and any breach, interruption or security failure of that technology could have a negative impact to our business and/or financial condition;
- we depend on our key personnel;
- litigation risks could affect our business;
- insufficient cash flows could limit our ability to make required payments for debt obligations or pay distributions to shareholders;
- we have significant debt, which could have important adverse consequences;
- we may be unable to renew, repay, or refinance our outstanding debt;
- variable rate debt is subject to interest rate risk;
- we may incur losses on interest rate hedging arrangements;
- issuances of additional debt may adversely impact our financial condition;

- failure to maintain our current credit ratings could adversely affect our cost of funds, related margins, liquidity, and access to capital markets;
- share ownership limits and our ability to issue additional equity securities may prevent takeovers beneficial to shareholders;
- our share price will fluctuate; and
- the form, timing and/or amount of dividend distributions in future periods may vary and be impacted by economic or other considerations.

These forward-looking statements represent our estimates and assumptions as of the date of this report, and we assume no obligation to update or supplement forward-looking statements because of subsequent events.

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Executive Summary

We are primarily engaged in the ownership, management, development, acquisition, and construction of multifamily apartment communities. As of September 30, 2013, we owned interests in, operated, or were developing 192 multifamily properties comprised of 66,278 apartment homes across the United States as detailed in the following Property Portfolio table. In addition, we own other land holdings we may develop into multifamily apartment communities.

Property Operations

Our results for the nine months ended September 30, 2013 reflect an increase in rental revenue as compared to the same period in 2012, which we believe was primarily due to a gradually improving economy, favorable demographics, and a manageable supply of new multifamily housing, which have resulted in increases in realized rental rates and stable average occupancy levels. Same store revenues increased 5.2% for the first nine months of 2013, as compared to the same period in 2012. We believe U.S. economic and employment growth is likely to continue during 2013 and the supply of new multifamily homes, although increasing, will likely remain at manageable levels. However, we believe significant risks to the economy remain prevalent, and while there have been increases in employment levels in the majority of our markets, the unemployment rate remains at higher than historical levels. If economic conditions were to worsen, our operating results could be adversely affected.

Construction Activity

At September 30, 2013, we had a total of 12 projects under construction comprised of 3,644 apartment homes, including two projects comprised of 566 units in our discretionary funds, with initial occupancy scheduled to occur within the next 24 months. Excluding the projects owned by our discretionary funds, as of September 30, 2013, we estimate the additional costs to complete the construction of 10 consolidated projects to be approximately $412.2 million.

Acquisitions

During the nine months ended September 30, 2013, we acquired three operating properties comprised of 1,118 apartment homes, located in Houston, Texas, Tempe, Arizona and Atlanta, Georgia, for approximately $225.0 million. In June 2013, we acquired approximately 38.8 acres in three land parcels located in Scottsdale, Chandler, and Tempe, Arizona, for approximately $25.8 million.

Dispositions

During the nine months ended September 30, 2013, we sold four operating properties comprised of 1,796 apartment homes located in Tampa and Orlando, Florida, and Littleton and Westminster, Colorado. In October 2013, we sold two operating properties comprised of 560 apartment homes located in Dallas, Texas.

In May 2013, one of our unconsolidated joint ventures sold its 14 operating properties comprised of 3,098 apartment homes located in Las Vegas, Nevada. Our proportionate share of the gain was approximately $13.0 million. Additionally, as a result of achieving certain performance measures as set forth in the joint venture agreement, we recognized a promoted equity interest of approximately $5.0 million.

During the nine months ended September 30, 2013, we also sold two land holdings comprised of an aggregate of approximately 3.7 acres located adjacent to current construction communities in Atlanta, Georgia and Houston, Texas, for approximately $6.6 million. We recognized a gain of approximately $0.7 million relating to these land sales.

Future Outlook

Subject to market conditions, we intend to continue to seek opportunities to expand our development pipeline and acquire existing communities. We continually evaluate our operating property and land development portfolio and plan to continue our practice of selective dispositions as market conditions warrant and opportunities develop. We also intend to continue to strengthen our capital and liquidity positions by continuing to focus on our core fundamentals which we believe are generating positive cash flows from operations, maintaining appropriate debt levels and leverage ratios, and controlling overhead costs. We intend to meet our near-term liquidity requirements through a combination of cash flows generated from operations, draws on our unsecured credit facility or other short-term borrowings, proceeds from property dispositions, equity issued from our at-the-market ("ATM") program, the use of debt and equity offerings under our automatic shelf registration statement, and secured mortgages.

As of September 30, 2013, we had approximately $4.7 million in cash and cash equivalents and approximately $54.1 million in restricted cash related to proceeds from the property sales on September 30, 2013 which was held with a qualified intermediary for use in a like-kind exchange. Additionally, we had $319.0 million available under our $500 million unsecured line of credit. As of the date of this filing, we had common shares having an aggregate offering price of up to $82.7 million remaining available for sale under our ATM program. We believe payments on debt maturing in 2013 are manageable at approximately $200.8 million, which represents approximately 7.5% of our total outstanding debt and includes scheduled principal amortizations of approximately

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$0.8 million. We believe we are well-positioned with a strong balance sheet and sufficient liquidity to cover near-term debt maturities and new development funding requirements. We will, however, continue to assess and take further actions we believe are prudent to meet our objectives and capital requirements.

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Property Portfolio

Our multifamily property portfolio is summarized as follows:

