

CAMDEN PROPERTY TRUST

Form POS AM

March 07, 2005

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As filed with the Securities and Exchange Commission on March 7, 2005

Registration No. 333-120734

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**POST-EFFECTIVE AMENDMENT NO. 2**

**ON**

**FORM S-3 to**

**FORM S-4**

**REGISTRATION STATEMENT**

**UNDER**

**THE SECURITIES ACT OF 1933**

**Camden Property Trust**

(Exact name of registrant as specified in its charter)

**Texas**

(State or other jurisdiction of  
incorporation or organization)

**6798**

(Primary Standard Industrial  
Classification Code Number)

**76-6088377**

(I.R.S. Employer Identification  
Number)

**Camden Property Trust**

**Three Greenway Plaza, Suite 1300**

**Houston, Texas 77046**

**(713) 354-2500**

(Address, including zip code, and telephone number, including  
area code, of registrant's principal executive offices)

**Richard J. Campo**

**Chairman of the Board and Chief Executive Officer**

**Camden Property Trust**

**Three Greenway Plaza, Suite 1300**

**Houston, Texas 77046**

**(713) 354-2500**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: As promptly as possible upon effectiveness of this Registration Statement.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. "

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plan, check the following box. p

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box: "

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

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**INTRODUCTORY STATEMENT NOT FORMING PART OF THE PROSPECTUS**

This registration statement (File No. 333-120734) (the Original Registration Statement ) covers the resale from time to time of up to 1,631,269.577 common shares of beneficial interest, par value \$0.01 per share, of Camden Property Trust ( Camden ) by the selling shareholders identified in this registration statement in connection with the offer to exchange (the Exchange Offer ) each existing unit in Camden Summit Partnership, L.P., f/k/a Summit Properties Partnership, L.P. (the Operating Partnership ), for either \$31.20 in cash or .6687 of a new unit, each of which is redeemable for one Camden common share. Effective February 28, 2005, pursuant to the Exchange Offer, the Operating Partnership issued 1,631,269.577 units to the selling shareholders. Camden has entered into a Registration Rights Agreement, dated as of October 4, 2004, with the selling shareholders whereby Camden agreed to file this post-effective amendment to the Original Registration Statement. The issuance of the new units in the Exchange Offer and the subsequent resale of shares upon exchange of such units by the selling shareholders was covered by the Original Registration Statement. This Post-Effective Amendment No. 2 on Form S-3 contains a revised form of prospectus to be used in connection with the resales of the shares received by the selling shareholders upon redemption of the new units for shares. All filing fees payable in connection with the registration of these securities were previously paid in connection with the filing of the Original Registration Statement.

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**THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OF SALES IS NOT LEGAL.**

SUBJECT TO COMPLETION  
PRELIMINARY PROSPECTUS DATED MARCH 7, 2005

**PROSPECTUS**

**1,631,269.577 Common Shares of Beneficial Interest**

The selling shareholders listed on pages 35 and 36 may offer and resell up to 1,631,269.577 common shares under this prospectus for each of their own accounts. These shares may be obtained by the selling shareholders upon a redemption of common units of limited partnership interest in Camden Summit Partnership, L.P., formerly known as Summit Properties Partnership, L.P. Each unit is redeemable for one common share. Instead of issuing common shares upon a tender of units for redemption, we may deliver cash in an amount equal to the market value of the equivalent number of common shares.

This prospectus relates to (1) our possible issuance of common shares if, and to the extent that, the selling shareholders tender units for redemption and (2) the offer and sale of these shares by the selling shareholders. We will not receive any proceeds from the issuance of shares to the selling shareholders or from the sales of shares by the selling shareholders.

The selling shareholders may sell the shares from time to time on the New York Stock Exchange or otherwise. They may sell the shares at prevailing market prices or at prices negotiated with buyers. The selling shareholders will be responsible for any commissions or discounts due to brokers and dealers. The amount of those commissions or discounts will be negotiated before the sales. We will pay all other offering expenses.

Our common shares trade on the New York Stock Exchange under the symbol CPT. On March 4, 2005, the closing sale price of a common share on the New York Stock Exchange was \$48.84.

**You should carefully consider the risks set forth under Risk Factors starting on page 3 of this prospectus.**

**NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

The date of this prospectus is \_\_\_\_\_, 2005

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**SUMMARY**

*The following information highlights selected information contained elsewhere in this prospectus. It is not complete and may not contain all of the information that is important to you. You should read the entire prospectus carefully, including the risk factors .*

**Offices:** Our executive offices are located at 3 Greenway Plaza, Suite 1300, Houston, Texas 77046, and our telephone number is (713) 354-2500.

**Our Business:** Camden Property Trust is a real estate company engaged in the ownership, development, acquisition, management and disposition of multifamily apartment communities. We own interests in and operate 192 properties containing 66,446 apartment homes in the Sunbelt and Midwestern markets from Florida to California. Upon completion of seven properties under development, our portfolio will increase to 68,974 apartment homes in 199 properties.