	September 30, 2013		December 31, 2012	
	Apartment Homes	Properties	Apartment Homes	Properties
Operating Properties				
Houston, Texas	9,064	26	8,440	24
Dallas, Texas (1)	6,227	16	6,227	16
Washington, D.C. Metro	6,083	18	5,791	17
Tampa, Florida	5,723	14	6,493	15
Las Vegas, Nevada	4,918	15	8,016	29
Atlanta, Georgia	3,943	12	3,351	11
Orlando, Florida	3,676	9	4,202	10
Charlotte, North Carolina	3,134	13	3,134	13
Raleigh, North Carolina	3,054	8	3,054	8
Austin, Texas	3,030	9	3,030	9
Phoenix, Arizona (2)	2,815	10	2,645	9
Southeast Florida	2,520	7	2,520	7
Los Angeles/Orange County, California	2,481	6	2,481	6
Denver, Colorado	1,941	6	2,441	8
San Diego/Inland Empire, California	1,665	5	1,665	5
Other	2,360	6	2,285	6
Total Operating Properties	62,634	180	65,775	193
Properties Under Construction				
Austin, Texas	614	2	314	1
Charlotte, North Carolina	589	2	—	—
Phoenix, Arizona	454	2	—	—
Denver, Colorado	424	1	424	1
Atlanta, Georgia	379	1	379	1
Washington, D.C. Metro	320	1	596	2
Los Angeles/Orange County, California	303	1	303	1
Orlando, Florida	300	1	300	1
Southeast Florida	261	1	261	1
Houston, Texas	—	—	268	1
Total Properties Under Construction	3,644	12	2,845	9
Total Properties	66,278	192	68,620	202
Less: Unconsolidated Joint Venture Properties (3)				
Houston, Texas	3,152	10	3,152	10
Austin, Texas	1,360	4	1,360	4
Dallas, Texas	1,250	3	1,250	3
Tampa, Florida	450	1	450	1
Raleigh, North Carolina	350	1	350	1
Orlando, Florida	300	1	300	1
Washington, D.C. Metro	276	1	276	1
Charlotte, North Carolina	266	1	—	—
Atlanta, Georgia	234	1	234	1
Las Vegas, Nevada	—	—	3,098	14
Other	798	3	798	3

Total Unconsolidated Joint Venture Properties	8,436	26	11,268	39
Total Properties Fully Consolidated	57,842	166	57,352	163

(1) Includes two properties consisting of 560 apartment homes which were included in properties held for sale at September 30, 2013. These properties were sold in October 2013.

(2) Includes three properties consisting of 720 apartment homes which were included in properties held for sale at September 30, 2013.

(3) Refer to Note 6, “Investments in Joint Ventures” in the notes to condensed consolidated financial statements for further discussion of our joint venture investments.

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Acquisitions

During the nine months ended September 30, 2013, we completed the acquisition of three operating properties and acquired three land parcels as follows:

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

Location of Acquired Land	Acres	Date of Acquisition
Chandler, AZ	21.7	6/12/2013
Scottsdale, AZ	9.3	6/12/2013
Tempe, AZ	7.8	6/12/2013
Consolidated total	38.8	

Dispositions

During the nine months ended September 30, 2013, we sold four operating properties and one of our unconsolidated joint ventures, in which we own a 20% interest, sold its 14 operating properties as follows:

Dispositions of Operating Properties	Location	Number of Apartment Homes	Date of Disposition
Camden Live Oaks	Tampa, FL	770	1/17/2013
Camden Reserve	Orlando, FL	526	4/10/2013
Camden Centennial	Littleton, CO	276	9/30/2013
Camden Pinnacle	Westminster, CO	224	9/30/2013
Consolidated total		1,796	
Oasis Bay	Las Vegas, NV	128	5/23/2013
Oasis Crossings	Las Vegas, NV	72	5/23/2013
Oasis Emerald	Las Vegas, NV	132	5/23/2013
Oasis Gateway	Las Vegas, NV	360	5/23/2013
Oasis Island	Las Vegas, NV	118	5/23/2013
Oasis Landing	Las Vegas, NV	144	5/23/2013
Oasis Meadows	Las Vegas, NV	383	5/23/2013
Oasis Palms	Las Vegas, NV	208	5/23/2013
Oasis Pearl	Las Vegas, NV	90	5/23/2013
Oasis Place	Las Vegas, NV	240	5/23/2013
Oasis Ridge	Las Vegas, NV	477	5/23/2013
Oasis Sierra	Las Vegas, NV	208	5/23/2013
Oasis Springs	Las Vegas, NV	304	5/23/2013
Oasis Vinings	Las Vegas, NV	234	5/23/2013
Unconsolidated total		3,098	

During October 2013, we sold two operating properties, Camden Gardens and Camden Springs, located in Dallas, Texas consisting of 560 apartment homes.

During the nine months ended September 30, 2013, we sold two land holdings as follows:

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

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Stabilized Communities

We generally consider a property stabilized once it reaches 90% occupancy during the quarter. During the nine months ended September 30, 2013, stabilization was achieved at four recently-completed consolidated operating properties as follows:

($ in millions) Property and Location	Number of Apartment Homes	Cost Incurred	% Occupied at 10/27/13	Date of Construction Completion	Date of Stabilization
Camden Royal Oaks II Houston, TX	104	$ 13.3	100 %	1Q12	2Q13
Camden Town Square Orlando, FL	438	59.1	95 %	4Q12	2Q13
Camden City Centre II Houston, TX	268	33.5	96 %	2Q13	3Q13
Camden Miramar Phase IX (1) Corpus Christi, TX	75	5.8	99 %	3Q13	3Q13
Consolidated total	885	$ 111.7			

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

Completed Construction in Lease-Up

At September 30, 2013, one of our unconsolidated joint ventures had one completed operating property in lease-up as follows:

($ in millions) Property and Location	Number of Apartment Homes	Cost Incurred	% Leased at 10/27/13	Date of Construction Completion	Estimated Date of Stabilization
South Capitol (1) Washington, DC	276	$ 76.9	54 %	3Q13	3Q14

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

Our condensed consolidated balance sheet at September 30, 2013 included approximately $439.0 million related to properties under development and land. Of this amount, approximately $293.8 million related to our projects currently under construction. In addition, we had approximately $145.2 million primarily invested in land held for future development and land holdings, which included approximately $92.6 million related to projects we expect to begin constructing during the next two years and approximately $52.6 million invested in land holdings which we may develop in the future.

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Communities Under Construction. At September 30, 2013, we had 10 consolidated properties and two properties held by two of our unconsolidated joint ventures in various stages of construction as follows:

($ in millions) Property and Location	Number of Apartment Homes	Estimated Cost	Cost Incurred	Included in Properties Under Development	Estimated Date of Construction Completion	Estimated Date of Stabilization
Camden NOMA Washington, DC	320	$110.0	$92.7	$92.7	2Q14	2Q15
Camden Lamar Heights Austin, TX	314	47.0	20.1	20.1	2Q14	3Q15
Camden Flatirons Denver, CO	424	78.0	35.8	35.8	4Q14	4Q16
Camden Glendale Glendale, CA	303	115.0	46.4	46.4	3Q15	1Q16
Camden Boca Raton Boca Raton, FL	261	54.0	17.6	17.6	4Q14	1Q16
Camden Paces Atlanta, GA	379	110.0	38.5	38.5	2Q15	2Q17
Camden La Frontera Round Rock, TX	300	36.0	7.0	7.0	1Q15	4Q15
Camden Foothills Scottsdale, AZ	220	50.0	14.1	14.1	2Q15	3Q15
Camden Hayden (1) Tempe, AZ	234	48.0	10.7	10.7	2Q15	3Q15
Camden Gallery Charlotte, NC	323	58.0	10.9	10.9	4Q15	2Q16
Consolidated total	3,078	$706.0	$293.8	$293.8		
Camden Waterford Lakes (2)(3) Orlando, FL	300	$40.0	$27.0	$27.0	3Q14	4Q15
Camden Southline (2) Charlotte, NC	266	48.0	10.4	10.4	3Q15	4Q15
Unconsolidated total	566	$88.0	$37.4	$37.4		

(1) Formerly known as Camden Vida.
(2) Property owned through an unconsolidated joint venture in which we own a 20% interest.
(3) Property in lease-up as of September 2013 and was 16% leased at October 27, 2013.

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Development Pipeline Communities. At September 30, 2013, we had seven consolidated properties undergoing development activities as follows:

($ in millions) Property and Location	Projected Homes	Total Estimated Cost (1)	Cost to Date
Camden Victory Park Dallas, TX	423	$ 82.0	$ 16.8
Camden Hollywood Los Angeles, CA	287	145.0	27.4
Camden Chandler (2) Chandler, AZ	380	75.0	6.1
Camden Atlantic Plantation, FL	286	62.0	10.4
Camden Lincoln Station Denver, CO	275	48.0	5.7
Camden McGowen Station Houston, TX	251	40.0	7.7
Camden Buckhead Atlanta, GA	390	70.0	18.5
Consolidated total	2,292	$ 522.0	$ 92.6

(1) Represents our estimate of total costs we expect to incur on these projects. However, forward-looking statements are not guarantees of future performance, results, or events. Although we believe these expectations are based upon reasonable assumptions, future events rarely develop exactly as forecasted, and estimates routinely require adjustment.

(2) Formerly known as Camden Desert Stone.

Land Holdings. At September 30, 2013, we had the following land holdings:

($ in millions) Location	Acres	Cost to Date
Washington, DC	0.9	$ 17.9
Dallas, TX	7.2	8.6
Houston, TX	11.5	6.5
Atlanta, GA	3.0	5.3
Las Vegas, NV	19.6	4.2
Other	4.8	10.1
Total	47.0	$ 52.6

Results of Operations

Changes in revenues and expenses related to our operating properties from period to period are due primarily to the performance of stabilized properties in the portfolio, the lease-up of newly constructed properties, acquisitions, and dispositions. Where appropriate, comparisons of income and expense for communities included in continuing operations are made on a dollars-per-weighted average apartment home basis in order to adjust for such changes in the number of apartment homes owned during each period. Selected weighted averages for the three and nine months ended September 30, 2013 and 2012 are as follows:

($ in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012

Average monthly property revenue per apartment home	$1,276		$1,220		$1,255		$1,193	
Annualized total property expenses per apartment home	$5,591		$5,432		$5,520		$5,328	
Weighted average number of operating apartment homes owned 100%	52,743		49,678		52,324		48,483	
Weighted average occupancy of operating apartment homes owned 100% *	95.3	%	95.5	%	95.2	%	95.3	%

* Our one student housing community is excluded from this calculation.

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Property-level operating results (1)
The following tables present the property-level revenues and property-level expenses, excluding discontinued operations, for the three and nine months ended September 30, 2013 as compared to the same periods in 2012:

($ in thousands)	Apartment Homes At 9/30/13	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Change $	Change %	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012	Change $	Change %
Property revenues:									
Same store communities	42,005	$160,058	$153,442	$6,616	4.3 %	$472,271	$449,044	$23,227	5.2 %
Non-same store communities	11,479	40,513	26,998	13,515	50.1	114,082	66,835	47,247	70.7
Development and lease-up communities	3,078	—	—	—	—	—	—	—	—
Other	—	1,385	1,323	62	4.7	4,683	4,806	(123)	(2.6)
Total property revenues	56,562	$201,956	$181,763	$20,193	11.1 %	$591,036	$520,685	$70,351	13.5 %
Property expenses:									
Same store communities	42,005	$57,798	$56,593	$1,205	2.1 %	$171,838	$166,085	$5,753	3.5 %
Non-same store communities	11,479	15,302	10,237	5,065	49.5	42,253	25,234	17,019	67.4
Development and lease-up communities	3,078	—	—	—	—	—	—	—	—
Other	—	627	633	(6)	(0.9)	2,539	2,428	111	4.6
Total property expenses	56,562	$73,727	$67,463	$6,264	9.3 %	$216,630	$193,747	$22,883	11.8 %

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

Same store analysis
Same store rental revenues increased approximately $6.0 million and $20.9 million during the three and nine months ended September 30, 2013, respectively, as compared to the same periods in 2012. These increases were primarily due to increases in average rental rates for our same store portfolio of 4.9% and 5.3% for the three and nine months ended September 30, 2013, respectively. We believe these increases were primarily due to a gradually improving economy, favorable demographics, and a manageable supply of new multifamily housing. Additionally, there was a $0.6 million and $2.3 million increase in other property revenue during the three and nine months ended September 30, 2013, respectively, as compared to the same periods in 2012 primarily due to an increase in miscellaneous income. The increase during the nine months ended September 30, 2013 was also due to increases in revenues from ancillary income from our utility rebilling programs.

Property expenses from our same store communities increased approximately $1.2 million, or 2.1%, for the three months ended September 30, 2013, and increased approximately $5.8 million, or 3.5%, for the nine months ended September 30, 2013, as compared to the same periods in 2012. These increases were primarily due to higher real estate taxes and higher property insurance expenses. The increase in real estate taxes was a result of increased property valuations and property tax rates at a number of our communities. The increase in property insurance expenses was due to higher insurance premiums as well as higher levels of self-insured losses. These increases were partially offset by lower repairs and maintenance costs and marketing and leasing costs. For the nine months ended September 30, 2013, these increases were further offset by lower utility expenses, including costs associated with our utility rebilling programs which were primarily due to lower trash removal expenses, offset partially by higher water and cable television costs.