**Merger With Summit Properties Inc.:** On February 28, 2005, Summit Properties Inc. was merged with and into Camden Summit, Inc., one of our wholly-owned subsidiaries. Prior to the merger, Summit conducted substantially all of its business through Camden Summit Partnership, L.P., formerly known as Summit Properties Partnership, L.P. (the Operating Partnership ). As a result of the merger, Camden Summit, Inc. became the sole general partner of the Operating Partnership. Prior to the effective time of merger, Summit held 348,086 general partner units, representing a 1% general partnership interest, and 31,117,541 limited partner units, representing an 89.4% limited partnership interest. The remaining 3,342,504 units, representing 9.6% of the limited partner interests, were held by outside limited partners. In conjunction with the merger, Camden and the Operating Partnership offered to exchange the existing units, which prior to the merger were redeemable for one share of common stock of Summit, for \$31.20 in cash, without interest, or .6687 of a new unit, which are redeemable for one Camden common share. In the exchange offer, 903,040 units were tendered in exchange for the cash consideration, 2,232,484 units were tendered in exchange for the unit consideration and 206,980 units were not tendered (all of which were exchanged for the unit consideration). Upon the terms and subject to the conditions of the exchange offer, Camden issued 1,631,269.577 new units and \$28,174,848.00 in exchange for the existing units. As of the date of this prospectus, Camden Summit held 232,765.108 general partner units, representing a 1% general partnership interest, and 20,808,299.667 limited partner units, representing a 91.8% limited partnership interest. The remaining 1,631,269.577 units, representing a 7.2% limited partner interests, were held by the selling shareholders. As of the date of this prospectus, the Operating Partnership owned interests in 48 properties containing 15,002 apartment homes, with an additional 1,834 apartment homes under construction in five new communities.

**Redemption of Units:**



Each unit is redeemable for one common share. This redemption ratio is subject to adjustment in the event of share splits, share dividends and similar events, as determined by the Operating Partnership or Camden. Instead of issuing common shares upon a tender of shares for redemption, we may deliver cash in an amount equal then market value of the common shares. Upon a redemption of units for shares, our ownership interest in the Operating Partnership will increase.

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Restrictions on Ownership of  
Shares:

To ensure that we qualify as a REIT, transfer of our capital shares is subject to limitations, and ownership of our shares by any single person is generally limited to 9.8% of the total number of outstanding capital shares. Any purported transfer in violation of these limitations will be void. These limitations are described in more detail on page 11 under the heading Description of Capital Shares Restrictions on Ownership.

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**RISK FACTORS**

*The following information discusses the most significant factors that makes an investment in our shares speculative or risky. You should carefully consider the following information in conjunction with the other information contained or incorporated by reference in this prospectus before making a decision to invest in our shares.*

**A redemption of units is taxable.**

A redemption of units will be treated as a sale of units for federal income tax purposes. The exchanging holder will generally recognize gain in an amount equal to the value of the common shares and amount of cash received, plus the amount of liabilities of the Operating Partnership allocable to the units being redeemed, less the holder's tax basis in the units. It is possible that the amount of gain recognized or the resulting tax liability could exceed the value of the shares received in the redemption.

**Rising interest rates would increase our costs and could affect the market price of our common shares.**

We have incurred and expect to continue to incur debt in the future. Some of this debt has variable or floating interest rates. Accordingly, if interest rates increase, our interest costs will also increase. In addition, an increase in market interest rates may lead purchasers of our common shares to demand a higher annual yield, which could adversely affect the market price of our outstanding common shares.

**Failure to generate sufficient cash flows could limit our ability to make required payments for debt service and pay distributions to shareholders and could adversely affect our ability to maintain our status as a REIT.**

The following factors, among others, may adversely affect the cash flows generated by our properties:

the national and local economic climates;

local real estate market conditions, such as an oversupply of apartment homes;

the perceptions by prospective residents of the safety, convenience and attractiveness of our properties and the neighborhoods in which they are located;

the need to periodically repair, renovate and relet space; and

our ability to pay for adequate maintenance and insurance and increased operating costs, including real estate taxes.

Some significant expenditures associated with each property, such as mortgage payments, if any, real estate taxes and maintenance costs, are generally not reduced when cash flows from operations from the property decrease.

**Unfavorable changes in market and economic conditions could hurt occupancy or rental rates.**

The market and economic conditions may significantly affect apartment home occupancy or rental rates. Occupancy and rental rates in the markets in which we operate, in turn, may significantly affect our profitability and our ability to satisfy our financial obligations and make distributions to shareholders. The risks that may affect conditions in these markets include the following:

the economic climate, which may be adversely impacted by plant closings, industry slowdowns and other factors;

local conditions, such as oversupply of apartments or a reduction in demand for apartments in an area;

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a future economic downturn that simultaneously affects more than one of our geographical markets;

the inability or unwillingness of residents to pay their current rent or rent increases;

the potential effect of rent control or rent stabilization laws, or other laws regulating housing, which could prevent us from raising rents; and

competition from other available apartments and changes in market rental rates.

**Difficulties of selling real estate could limit our flexibility.**

Real estate investments can be hard to sell, especially if market conditions are poor. This may limit our ability to vary our portfolio promptly in response to changes in economic or other conditions. In addition, the Internal Revenue Code limits our ability to sell properties that we have held for fewer than four years, which may affect our ability to sell properties without adversely affecting our return.

**Development and construction risks could impact our profitability.**

We intend to continue to develop and construct multifamily apartment communities for our own account. Our development and construction activities may be exposed to a number of risks that may increase our construction costs. This could adversely impact our profitability and our ability to satisfy our financial obligations and make distributions to shareholders. These risks include the following:

we may be unable to obtain, or may face delays in obtaining, necessary zoning, land-use, building, occupancy and other required permits and authorizations, which could result in increased costs;

we may incur construction costs for a property that exceed our original estimates due to increased materials, labor or other costs, or due to errors and omissions that occur in the design or construction process, and we may not be able to increase rents to compensate for the increases in these costs;

occupancy rates and rents at a newly completed community may fluctuate depending on a number of factors, including market and economic conditions, and may result in the community not being profitable;

we may not be able to obtain financing with favorable terms for the development of a community, which may make us unable to proceed with its development;

we may not be able to complete construction and lease-up of a community on schedule, which could result in increased costs;

we may abandon development opportunities that we have already begun to explore and, as a result, may fail to recover expenses already incurred in exploring these development opportunities; and

we rely on subcontractors to perform most of our construction activities and poor performance or defaults by a major subcontractor, or our inability to obtain adequate performance bonds for a major subcontractor, may lead to project delays and unanticipated additional costs.

We also develop and construct properties for unrelated third parties pursuant to guaranteed maximum price contracts. The terms of these contracts require us to estimate the time and costs to complete a project. Based on these estimates, we determine a time and the costs for completion of the project and assume the risk that the time and costs associated with our performance may be greater than is anticipated. As a result, our profitability on guaranteed maximum price contracts is dependent on our ability to predict these factors accurately. The time and



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costs may be affected by a variety of factors, including those listed above, many of which are beyond our control. In addition, the terms of these contracts generally require a warranty period, which may be up to ten years long, during which we may be required to repair, replace or rebuild a project in the event of a material defect in the structure of the project. If we do not accurately predict the time and costs of guaranteed maximum price contracts for particular projects, or if the costs of the warranty work exceed the amounts reserved for these matters, we could suffer losses on those projects and our profitability could be less than anticipated.

**Failure to implement our property acquisition strategy could impact our profitability.**

In the normal course of our business, we continually evaluate a number of potential acquisitions and may acquire additional operating properties. Our inability to successfully implement our acquisition strategy could result in our market penetration decreasing, which could adversely affect our profitability and our ability to satisfy our financial obligations and make distributions to shareholders. Our acquisition activities and their success may be exposed to a number of risks, including the following:

we may not be able to identify properties to acquire or effect the acquisition;

we may not be able to successfully integrate acquired properties and operations;

our estimate of the costs of repositioning or redeveloping the acquired property may prove inaccurate; and

the acquired property may fail to perform as we expected in analyzing our investment.

**Insufficient cash flow could affect our debt financing and create refinancing risk.**

As of September 30, 2004, we had outstanding debt of approximately \$1.6 billion. On a pro forma basis, assuming that the merger occurred on September 30, 2004, we would have had outstanding debt of approximately \$2.8 billion. This indebtedness could have important consequences. For example:

if a property is mortgaged to secure payment of indebtedness, and if we are unable to meet our mortgage payments, we could sustain a loss as a result of foreclosure on the mortgage;

if cash flow from operations is less than the required principal and interest payments on our existing indebtedness, which in all cases will not have been fully amortized at maturity, we might not be able to refinance the debt or the terms of such refinancing might not be as favorable as the terms of our existing indebtedness;

our vulnerability to general adverse economic and industry conditions could be increased; and

our flexibility in planning for, or reacting to, changes in our business and industry could be limited.

**Issuances of additional debt or equity may adversely impact our financial condition.**

Our capital requirements depend on numerous factors, including the occupancy rates of our apartment properties, dividend payment rates to our shareholders, development and capital expenditures, costs of operations and potential acquisitions. We cannot accurately predict the timing and amount of our capital requirements. If our capital requirements vary materially from our plans, we may require additional financing sooner than anticipated. Accordingly, we could become more leveraged, resulting in increased risk of default on our obligations and in an increase in our debt service requirements, both of which could adversely affect our financial condition and ability to access debt and equity capital markets in the future.





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**Losses from catastrophes may exceed our insurance coverage.**

We carry comprehensive liability and property insurance on our properties, which we believe is of the type and amount customarily obtained on real property assets. We intend to obtain similar coverage for properties we acquire in the future. However, some losses, generally of a catastrophic nature, such as losses from floods, hurricanes or earthquakes, may be subject to limitations. We exercise our discretion in determining amounts, coverage limits and deductibility provisions of insurance, with a view to maintaining appropriate insurance on our investments at a reasonable cost and on suitable terms. If we suffer a substantial loss, our insurance coverage may not be sufficient to pay the full current market value or current replacement value of our lost investment. Inflation, changes in building codes and ordinances, environmental considerations and other factors also might make it infeasible to use insurance proceeds to replace a property after it has been damaged or destroyed.

**Potential liability for environmental contamination could result in substantial costs.**

Under various federal, state and local laws, ordinances and regulations, we are liable for the costs to investigate and remove or remediate hazardous or toxic substances on or in our properties, often regardless of whether we knew of or were responsible for the presence of these substances. These costs may be substantial. Also, if hazardous or toxic substances are present on a property, or if we fail to properly remediate such substances, our ability to sell or rent the property or to borrow using that property as collateral may be adversely affected.

Additionally, we occasionally develop, manage, lease and/or operate various properties for third parties. Consequently, we may be considered to have been or to be an operator of these properties and, therefore, potentially liable for removal or remediation costs or other potential costs that could relate to hazardous or toxic substances.

**Compliance or failure to comply with laws requiring access to our properties by disabled persons could result in substantial cost.**

The Americans with Disabilities Act, the Fair Housing Act of 1988 and other federal, state and local laws generally require that public accommodations be made accessible to disabled persons. Noncompliance could result in the imposition of fines by the government or the award of damages to private litigants. These laws may require us to modify our existing properties. These laws may also restrict renovations by requiring improved access to such buildings by disabled persons or may require us to add other structural features that increase our construction costs. Legislation or regulations adopted in the future may impose further burdens or restrictions on us with respect to improved access by disabled persons. We cannot ascertain the costs of compliance with these laws, which may be substantial.

**Failure to qualify as a REIT would cause us to be taxed as a corporation, which would significantly lower funds available for distribution to shareholders.**

If we fail to qualify as a REIT for federal income tax purposes, we will be taxed as a corporation. The Internal Revenue Service may challenge our qualification as a REIT for prior years, and new legislation, regulations, administrative interpretations or court decisions may change the tax laws with respect to qualification as a REIT or the federal tax consequences of such qualification.

For any taxable year that we fail to qualify as a REIT, we would be subject to federal income tax on our taxable income at corporate rates, plus any applicable alternative minimum tax. In addition, unless entitled to relief under applicable statutory provisions, we would be disqualified from treatment as a REIT for the four taxable years following the year during which qualification is lost. This treatment would reduce our net earnings available for investment or distribution to shareholders because of the additional tax liability for the year or years involved. In

addition, distributions would no longer qualify for the dividends paid deduction nor be required to be made in order to preserve REIT status. We might be required to borrow funds or to liquidate some of our investments to pay any applicable tax resulting from our failure to qualify as a REIT.