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Non-same store analysis

Property revenues from non-same store communities increased approximately $13.5 million and $47.2 million for the three and nine months ended September 30, 2013, respectively, as compared to the same periods in 2012. Property expenses from non-same store communities increased approximately $5.1 million and $17.0 million for the three and nine months ended September 30, 2013, respectively, as compared to the same periods in 2012. These increases were primarily due to revenues and expenses recognized during the three and nine months ended September 30, 2013 related to the acquisition of seven operating properties during 2012, the acquisition of three operating properties in 2013, and the acquisition of one previously unconsolidated joint venture community during December 2012. These increases were also due to revenues and expenses recognized during the three and nine months ended September 30, 2013 related to four operating properties reaching stabilization during 2012, and three operating properties and 75 units at one of our consolidated operating properties reaching stabilization during the nine months ended September 30, 2013. The increases in revenues and expenses for the nine months ended September 30, 2013 were also due to the acquisition by us of nine previously unconsolidated joint venture communities in the first quarter of 2012. The remaining increases related to increases in revenues at our other non-same store communities. The following table details the impact in our revenues and expenses as discussed above:

(in millions)	Three Months Ended September 30, 2013	Nine Months Ended September 30, 2013
Revenues from acquisitions	$10.1	$33.6
Revenues from new stabilized properties	3.3	13.3
Other	0.1	0.3
	$13.5	$47.2
Expenses from acquisitions	$3.9	$12.5
Expenses from new stabilized properties	1.1	4.4
Other	0.1	0.1
	$5.1	$17.0

Non-property income

($ in thousands)	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2013	2012	$	%	2013	2012	$	%
Fee and asset management	$3,096	$3,041	$55	1.8 %	$8,817	$9,572	$(755)	(7.9)%
Interest and other income (loss)	86	3	83	*	1,176	(750)	1,926	*
Income (loss) on deferred compensation plans	2,315	(1,781)	4,096	230.0	5,212	3,820	1,392	36.4
Total non-property income	$5,497	$1,263	$4,234	335.2 %	$15,205	$12,642	$2,563	20.3 %

*Not a meaningful percentage

Fee and asset management income increased approximately $0.1 million and decreased approximately $0.8 million for the three and nine months ended September 30, 2013, respectively, as compared to the same periods in 2012. The slight increase for the three months ended September 30, 2013 was primarily due to higher construction fees and property management fees due to an increase in third party construction activity and an increase in fees earned on our stabilized joint ventures due to an increase in property revenues. This increase was almost entirely offset by a decrease in property management fees due to the sale of seven operating properties by two of our unconsolidated joint ventures during 2012, the sale of its 14 operating properties by one of our unconsolidated joint ventures in May 2013, and the acquisition of a previously unconsolidated joint venture community in December 2012.

The $0.8 million decrease in fee and asset management income for the nine months ended September 30, 2013 as compared to the same period in 2012 was primarily due to the sale of 21 operating properties by three unconsolidated joint ventures during 2012 and 2013, as discussed above, and the acquisition of a previously unconsolidated joint venture community in December 2012. The decrease was partially offset by higher construction fees due to an increase in third party construction activity, offset by a decrease in construction and development fees earned due to the timing of development communities started and completed by our funds during 2012 and 2013.

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Interest and other income (loss) increased approximately $1.9 million for the nine months ended September 30, 2013, as compared to the same period in 2012. This increase was primarily due to approximately $1.0 million recognized in the second quarter of 2013 from the release of a deed restriction on a parcel of land sold to an unaffiliated third-party in 2006. The increase was also due to a loss of approximately $0.7 million recognized during the nine months ended September 30, 2012 relating to a non-designated derivative which matured in October 2012.

Our deferred compensation plans recognized income of approximately $2.3 million and incurred a loss of approximately $1.8 million during the three months ended September 30, 2013 and 2012, respectively, and recognized income of approximately $5.2 million and $3.8 million during the nine months ended September 30, 2013 and 2012, respectively. The changes were related to the performance of the investments held in deferred compensation plans for participants and were directly offset by the expense (benefit) related to these plans, as discussed below.

Other expenses

($ in thousands)	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2013	2012	$	%	2013	2012	$	%
Property management	$5,353	$5,509	$(156)	(2.8)%	$16,578	$15,644	$934	6.0 %
Fee and asset management	1,505	1,864	(359)	(19.3)	4,468	5,051	(583)	(11.5)
General and administrative	9,993	9,303	690	7.4	31,377	27,712	3,665	13.2
Interest	24,275	25,865	(1,590)	(6.1)	73,967	78,759	(4,792)	(6.1)
Depreciation and amortization	54,880	49,409	5,471	11.1	160,272	145,709	14,563	10.0
Amortization of deferred financing costs	875	909	(34)	(3.7)	2,689	2,721	(32)	(1.2)
Expense (benefit) on deferred compensation plans	2,315	(1,781)	4,096	230.0	5,212	3,820	1,392	36.4
Total other expenses	$99,196	$91,078	$8,118	8.9 %	$294,563	$279,416	$15,147	5.4 %

Property management expense, which represents regional supervision and accounting costs related to property operations, increased approximately $0.9 million for the nine months ended September 30, 2013 as compared to the same period in 2012. This increase was primarily due to higher salaries, benefits, and incentive compensation expenses, and higher costs due to the timing of training and education programs provided to our regional employees. Property management expense was 2.7% and 3.0% of total property revenues for the three months ended September 30, 2013 and 2012, respectively, and 2.8% and 3.0% of total property revenues for the nine months ended September 30, 2013 and 2012, respectively.

Fee and asset management expense, which represents expenses related to third-party construction projects and property management of our joint ventures, decreased approximately $0.4 million and $0.6 million for the three and nine months ended September 30, 2013, respectively, as compared to the same periods in 2012. The decreases were primarily due to a decrease in expenses relating to the sale of seven operating properties by two of our unconsolidated joint ventures during 2012, the sale of its 14 operating properties by one of our unconsolidated joint ventures in May 2013, and the acquisition of a previously unconsolidated joint venture community during 2012. The decreases were also due to lower expenses related to management of development communities due to the timing of communities started and completed by our funds during 2012 and 2013. The decrease during the nine months ended September 30, 2013 was also due to lower internal acquisition costs during this period, due to the closing of the investment period for future operating properties in one of our discretionary funds during the second quarter of 2012. These decreases were partially offset by higher expenses related to an increase in third-party construction activity during the three and nine months ended September 30, 2013 as compared to the same periods in 2012.