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**Share ownership limits and our ability to issue additional equity securities may prevent takeovers beneficial to shareholders.**

For us to maintain our qualification as a REIT, not more than 50% in value of our outstanding shares may be owned, directly or indirectly, by five or fewer individuals. As defined for federal income tax purposes, the term individuals includes a number of specified entities. To minimize the possibility that we will fail to qualify as a REIT under this test, our declaration of trust includes restrictions on transfers of our shares and ownership limits. The ownership limits, as well as our ability to issue other classes of equity securities, may delay, defer or prevent a change in control. These provisions may also deter tender offers for our common shares that may be attractive to you, or limit your opportunity to receive a premium for your shares that might otherwise exist if a third party were attempting to effect a change in control transaction.

**We make mezzanine loans that involve risk of loss.**

We have made and may continue to make mezzanine loans to various unrelated third parties, which are typically secured by multifamily residential real estate and are subordinate to senior mortgages. While these loans are outstanding, we are subject to risks of borrower defaults, bankruptcies, fraud and other losses. In the event of any default under mezzanine loans held by us, we will bear the risk of loss of principal and non-payment of interest and fees to the extent of any deficiency between the value of the loan collateral and the principal amount of the loan. In addition, mezzanine loans involve a higher degree of risk that we may not recover some or all of our investment than senior mortgages due to a variety of factors, including the loan becoming unsecured as a result of foreclosure by the senior lender.

**Increased competition could limit our ability to lease apartments or increase or maintain rents.**

Our apartment communities compete with numerous housing alternatives in attracting residents, including other rental apartments, condominiums and single-family homes that are available for rent or sale. Competitive residential housing in a particular area could adversely affect our ability to lease apartments and increase or maintain rents.

**Attractive investment opportunities may not be available, which could adversely affect our profitability.**

We expect that other real estate investors will compete with us to acquire existing properties and to develop new properties. These competitors, including insurance companies, pension and investment funds, partnerships, investment companies and other apartment REITs, may have greater resources than we do. This competition could increase prices for properties of the type we would likely pursue. As a result, we may not be able, or have the opportunity, to make suitable investments on favorable terms in the future. This could adversely affect our profitability.

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**CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS**

We have made statements in this prospectus that are forward-looking in that they do not discuss historical fact, but instead note future expectations, projections, intentions or other items relating to the future. These forward-looking statements include those made in the documents incorporated by reference in this prospectus.

Reliance should not be placed on these forward-looking statements because they are subject to known and unknown risks, uncertainties and other facts that may cause our actual results or performance to differ materially from those contemplated by the forward-looking statements. Many of those factors are noted in conjunction with the forward-looking statements in the text. Other important factors that could cause actual results to differ include:

the results of our efforts to implement our property development and acquisition strategies;

the effects of economic conditions, including rising interest rates;

our ability to generate sufficient cash flows;

the failure to qualify as a real estate investment trust;

the costs of our capital and debt;

changes in our capital requirements;

the actions of our competitors and our ability to respond to those actions;

the actions of borrowers under our mezzanine loans;

changes in governmental regulations, tax rates and similar matters;

environmental uncertainties and disasters; and

other risks detailed in our other SEC reports or filings.

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

**MARKET FOR SHARES; DIVIDENDS AND DISTRIBUTIONS**

Our common shares are listed on the New York Stock Exchange under the symbol CPT. On January 17, 2005, we paid a quarterly dividend of \$0.635 per common share payable to all holders of record of common shares as of January 3, 2005. In connection with the closing of the merger with Summit, on March 4, 2005, we paid a dividend to holders of record as of February 25, 2005, the last full business day immediately preceding the day on which the merger became effective, equal to \$0.41628 per common share, representing the pro rata portion of our regular quarterly dividend of \$0.635 per share. In each case, we paid an equivalent amount per unit to holders of units of limited liability company interest in Oasis Martinique, LLC and class A units of Camden Operating, LP. This dividend to holders of common shares and units equates to an annualized dividend rate of \$2.54 per common share or unit.

We intend to continue making regular quarterly distributions to our shareholders and unitholders in accordance with REIT qualification requirements under the federal tax code while maintaining what management believes to be a conservative payout ratio. We also expect to continue reducing the payout ratio by raising distributions at a rate that is

less than our funds from operations growth rate. Distributions depend upon a variety of factors, and there can be no assurance that distributions will be made.

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**USE OF PROCEEDS**

We will not receive any proceeds from the issuance of common shares to the selling shareholders or from sales of these shares by the selling shareholders.

**DESCRIPTION OF CAPITAL SHARES**

Our declaration of trust provides that we may issue up to 110,000,000 shares of beneficial interest, consisting of 100,000,000 common shares and 10,000,000 preferred shares. At March 1, 2005, 51,865,853 common shares and no preferred shares were outstanding.

**Common Shares**

Holders of common shares are entitled to one vote per share. There is no cumulative voting in the election of trust managers. The board may declare dividends on common shares in its discretion if funds are legally available for those purposes. On liquidation, common shareholders are entitled to receive pro rata any of our remaining assets, after we satisfy or provide for the satisfaction of all liabilities and obligations on our preferred shares, if any. Common shareholders do not have preemptive rights to subscribe for or purchase any of our capital shares or any other of our securities, except as may be granted by the board.

**Preferred Shares**

Under our declaration of trust, the board is authorized, without shareholder approval, to issue preferred shares in one or more series, with the designations, powers, preferences, rights, qualifications, limitations and restrictions as the board determines. Thus, the board, without shareholder approval, could authorize the issuance of preferred shares with voting, conversion and other rights that could adversely affect the voting power and other rights of common shareholders or that could make it more difficult for another company to enter into a business combination with us.