General and administrative expense increased approximately $0.7 million and $3.7 million for the three and nine months ended September 30, 2013, respectively, as compared to the same periods in 2012. These increases were primarily due to increases in salaries, benefits and incentive compensation expenses due to salary increases and higher deferred compensation amortization costs resulting from an increase in the value of awards granted in 2012 and 2013 as compared to the value of awards which were fully vested during the nine months ended September 30, 2012. Additionally, the increases were due to increases in professional and consulting fees of approximately $0.4 million and $1.6 million for the three and nine months ended September 30, 2013, respectively, as compared to the same periods in 2012. The increase for the nine months ended September 30, 2013 was also due to the net cost of approximately $0.6 million relating to the retirement of an executive officer in July 2013. General and administrative expenses were 4.9% and 5.0% of total property revenues and non-property income, excluding income (loss) on deferred compensation plans, for the three months ended September 30, 2013 and 2012, respectively, and 5.2% of total property revenues and non-property income, excluding income (loss) on deferred compensation plans, for the each of the nine months ended September 30, 2013 and 2012.

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Interest expense for the three and nine months ended September 30, 2013 decreased approximately $1.6 million and $4.8 million, respectively, as compared to the same periods in 2012. These decreases were primarily due to the repayment of one secured note payable in June 2012, three secured notes payable and one unsecured note payable during the fourth quarter of 2012, and one secured note payable in January 2013. These decreases were also due to higher capitalized interest during the three and nine months ended September 30, 2013 of approximately $1.1 million and $1.4 million, respectively, due to higher average balances in our development pipeline. The decrease during the nine months ended September 30, 2013 was also due to lower interest expense related to the repayment in January 2012 of secured notes payable assumed in connection with the acquisition of nine previously unconsolidated joint ventures in January 2012. The decreases during the three and nine months ended September 30, 2013, as compared to the same periods in 2012, were partially offset by interest expense related to a secured note payable assumed in connection with the acquisition of a previously unconsolidated joint venture in December 2012 and the issuance of $350 million senior unsecured notes payable in December 2012.

Depreciation and amortization expense increased approximately $5.5 million and $14.6 million for the three and nine months ended September 30, 2013, respectively, as compared to the same periods in 2012. These increases were primarily due to the acquisition of seven operating properties during 2012, the acquisition of three operating properties during 2013, and the acquisition of a previously unconsolidated joint venture community in December 2012. These increases were also due to the completion of units in our development pipeline, the completion of repositions during the three and nine months ended September 30, 2013, and an increase in capital improvements placed in service during 2012 and 2013. These increases were partially offset by lower amortization of in-place leases relating to the acquisition of nine previously unconsolidated joint venture communities in January 2012 which were amortized through July 2012.

Our deferred compensation plans incurred expenses of approximately $2.3 million and had a benefit of approximately $1.8 million during the three months ended September 30, 2013 and 2012, respectively, and expenses of approximately $5.2 million and $3.8 million during the nine months ended September 30, 2013 and 2012, respectively. The changes were related to the performance of the investments held in deferred compensation plans for participants and were directly offset by the income (loss) related to these plans, as discussed in non-property income, above.

Other

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
($ in thousands)	2013	2012	$	%	2013	2012	$	%
Gain on sale of land	$—	$—	$—	— %	$698	$—	$698	*%
Gain on acquisition of controlling interest in joint ventures	—	—	—	—	—	40,191	(40,191)	*
Equity in income of joint ventures	1,926	3,688	(1,762)	*	20,658	4,686	15,972	*
Income tax expense – current	(720)	(334)	386	115.6	(1,587)	(992)	595	60.0

* Not a meaningful percentage.

During the nine months ended September 30, 2013, we sold two land holdings comprised of an aggregate of approximately 3.7 acres located adjacent to current development communities in Atlanta, Georgia and Houston, Texas, for approximately $6.6 million. We recognized a gain of approximately $0.7 million relating to these land sales.

In January 2012, we acquired the 80% ownership interests in 12 previously unconsolidated joint ventures not previously owned by us, resulting in these entities being wholly-owned. The acquisition resulted in a gain of approximately $40.2 million, which represented the difference between the fair market value of our previously owned equity interests and the cost basis.

Equity in income of joint ventures decreased approximately $1.8 million and increased approximately $16.0 million for the three and nine months ended September 30, 2013, respectively, as compared to the same periods in 2012. The decrease for the three months ended September 30, 2013 was primarily due to a $2.9 million proportionate share of a gain recognized during the three months ended September 30, 2012 relating to the sale of one operating property by one of our funds, partially offset by the recognition of approximately $1.2 million promoted equity interest as a result of achieving certain performance measures as set forth in the joint venture agreement for one of our unconsolidated joint ventures.
The $16.0 million increase in equity in income of joint ventures for the nine months ended September 30, 2013 as compared to the same period in 2012 was primarily due to a $13.0 million proportionate share of the gain relating to the sale by one of our unconsolidated joint ventures of its 14 operating properties in May 2013. Additionally, as a result of achieving certain performance

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measures as set forth in the joint venture agreement, we recognized a promoted equity interest of approximately $5.0 million related to this unconsolidated joint venture. The increase was also due to increases in earnings recognized during the nine months ended September 30, 2013 relating to higher rental income from the stabilized operating joint venture properties. The increase was partially offset by a $2.9 million proportionate share of the gain relating to the sale of one operating property by one of our funds in August 2012, the sale of six operating properties by two of our unconsolidated joint ventures during the fourth quarter of 2012, and by the acquisition of one previously unconsolidated joint venture in December 2012.
Income tax expense increased approximately $0.4 million and $0.6 million for the three and nine months ended September 30, 2013, respectively, as compared to the same periods in 2012. The increases were due to increases in taxable income related to higher construction activities conducted in a taxable REIT subsidiary during the three and nine months ended September 30, 2013 and increases in state income taxes relating to certain acquisitions completed in 2012 and 2013.