**Series B Preferred Shares**

Our board has authorized the issuance of 4,000,000 7.0% Series B Cumulative Redeemable Perpetual Preferred Shares of Beneficial Interest. As of March 1, 2005, no series B preferred shares were outstanding.

*Future Issuances of Preferred Shares.* As of March 1, 2005, there were 4,000,000 series B preferred units of limited partnership interest in Camden Operating, L.P. outstanding. At various times after February 23, 2009, each series B preferred unit becomes exchangeable, in whole or in part, at the option of the holder thereof, into one series B preferred share, subject to adjustment upon subdivisions, combinations and reclassification of the series B preferred shares and distributions to all holders of the series B preferred shares of evidence of our indebtedness. However, the series B units will become exchangeable at any time if:

at any time full distributions have not been timely made on the respective preferred units for six or more quarterly distribution periods, whether or not consecutive;

upon receipt by any holder of the respective preferred units of a notice or opinion that Camden Operating, L.P. is or in the immediate future will be a publicly traded partnership within the meaning of Section 7704 of the

Internal Revenue Code; or

the net asset value of Camden Operating, L.P. in any fiscal quarter is less than \$200,000.

In addition, any holder of the series B preferred units may exchange such units, in whole or in part, for series B preferred shares by delivering to the general partner either a private letter ruling issued by the Internal Revenue Service or an opinion of independent legal counsel based on temporary or final Treasury Regulations or the publication of a Revenue Ruling, in either case to the effect that an exchange of the series B preferred units at such earlier time would not cause the series B preferred units to be considered stock and securities within the meaning

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of Section 721(b) of the Internal Revenue Code if an exchange is permitted at such earlier date. Furthermore, the series B preferred units may be exchanged in whole but not in part by any holder that is a real estate investment trust if the exchange may be accomplished consistently with the ownership limitations in our declaration of trust described below under *Restrictions on Ownership* if at any time:

Camden Operating, L.P. reasonably determines that its assets and income would not satisfy the income and asset tests of the Internal Revenue Code for a taxable year if it were a REIT; or

any such holder delivers an opinion of independent counsel to the effect that, based on the assets and income of Camden Operating, L.P. for a taxable year, Camden Operating, L.P. would not satisfy the income and assets tests of the Internal Revenue Code for such taxable year if it were a REIT within the meaning of the Internal Revenue Code and that failure would create a meaningful risk that a holder of the series B preferred units would fail to maintain qualification as a REIT.

See *Material Federal Income Tax Consequences REIT Qualifications*.

*No Preemptive or Conversion Right or Sinking Fund; Maturity.* No holder of series B preferred shares will have any preemptive right to subscribe for any securities. Unless redeemed, the series B preferred shares will have a perpetual term, with no stated maturity, and will not be subject to any sinking fund. The series B preferred shares will not be convertible into any of our shares or other securities.

*Ranking; Liquidation Preference.* The series B preferred shares will rank senior to our common shares with respect to the payment of distributions and amounts upon our voluntary or involuntary liquidation, winding-up or dissolution. Upon any such event, subject to the rights of holders of senior and parity preferred shares, the holders of series B preferred shares will be entitled to receive a liquidation preference of \$25.00 per share plus an amount equal to any accumulated and unpaid distributions.

*Distributions.* Holders of the series B preferred shares will be entitled to receive, when, as and if declared by our board of trust managers, out of funds legally available for the payment of distributions, cumulative preferential cash distributions at the rate per year of 7.0% of the \$25.00 liquidation preference per share. Such distributions will be paid quarterly in arrears.

*Optional Redemption.* The series B preferred shares are not redeemable prior to December 2, 2008, after which we may, at our option, redeem the shares, in whole or in part, for \$25.00 per share in cash plus accumulated and unpaid distributions.

*Voting Rights.* Holders of the series B preferred shares will not have any voting rights, except if the distributions are in arrears for six quarterly distribution periods, whether or not consecutive, in which case such holders, together with the holders of each class or series of parity shares upon which like voting rights have been conferred and are exercisable, may vote for the election of a total of two additional trust managers.

In addition, when any series B preferred shares are outstanding, the affirmative vote of two-thirds of the holders of such series of preferred shares then outstanding will generally be required before we, among other things, designate or create, or increase the authorized or issued amount of, any class or series of shares ranking prior to or on parity with such series of preferred shares with respect to payment of distributions or rights upon our liquidation, dissolution or winding-up.

*Registration Rights.* In connection with the offerings of the series B preferred units, we entered into registration rights agreements with the holders of such units pursuant to which we agreed to file with the SEC on or before February 23, 2009, or such earlier date as, among other things, all of the series B units are exchanged for series B



preferred shares, a shelf registration statement providing for the sale of the series B preferred shares of such holders. In addition, the registration rights agreement provides that at any time that such shelf registration statement is not effective with respect to such preferred shares, the holders of such shares with an expected offering price of at least \$20 million may make three demands requiring us to file a registration statement with the SEC registering all such shares. Holders of such shares also have piggyback registration rights to have such shares

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included in a registration statement covering certain other of our securities. We agreed to pay all expenses relating to our performance of our obligations under the registration rights agreements. The holders of series B preferred shares will pay all brokerage and sales commissions, certain fees and disbursements of their counsel, underwriting discounts and commissions and transfer taxes. We agreed to indemnify each such holder and certain other persons from certain liabilities arising under applicable securities laws.

## **Restrictions on Ownership**

In order for us to qualify as a REIT under the Internal Revenue Code, not more than 50% in value of our outstanding capital shares may be owned, directly or indirectly, by five or fewer individuals or entities during the last half of a taxable year. In addition, our capital shares must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months, or during a proportionate part of a shorter taxable year.

Because the board believes it is essential for us to continue to qualify as a REIT, our declaration of trust provides that in general no holder may own, or be deemed to own by virtue of the attribution provisions of the Internal Revenue Code, more than 9.8% of our total outstanding capital shares. Any transfer of shares will not be valid if it would:

create a direct or indirect ownership of shares in excess of 9.8% of our total outstanding capital shares;

result in shares being owned by fewer than 100 persons;

result in our being closely held within the meaning of Section 856(h) of the Internal Revenue Code; or

result in our disqualification as a REIT.

If any person owns or is deemed to own more than 9.8% of our total outstanding capital shares, the shares that exceed this ownership limit will automatically be deemed to be transferred to us. We will act as trustee of a trust for the exclusive benefit of the transferees to whom such shares may ultimately be transferred without violating this ownership limit. While in trust, these shares will not be entitled to participate in dividends or other distributions and, except as required by law, will not be entitled to vote. We will have the right, for a period of 90 days during the time any securities are held by us in trust, to purchase all or any portion of these securities from the original shareholder at the lesser of the price paid for the shares and the market price of the shares on the date we exercise our option to purchase.

All certificates representing capital shares will bear a legend referring to the restrictions described above.

These restrictions on ownership may have the effect of precluding acquisition of control unless the board and shareholders determine that maintenance of REIT status is no longer in our best interests.

## **Shareholder Liability**

Our declaration of trust provides that no shareholder will be personally or individually liable in any manner whatsoever for any debt, act, omission or obligation incurred by us or our board. A shareholder will be under no obligation to us or to our creditors with respect to such shares other than the obligation to pay to us the full amount of the consideration for which such shares were issued or to be issued. By statute, the State of Texas provides limited liability for shareholders of a REIT organized under the Texas Real Estate Investment Trust Act.

**Transfer Agent and Registrar**

American Stock Transfer & Trust Company or its successor is the transfer agent and registrar for the common shares.

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**REDEMPTION OF UNITS**

The rights of unitholders to redeem their units for common shares were granted in the Second Amended and Restated Agreement of Limited Partnership of Camden Summit Partnership, L.P., dated as of February 28, 2005 (the Partnership Agreement ). The following summary of the redemption rights of holders of units is not complete. You should look at the Partnership Agreement that is filed as an exhibit to the registration statement of which this prospectus is a part. To obtain a copy of this document, see [Where You Can Find More Information](#) on page 39.

Prior to the expiration of the 30-day period following delivery by the general partner of notice of the occurrence of a liquidating event, each holder of units has the right to require us to acquire all or a portion of their units in redemption for, at our election, cash or our common shares. A limited partner may not exercise the redemption right for less than 2,000 units or, if the limited partner holds less than 2,000 units, all of the units held by such limited partner, and no limited partner may exercise the redemption right if delivery of common shares would be prohibited by our declaration of trust. To the extent that we elect to purchase any units, we will become the holder of such units for all purposes except that we will not be entitled to receive any priority distribution amounts, cumulative unpaid accrued return amounts or cumulative unpaid priority distribution amounts with respect to such units.

Upon redemption, the redeeming holder will receive either that number of common shares determined by multiplying the number of units tendered by a conversion factor or, at our election, an amount of cash equal to the average market price of Camden common shares at the time of redemption. As of the date of this prospectus, the conversion factor is one. The conversion factor will be adjusted if we:

declare or pay a dividend on our outstanding common shares in common shares or make a distribution to all holders of our common shares in common shares;

subdivide our outstanding common shares; or

combine our outstanding common shares into a smaller number of common shares.

In any such event, the conversion factor will be adjusted by multiplying the conversion factor by a fraction, the numerator of which will be the number of common shares outstanding on the record date for such dividend, distribution, subdivision or combination (assuming, for such purposes that such dividend, distribution, subdivision or combination has occurred as of such time) and the denominator of which will be the actual number of shares (determined without making the above assumption) issued and outstanding on the record date for such dividend distribution, subdivision or combination. In the event of specified change in control transactions, the conversion factor will be adjusted as set forth in the Partnership Agreement.

If we elect to deliver cash in lieu of all or any portion of the shares, the redeeming holder will receive shares valued at the average of the daily closing prices for the ten consecutive trading days immediately preceding the date of the redemption notice.

A redeeming holder effecting a redemption of all or a portion of its units must deliver to us a notice of redemption, substantially in the form of Exhibit D to the Partnership Agreement. On the tenth business day after our receipt of the redemption notice, we will deliver to the redeeming holder the number of common shares to be redeemed plus cash in lieu of any fractional shares or, at our election, cash, each in an amount determined as described above.

Each limited partner that exercises its redemption right must deliver its respective units free and clear of all liens, encumbrances, liabilities, claims or charges of any kind. Neither the Operating Partnership nor Camden will be under any obligation to acquire common units upon a limited partner's exercise of its redemption right to the extent that any such units are subject to any liens, encumbrances, liabilities, claims or charges of any kind or in the event that the

limited partner fails to give the Operating Partnership and Camden adequate assurances that the units are not subject to any liens, encumbrances, liabilities, claims or changes of any kind.

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**COMPARISON OF OWNERSHIP OF UNITS AND COMMON SHARES**

**CAMDEN SUMMIT PARTNERSHIP, L.P.**

**CAMDEN PROPERTY TRUST**

**Form of Organization and Assets Owned**

The Operating Partnership is a Delaware limited partnership. As of the date of this prospectus, the Operating Partnership owned interests in 48 properties containing 15,002 apartment homes, with an additional 1,834 apartment homes under construction in five new communities.

Camden Property Trust is one of the largest real estate investment trusts in the nation with operations related to the ownership, development, construction and management of multifamily apartment communities in ten states. As of March 1, 2005, we owned interests in and operated 192 properties containing 66,446 apartment homes in the Sunbelt and Midwestern markets from Florida to California. Upon completion of seven properties under development, our portfolio will increase to 68,974 apartment homes in 199 properties. We also have several sites that we intend to develop into multifamily apartment communities.