Funds from Operations (“FFO”)
Management considers FFO to be an appropriate measure of the financial performance of an equity REIT. The National Association of Real Estate Investment Trusts (“NAREIT”) currently defines FFO as net income (computed in accordance with accounting principles generally accepted in the United States of America ("GAAP")), excluding gains (or losses) associated with previously depreciated operating properties, real estate depreciation and amortization, impairments of depreciable assets, and adjustments for unconsolidated joint ventures. Our calculation of diluted FFO also assumes conversion of all potentially dilutive securities, including certain non-controlling interests, which are convertible into common shares. We consider FFO to be an appropriate supplemental measure of operating performance because, by excluding gains or losses on dispositions of operating properties, and depreciation, FFO can assist in the comparison of the operating performance of a company’s real estate investments between periods or to different companies.

To facilitate a clear understanding of our consolidated historical operating results, we believe FFO should be examined in conjunction with net income attributable to common shareholders as presented in the condensed consolidated statements of income and comprehensive income and data included elsewhere in this report. FFO is not defined by GAAP and should not be considered as an alternative to net income attributable to common shareholders as an indication of our operating performance. Additionally, FFO as disclosed by other REITs may not be comparable to our calculation.

Reconciliations of net income attributable to common shareholders to diluted FFO for the three and nine months ended September 30, 2013 and 2012 are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
($ in thousands)	2013	2012	2013	2012
Funds from operations				
Net income attributable to common shareholders (1)	$70,720	$30,703	$206,368	$141,224
Real estate depreciation and amortization, including discontinued operations	54,543	51,698	160,010	153,090
Adjustments for unconsolidated joint ventures	1,395	1,885	4,316	6,198
Gain on acquisition of controlling interests in joint ventures	—	—	—	(40,191)
Gain on sale of unconsolidated joint venture properties	—	(2,875)	(13,032)	(2,875)
Gain on sale of discontinued operations, net of tax	(34,410)	—	(91,059)	(32,541)
Income allocated to non-controlling interests	1,082	702	4,804	2,504
Funds from operations – diluted	$93,330	$82,113	$271,407	$227,409

Weighted average shares – basic	87,449	85,631	87,117	82,923
Incremental shares issuable from assumed conversion of:				
Common share options and awards granted	453	662	497	655
Common units	1,900	2,221	1,901	2,244
Weighted average shares – diluted	89,802	88,514	89,515	85,822

(1) Includes a promoted equity interest of approximately $1.2 million and $5.0 million for the three and nine months ended September 30, 2013, respectively, as a result of achieving certain performance measures as set forth in the joint venture agreement for one of our unconsolidated joint ventures which sold its 14 operating properties during May 2013.

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Liquidity and Capital Resources

Financial Condition and Sources of Liquidity

We intend to maintain a strong balance sheet and preserve our financial flexibility, which we believe should enhance our ability to identify and capitalize on investment opportunities as they become available. We intend to maintain what management believes is a conservative capital structure by:

- extending and sequencing the maturity dates of our debt where practicable;
- managing interest rate exposure using what management believes to be prudent levels of fixed and floating rate debt;
- maintaining what management believes to be conservative coverage ratios; and
- using what management believes to be a prudent combination of debt and equity.

Our interest expense coverage ratio, net of capitalized interest, was approximately 4.8 and 4.2 times for the three months ended September 30, 2013 and 2012, respectively, and approximately 4.6 times and 3.9 times for the nine months ended September 30, 2013 and 2012, respectively. This ratio is a method for calculating the amount of operating cash flows available to cover interest expense and is calculated by dividing interest expense for the period into the sum of property revenues and expenses, non-property income, other expenses, income from discontinued operations after adding back depreciation, amortization, and interest expense from both continuing and discontinued operations. Approximately 77.9% and 76.5% of our properties (based on invested capital) were unencumbered as of September 30, 2013 and 2012, respectively. Our weighted average maturity of debt was approximately 6.1 years at September 30, 2013.

We also intend to continue to strengthen our capital and liquidity positions by continuing to focus on our core fundamentals which we believe are generating positive cash flows from operations, maintaining appropriate debt levels and leverage ratios, and controlling overhead costs.

Our primary source of liquidity is cash flow generated from operations. Other sources include availability under our unsecured credit facility and other short-term borrowings, proceeds from property dispositions, equity issued from our ATM program, the use of debt and equity offerings under our automatic shelf registration statement, and secured mortgages. We believe our liquidity and financial condition are sufficient to meet all of our reasonably anticipated cash needs during 2013 including:

- normal recurring operating expenses;
- current debt service requirements, including debt maturities;
- recurring capital expenditures;
- reposition expenditures;
- initial funding of property developments, acquisitions, joint venture investments; and
- the minimum dividend payments required to maintain our REIT qualification under the Code.

Factors which could increase or decrease our future liquidity include but are not limited to volatility in capital and credit markets, sources of financing, our ability to complete asset purchases or sales, the effect our debt level and changes in credit ratings could have on our costs of funds and our ability to access capital markets.

Cash Flows

Certain sources and uses of cash, such as the level of discretionary capital expenditures, are within our control and are adjusted as necessary based upon, among other factors, market conditions. The following is a discussion of our cash flows for the nine months ended September 30, 2013 and 2012.

Net cash from operating activities was approximately $309.6 million during the nine months ended September 30, 2013 as compared to approximately $250.0 million for the same period in 2012. The increase was primarily due to growth in property revenues directly attributable to increased rental rates from our same store communities and the growth in non-same store revenues primarily relating to the acquisition of seven operating properties during 2012, the acquisition of three operating properties in 2013, and the acquisition of one previously unconsolidated joint venture community in the fourth quarter of 2012. The increase in non-same store revenues also related to the stabilization of four operating properties during 2012 and three operating properties during the nine months ended September 30, 2013. These increases in revenues were partially offset by the increase in property expenses from our same store and non-same store communities which include the property expenses of the ten operating properties acquired in 2012 and 2013, the previously unconsolidated joint venture community acquired in 2012, and the stabilization of seven operating properties during 2012 and 2013. See further discussions of our 2013 operations as compared to 2012 in “Results of Operations.” The increase in net cash from operating activities was also due to changes in working capital account balances, partially offset by a decrease in property revenues and expenses due to the disposition of two operating properties in the nine months ended September 30, 2013 and eight operating properties in the fourth quarter of 2012.