**Purpose**

The purpose and nature of the business to be conducted by the Operating Partnership is (i) to conduct any business that may be lawfully conducted by a limited partnership organized pursuant to Delaware law so long as such business is limited to and conducted in such a manner as to permit us to at all times to be classified as a REIT, unless we cease to qualify as a REIT for reasons other than the conduct of the business of the Operating Partnership; and (ii) to enter into any partnership, joint venture or other similar arrangement to engage in any of the foregoing or to own interests in any entity engaged in any of the foregoing.

Under our declaration of trust, we may purchase, hold, lease, manage, sell, exchange, develop, subdivide and improve real property and interests in real property.

**Management Control**

Camden Summit, Inc., a wholly-owned subsidiary of Camden Property Trust, is the sole general partner of the Operating Partnership. Camden Summit has exclusive control over the day-to-day management of the business and affairs of the Operating Partnership. As the general partner, it has the power to cause the Operating Partnership to enter into certain major transactions, including acquisitions, developments and dispositions of properties and the incurrence of indebtedness. The general partner is under no obligation to consider the tax consequences to limited partners when making decisions for the benefit of the Operating Partnership.

The general partner is empowered to do any and all acts and things for the furtherance and accomplishment of the business purposes of the Operating Partnership, including all activities pertaining to the acquisition and operation of its properties, provided that the Operating Partnership does not take, or refrain from taking, any action which the

general partner believes will adversely affect our ability to qualify as a REIT. The limited partners have no power to remove the general partner and have limited voting rights as described below under Voting Rights.

Our board has exclusive control over our business affairs subject only to the applicable provisions of Texas law and the provisions of our declaration of trust and bylaws.

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**CAMDEN SUMMIT PARTNERSHIP, L.P.**

**CAMDEN PROPERTY TRUST**

**Voting Rights**

The consent of the limited partners is required for specified actions, including the following:

any action by the general partner in contravention of the Partnership Agreement;

the liquidation of the Operating Partnership;

in general, any amendments to the Partnership Agreement;

a transfer or assignment of the general partner's general partner interest;

a merger or consolidation, except in a transaction in which the selling shareholders are granted economic rights that are identical to their economic rights under the Partnership Agreement (as adjusted to reflect any applicable change in the issuer of the shares or securities for which the units may be exchanged or other changes in the outstanding securities or capital structure of the Operating Partnership or Camden); or

a specified change in control transaction, unless the issuer of replacement shares agrees to provide the limited partners (other than the general partner, Camden or any affiliate thereof) with economic rights that are identical to the economic rights provided pursuant to the new partnership agreement (or adjusted to reflect any applicable change in the issuer of shares for which units may be exchanged or a change in the capital structure of Camden).

At each annual meeting of shareholders, shareholders elect our trust managers. All common shares have one vote per share and our declaration of trust permits the board to classify and issue preferred shares in one or more series having voting power that may differ from that of the common shares.

Texas law requires that fundamental changes in an entity's structure be approved by shareholders. These changes include:

amendments to the declaration of trust;

mergers and consolidations;

dissolution; and

sales of all or substantially all of our assets not in the ordinary course of business.

**Additional Equity**

No partnership unit or partnership interest may be issued to Camden, the general partner or any of their respective subsidiaries or affiliates unless:

Camden, the general partner or the applicable subsidiary or affiliate makes a capital contribution to the Operating Partnership in an amount equal to the fair market value of such partnership unit or partnership interest (as determined in good faith by the general partner); or



the additional partnership units or partnership interests are issued to all partners in proportion to their respective partnership interests.

In addition, no partnership units or partnership interests may be issued to Camden, the general partner or a subsidiary or affiliate thereof if such partnership units or partnership interests (i) would have distribution rights senior to the limited partners currently holding limited partnership units or (ii) would have rights to net losses

Subject to applicable New York Stock Exchange Rules, our board may issue additional common or preferred shares, so long as the total number of shares issued does not exceed the authorized number of shares set forth in our declaration of trust. Our declaration of trust authorizes us to issue 100,000,000 common shares and 10,000,000 preferred shares. As of March 1, 2005, we had authorized 4,000,000 series B preferred shares.

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**CAMDEN SUMMIT PARTNERSHIP, L.P.**

that would result in a change in the priority of allocation of net losses in a manner that adversely affects the limited partners currently holding limited partnership units.

No limited partner will have any preemptive, preferential or other similar purchase right with respect to additional capital contributions to the Operating Partnership or the issuance or sale of any partnership units.

**CAMDEN PROPERTY TRUST**

**Fiduciary Duties**

Under Delaware law, the general partner of the Operating Partnership owes a fiduciary duty to the Operating Partnership. Consequently, we are required to exercise good faith and integrity in all of our dealings with the Operating Partnership.

Under Texas law, our trust managers must perform their duties in good faith and in a manner that they reasonably believe to be in our best interests. Trust managers who act in such a manner generally will not be liable to us for monetary damages by reason of being a member of the board.

**Management Liability and Indemnification**

The Partnership Agreement generally provides that the general partner will incur no liability to the Operating Partnership or any limited partner for losses sustained or liabilities incurred as a result of errors in judgment or any act or omission if the general partner acted in good faith. In addition, the general partner will not be responsible for any misconduct or negligence on the part of any agents appointed by the general partner in good faith. The general partner may consult with legal counsel, accountants, appraisers, management consultants, investment bankers, architects, engineers, environmental consultants and other consultants and advisers selected by it, and any act the general partner may take or omit to take in reliance upon the opinion of such persons, as to matters which the general partner reasonably believes to be within such person's professional or expert competence, will be conclusively presumed to have been done or omitted in good faith and in accordance with such opinion.

The Partnership Agreement also provides, to the fullest extent permitted by Delaware law, for indemnification of the general partner and any of the general partner's officers, directors and affiliates, and such other persons as the general partner may from time to time designate against any judgments, penalties, fines, settlements and reasonable expenses actually incurred by such person or persons arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, that relate to the operations of the Operating Partnership or the general partner as set forth in the Partnership Agreement. In addition, the Partnership Agreement provides that the Operating Partnership will reimburse reasonable expenses incurred by such an indemnitee in advance of

Our trust managers and officers will be indemnified against all losses they suffer as a result of serving in this capacity as provided in the Texas Real Estate Investment Trusts Act and our declaration of trust and bylaws. Our board must determine that the person or officer seeking indemnification acted in good faith while reasonably believing, in the case

of conduct in an official capacity, that such conduct was in our best interests. In all other cases, such conduct must be at least not opposed to our best interests and, in the case of any criminal proceeding, such person must have had no reasonable belief that such conduct was unlawful. If the person involved is not a trust manager or officer, but is or was our employee or agent, or is or was serving at our request as a trust manager, officer, employee or agent of another entity, our board may cause us to indemnify such person to the same extent allowed for trust managers and officers.

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**CAMDEN SUMMIT PARTNERSHIP, L.P.**

**CAMDEN PROPERTY TRUST**

the final disposition of any such proceeding.

The persons indemnified under the Partnership Agreement include Camden Property Trust and our trust managers and officers.

**Anti-Takeover Provisions**

Under the Partnership Agreement, we may hinder the Operating Partnership from engaging in a merger or other business combination. Also, the limited partners may not remove the general partner with or without cause. The general partner may also restrict a holder of units from transferring its units. See [Selling Shareholders](#) [Transfers of Units by Selling Shareholders](#).

Our organizational documents contain a number of provisions that may have the effect of delaying or discouraging an unsolicited proposal for our acquisition or the removal of incumbent management. These include provisions that:

allow the board to authorize preferred shares with superior voting rights to the common shares;

are designed to avoid concentration of share ownership in a manner that would jeopardize our status as a REIT under the Internal Revenue Code; and

require the affirmative vote of the holders of not less than 80% of our outstanding capital shares for the approval of business combinations and similar transactions with beneficial owners of more than 50% of our shares.

**Liability of Investors**

Pursuant to the Partnership Agreement, the limited partners generally have no liability under the Partnership Agreement. Under Delaware law, the liability of limited partners for the debts and obligations of the Operating Partnership is generally limited to the amount of their investment in the Operating Partnership, together with their interest in any undistributed income.

Under Texas law, shareholders are not liable for our debts or obligations

**Liquidity**

The limited partners generally may transfer their partnership interests or economic rights in the Operating Partnership, in whole or in part, without the consent of the general partner, provided that no limited partner will have the right to substitute a transferee as a limited partner in its place without the consent of the general partner, which consent may

be withheld in the sole and absolute discretion of the general partner. See Selling Shareholders Transfers of Units by Selling Shareholders.

Shares issued pursuant to this prospectus will be freely transferable, subject to prospectus delivery and other requirements of the Securities Act of 1933.

Our common shares are listed on the New York Stock Exchange. The breadth and strength of this secondary market will depend, among other things, upon the number of shares outstanding, our financial results, the general interest in our and other real estate investments, and our dividend yield compared to that of other debt and equity securities.

### **Distribution Rights**

Subject to certain exceptions, the general partner generally must, at least on a quarterly basis, distribute 100% of the available cash generated by the Operating Partnership during such quarter or shorter period as follows:

first, to the common unitholders (other than the  
Holders of our common shares are entitled to such dividends as may be legally declared from time to time by our board. In order for us to qualify as a REIT, we are required to distribute with respect to each taxable year dividends, other than capital gain dividends, to our shareholders in an aggregate amount at least equal to:

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**CAMDEN SUMMIT PARTNERSHIP, L.P.**

**CAMDEN PROPERTY TRUST**

general partner, Camden or any of their subsidiaries or affiliates) who are partners on the applicable record date, the pro rata amount of any cumulative unpaid accrued return equal to the prime rate of interest plus 5% with respect to such common unitholders cumulative unpaid priority distribution amount until such unpaid accrued return is reduced to zero;

second, to the common unitholders (other than the general partner, Camden or any of their subsidiaries or affiliates) who are partners on the applicable record date, the pro rata amount of any cumulative unpaid priority distribution amount until such unpaid priority distribution amount is reduced to zero;

third, to the common unitholders (other than the general partner, Camden or any of their subsidiaries or affiliates) who are partners on the applicable record date, the pro rata amount of the priority distribution amount (generally equal to the amount of dividends that a holder of common units would receive if it held an equivalent amount of Camden common shares, based on the then-applicable conversion factor) due to such common unitholder; and

thereafter, 100% to the general partner, Camden or any of their subsidiaries or affiliates, pro rata in proportion to the common units held by the general partner, Camden or any of their subsidiaries or affiliates.

No partner will receive any distributions with respect to any cumulative unpaid accrued return attributable to a failure of the partner to receive any priority distribution amount due to its failure to provide the general partner with accurate information regarding its address for payment of distributions.

The payment of any subordinated amounts, which include payments of principal or interest on debt, reimbursement of expenses and compensation for services rendered, by the Operating Partnership to the general partner or Camden or its subsidiaries or affiliates is subordinated to the cumulative accrued return amounts and cumulative unpaid priority distribution amounts of the holders of common units (other than Camden, the general partner and their subsidiaries and affiliates). The general partner and its affiliates may receive reasonable compensation for services rendered to the Operating Partnership.

the sum of 90% of our REIT taxable income, which is computed without regard to the dividends-paid deduction and our capital gain, and 90% of the net income, if any, from foreclosure property; minus

the sum of particular items of non-cash income.

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