Net cash used in investing activities during the nine months ended September 30, 2013 totaled $371.3 million as compared to approximately $458.4 million for the same period in 2012. Cash outflows for property development and capital improvements were approximately $245.3 million during the nine months ended September 30, 2013 as compared to approximately $202.7 million for the same period in 2012 due primarily to an increase in redevelopment expenditures relating to our reposition program during the nine months ended September 30, 2013 as compared to the same period in 2012. The property development and capital improvements during the nine months ended September 30, 2013 and 2012, respectively, included the following:

	For the nine months ended September 30,	
(in millions)	2013	2012
Expenditures for new development, including land	$119.5	$115.4
Capitalized interest, real estate taxes, and other capitalized indirect costs	18.0	14.9
Reposition expenditures	61.3	26.2
Capital expenditures	46.5	46.2
Total	$245.3	$202.7

Additional cash outflows during the nine months ended September 30, 2013 related to the acquisition of three operating properties for approximately $224.1 million, an increase in our restricted cash of $53.7 million, increases in our non-real estate assets of $15.1 million and investments in joint ventures of approximately $1.1 million. Additional cash outflows during the nine months ended September 30, 2012 related to the acquisitions of four operating properties and controlling interests in 12 previously unconsolidated joint ventures, net of cash acquired, of approximately $305.3 million, outflows for investments in joint ventures of approximately $6.7 million primarily relating to an acquisition of one operating property and two land development properties by one of our funds, in which we own a 20% interest, and an approximately $2.9 million increase in non-real estate assets. Net cash used in investing activities during the nine months ended September 30, 2013 was offset by cash inflows related to proceeds of $162.0 million from the sale of four operating properties and two land holdings during the nine months ended September 30, 2013 and by distributions from our joint ventures of approximately $6.1 million, which included $3.7 million in distributions from one unconsolidated joint venture relating to the sale of its 14 operating properties in the second quarter of 2013. During the nine months ended September 30, 2012, cash inflows related to proceeds of $54.1 million from the sale of three operating properties and distributions from our joint ventures of approximately $9.2 million, which included $4.4 million in distributions from one of our funds relating to the sale of an operating property in the third quarter of 2012.

Net cash provided by financing activities totaled approximately $39.7 million for the nine months ended September 30, 2013 as compared to approximately $158.9 million during the same period in 2012. During the nine months ended September 30, 2013, we received proceeds of approximately $183.0 million, net of payments, relating to draws on our unsecured line of credit and other short-term borrowings, net proceeds of approximately $40.1 million from the issuance of 0.6 million shares from our 2012 ATM program and proceeds of approximately $2.5 million from common share options exercised during the period. The cash inflows during the nine months ended

September 30, 2013 were partially offset by approximately $163.3 million used for distributions paid to common shareholders and non-controlling interest holders, approximately $26.1 million used to repay a secured mortgage note payable and approximately $3.1 million used for principal amortization payments. During the nine months ended September 30, 2012, we received net proceeds of approximately $693.4 million from the issuance of 11.2 million common shares in an equity offering and our ATM programs. Cash inflows for the nine months ended September 30, 2012 also included proceeds of approximately $34.0 million, net of payments, relating to draws on our unsecured line of credit and proceeds of approximately $12.6 million from common share options exercised during the period. The cash inflows during the nine months ended September 30, 2012 were partially offset by cash outflows of approximately $272.6 million used to repay the mortgage debt of 12 previously unconsolidated joint ventures we acquired in January 2012, $70.0 million used to repay three secured mortgage notes payable and approximately $3.0 million used for principal amortization payments. Cash inflows during the nine months ended September 30, 2012 were further offset by $100.0 million used to redeem our perpetual preferred units, and approximately $138.6 million used for distributions paid to common shareholders, perpetual preferred unit holders, and noncontrolling interest holders.

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Financial Flexibility

We have a $500 million unsecured credit facility which matures in September 2015 with an option to extend at our election to September 2016. Additionally, we have the option to increase this credit facility to $750 million by either adding additional banks to the credit facility or obtaining the agreement of the existing banks in the credit facility to increase their commitments. The interest rate is based upon LIBOR plus a margin which is subject to change as our credit ratings change. Advances under the line of credit may be priced at the scheduled rates, or we may enter into bid rate loans with participating banks at rates below the scheduled rates. These bid rate loans have terms of 180 days or less and may not exceed the lesser of $250 million or the remaining amount available under the line of credit. The line of credit is subject to customary financial covenants and limitations. We believe we are in compliance with all such financial covenants and limitations.

Our line of credit provides us with the ability to issue up to $100 million in letters of credit. While our issuance of letters of credit does not increase our borrowings outstanding under our line of credit, it does reduce the amount available. At September 30, 2013, we had $170.0 million outstanding on our $500 million unsecured line of credit and we had outstanding letters of credit totaling approximately $11.0 million, leaving approximately $319.0 million available under our unsecured line of credit. As an alternative to our unsecured line of credit, from time to time, we may borrow using an unsecured overnight borrowing facility. Our use of short-term borrowings does not decrease the amount available under our unsecured line of credit. At September 30, 2013, we had $13.0 million short-term borrowings outstanding.

We currently have an automatic shelf registration statement which allows us to offer, from time to time, common shares, preferred shares, debt securities, or warrants. Our Amended and Restated Declaration of Trust provides we may issue up to 185 million shares of beneficial interest, consisting of 175 million common shares and 10 million preferred shares.

In May 2012, we created an ATM program through which we can, but have no obligation to, sell common shares having an aggregate offering price of up to $300 million (the "2012 ATM program"), in amounts and at times as we determine, into the existing trading market at current market prices as well as through negotiated transactions. Actual sales from time to time may depend on a variety of factors including, among others, market conditions, the trading price of our common shares, and determinations by management of the appropriate sources of funding for us. The net proceeds for the nine months ended September 30, 2013 were used for general corporate purposes, which included funding for development and capital improvement projects. We intend to use the net proceeds from the 2012 ATM program for general corporate purposes, which may include funding for development and acquisition activities, the redemption or other repurchase of outstanding debt or equity securities, reducing future borrowings under our $500 million unsecured line of credit or other short-term borrowings, and the repayment of other indebtedness. As of the date of this filing, we had common shares having an aggregate offering price of up to $82.7 million remaining available for sale under the 2012 ATM program.

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

Future Cash Requirements and Contractual Obligations

One of our principal long-term liquidity requirements includes the repayment of maturing debt, including any future borrowings under our unsecured line of credit or other short-term borrowings. Scheduled debt maturities for the remainder of 2013 total approximately $200.8 million, including scheduled principal amortizations of approximately

$0.8 million. See Note 7, "Notes Payable," in the Notes to condensed consolidated financial statements for further discussion of scheduled maturities.

We estimate the additional costs to complete the construction of 10 consolidated projects to be approximately $412.2 million. Of this amount, we expect approximately $70 million to $75 million will be incurred during the remainder of 2013 and the rest of the costs be incurred during 2014 and 2015. Additionally, we also expect to incur between approximately $15 million and $20 million of additional reposition expenditures and between approximately $14 million and $18 million of additional other capital expenditures during the remainder of 2013.

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

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In order for us to continue to qualify as a REIT, we are required to distribute annual dividends to our shareholders equal to a minimum of 90% of our REIT taxable income, computed without regard to the dividends paid deduction and our net capital gains. In September 2013, we announced our Board of Trust Managers had declared a quarterly dividend of $0.63 per common share, to our common shareholders of record as of September 30, 2013. The dividend was subsequently paid on October 17, 2013, and we paid equivalent amounts per unit to holders of the common operating partnership units. Assuming similar dividend distributions for the remainder of 2013, our annualized dividend rate for 2013 would be $2.52 per share or unit.

Off-Balance Sheet Arrangements

The joint ventures in which we have an interest have been funded in part with secured, third-party debt. As of September 30, 2013, we have no outstanding guarantees related to loans of our unconsolidated joint ventures.

Inflation

Substantially all of our apartment leases are for a term generally ranging from six to fifteen months. In an inflationary environment, we may realize increased rents at the commencement of new leases or upon the renewal of existing leases. We believe the short-term nature of our leases generally minimizes our risk from the adverse effects of inflation.

Critical Accounting Policies

Our critical accounting policies have not changed from information reported in our Annual Report on Form 10-K for the year ended December 31, 2012.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

No material changes to our exposures to market risk have occurred since our Annual Report on Form 10-K for the year ended December 31, 2012.

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures. We carried out an evaluation, under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report pursuant to Securities Exchange Act (“Exchange Act”) Rules 13a-15(e) and 15d-15(e). Based on the evaluation, the Chief Executive Officer and Chief Financial Officer concluded the disclosure controls and procedures as of the end of the period covered by this report are effective to ensure information required to be disclosed by us in our Exchange Act filings is accurately recorded, processed, summarized, and reported within the periods specified in the Securities and Exchange Commission’s rules and forms and is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in internal controls. There were no changes in our internal control over financial reporting (identified in connection with the evaluation required by paragraph (d) in Rules 13a-15 and 15d-15 under the Exchange Act) during our most recent fiscal quarter which have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

For discussion regarding legal proceedings, see Note 10, “Commitments and Contingencies,” in the Notes to the condensed consolidated financial statements.

Item 1A. Risk Factors

There have been no material changes to the Risk Factors previously disclosed in Item 1A in our Annual Report on Form 10-K for the year ended December 31, 2012.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None

Item 3. Defaults Upon Senior Securities

None

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Item 4. Mine Safety Disclosures

None

Item 5. Other Information
None

Item 6. Exhibits
(a) Exhibits

3.1	Third Amended and Restated Bylaws of Camden Property Trust, dated as of March 11, 2013 (incorporated by reference to Exhibit 99.1 to the Company's current report of Form 8-K filed March 12, 2013 (File No. 1-12110)).
10.1	Amendment No. 2 to the 2011 Share Incentive Plan of Camden Property Trust, dated as of July 30, 2013 (incorporated by reference to Exhibit 99.1 to the Company's current report of Form 8-K filed August 5, 2013 (File No. 1-12110)).
10.2	Amended and Restated Camden Property Trust Non-Qualified Deferred Compensation Plan, dated as of July 30, 2013 (incorporated by reference to Exhibit 99.2 to the Company's current report of Form 8-K filed August 5, 2013 (File No. 1-12110)).
10.3	Separation Agreement and General Release, dated as of May 9, 2013, between Camden Property Trust and Dennis M. Steen (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed May 10, 2013 (File No. 1-12110)).
*31.1	Certification pursuant to Rule 13a-14(a) of Chief Executive Officer dated November 1, 2013.
*31.2	Certification pursuant to Rule 13a-14(a) of Chief Financial Officer dated November 1, 2013.
*32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes – Oxley Act of 2002.
*101.INS	XBRL Instance Document
*101.SCH	XBRL Taxonomy Extension Schema Document
*101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
*101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
*101.LAB	XBRL Taxonomy Extension Label Linkbase Document
*101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

*Filed herewith.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on our behalf by the undersigned thereunto duly authorized.

	CAMDEN PROPERTY TRUST
/s/Michael P. Gallagher	November 1, 2013
Michael P. Gallagher	Date
Senior Vice President – Chief Accounting Officer	

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Exhibit Index

Exhibit	Description of Exhibits
3.1	Third Amended and Restated Bylaws of Camden Property Trust, dated as of March 11, 2013 (incorporated by reference to Exhibit 99.1 to the Company's current report of Form 8-K filed March 12, 2013 (File No. 1-12110)).
10.1	Amendment No. 2 to the 2011 Share Incentive Plan of Camden Property Trust, dated as of July 30, 2013 (incorporated by reference to Exhibit 99.1 to the Company's current report of Form 8-K filed August 5, 2013 (File No. 1-12110)).
10.2	Amended and Restated Camden Property Trust Non-Qualified Deferred Compensation Plan, dated as of July 30, 2013 (incorporated by reference to Exhibit 99.2 to the Company's current report of Form 8-K filed August 5, 2013 (File No. 1-12110)).
10.3	Separation Agreement and General Release, dated as of May 9, 2013, between Camden Property Trust and Dennis M. Steen (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed May 10, 2013 (File No. 1-12110)).
*31.1	Certification pursuant to Rule 13a-14(a) of Chief Executive Officer dated November 1, 2013.
*31.2	Certification pursuant to Rule 13a-14(a) of Chief Financial Officer dated November 1, 2013.
*32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes – Oxley Act of 2002.
*101.INS	XBRL Instance Document
*101.SCH	XBRL Taxonomy Extension Schema Document
*101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
*101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
*101.LAB	XBRL Taxonomy Extension Label Linkbase Document
*101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.