

CAMDEN PROPERTY TRUST

Form 424B3

May 31, 2011

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Filed pursuant to rule 424(b)(3)  
Registration No. 333-159372

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities, nor are they soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion

Preliminary Prospectus Supplement dated May 31, 2011

**Prospectus Supplement**

**(To Prospectus dated May 20, 2009)**

\$	
<b>Camden Property Trust</b>	
\$	% Notes due 20
\$	% Notes due 20

The 20      Notes will mature on      , 20      and the      Notes will mature on      , 20      . Interest on the Notes will be payable June 15 and December 15 of each year, beginning on December 15, 2011. We may redeem the Notes in whole or in part at any time or from time to time at the redemption prices described on page S-9 in the section entitled Description of the Notes Optional Redemption. The Notes will be issued in minimum denominations of \$2,000 and integral multiples of \$1,000.

The Notes will be our direct, senior, unsecured obligations and will rank equally with all our other unsecured and unsubordinated indebtedness from time to time outstanding.

**Investing in the Notes involves risk. See Risk Factors beginning on page S-3 of this prospectus supplement and incorporated by reference from our Annual Report on Form 10-K for the year ended December 31, 2010.**

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Notes or determined that this prospectus supplement or the accompanying prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

	Public Offering  Price	Underwriting  Discount		Proceeds,  Before Expenses, to us
Per 20 Note	%	%		%
20 Note Total	\$	\$		\$
Per 20 Note	%	%		%
20 Note Total	\$	\$		\$
Total	\$	\$		\$

The public offering prices and the proceeds to us set forth above do not include accrued interest, if any. Interest on the Notes will accrue from June      , 2011.

We expect that delivery of the Notes will be made to investors through the book-entry delivery system of The Depository Trust Company for the accounts of its participants, including Clearstream Banking, société anonyme, and Euroclear Bank, S.A./N.V., as operator for the Euroclear System, against payment in New York, New York on or about June      , 2011.

*Joint Book-Running Managers*

**BofA Merrill Lynch  
Credit Suisse**

**Deutsche Bank Securities  
Morgan Stanley**

**J.P. Morgan  
Wells Fargo Securities**

The date of this prospectus supplement is June \_\_\_\_\_, 2011.

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We have not authorized any person to give any information or to make any representations other than those contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you, and, if given or made, you must not rely upon such information or representations as having been authorized. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities described in this prospectus supplement or an offer to sell or the solicitation of an offer to buy such securities in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this prospectus supplement or the accompanying prospectus, nor any sale made under this prospectus supplement and the accompanying prospectus, shall under any circumstances create any implication that there has not been any change in our affairs since the date of this prospectus supplement or that the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus is correct as of any time subsequent to the date of such information.

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**SUMMARY**

*This summary is not complete and may not contain all of the information that may be important to you in deciding whether to invest in the Notes. To understand this offering fully, you should carefully read the entire prospectus supplement and the accompanying prospectus and the documents incorporated by reference.*

**Our Business**

Camden Property Trust is a real estate investment trust ( REIT ) engaged in the ownership, development, construction, and management of multifamily apartment communities. As of March 31, 2011, we owned interests in, operated, or were developing 190 multifamily properties comprising 64,509 apartment homes across the United States. Of the 190 properties, three properties were under development, and when completed will consist of a total of 711 apartment homes. In addition, we own land parcels we may develop into multifamily apartment communities.

**The Offering**

For a more complete description of the Notes specified in the following summary, please see Description of the Notes in this prospectus supplement and Description of Debt Securities in the accompanying prospectus.

Securities offered \$ aggregate principal amount of % Notes due 20  
(the 20 Notes )

\$ aggregate principal amount of % Notes due 20  
(the 20 Notes )

The 20 and the 20 Notes are collectively referred to in this prospectus supplement as the Notes.

Maturity June 15, 20 for the 20 Notes

June 15, 20 for the 20 Notes

Interest payment dates Semi-annually in arrears on June 15 and December 15, commencing on December 15, 2011.

Ranking The Notes:

will be our direct, senior, unsecured obligations;

will rank equally with each other and with all of our other unsecured and unsubordinated indebtedness from time to time outstanding; and

will be effectively subordinated to our mortgages and our other secured indebtedness and to indebtedness and other liabilities of our subsidiaries.

Use of proceeds We intend to use the net proceeds of approximately \$ , after deducting the underwriting discounts and other expenses, from the Notes, together with cash on hand, to repay our outstanding \$500 million term loan. In conjunction with the repayment of the \$500 million term loan, we will dedesignate an interest rate swap associated with the term loan and will recognize a non-cash charge

of approximately \$30 million in the second quarter of  
2011. See Use of Proceeds.

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Optional redemption

We may redeem some or all of the Notes at any time and from time to time at the redemption prices set forth on page S-9 in the section entitled Description of the Notes Optional Redemption. If, however, we redeem Notes of either series 90 days or fewer prior to their maturity date, the redemption price will equal 100% of the principal amount of the Notes to be redeemed plus accrued and unpaid interest on the amount being redeemed to the redemption date. See Description of the Notes Optional Redemption.

Covenants

We will issue each series of Notes under an indenture with U.S. Bank National Association. The indenture, among other things, restricts our ability to:

borrow money;

use assets as security in other transactions; and

sell certain assets or merge into other companies.

See Description of the Notes Limitations on Incurrence of Indebtedness.

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**Table of Contents****RISK FACTORS**

*Before you decide whether to purchase any Notes, in addition to the other information in this prospectus supplement and the accompanying prospectus, you should carefully consider the risk factors set forth below and under the heading Risk Factors beginning on page 3 of our Annual Report on Form 10-K for the year ended December 31, 2010, which is incorporated by reference into this prospectus supplement and the accompanying prospectus, as the same may be updated from time to time by our future filings under the Securities Exchange Act of 1934, as amended (the Exchange Act). For more information, see the section entitled Incorporation by Reference.*

***The Notes are effectively subordinated to all our existing and future secured debt and the debt and any preferred equity of our subsidiaries.***

The Notes will be our senior unsecured obligations and will rank equally with each other and with all of our other unsecured and unsubordinated indebtedness from time to time outstanding. The Notes will be effectively subordinated to our mortgages and other secured indebtedness to the extent of the assets securing such debt and to our subsidiaries indebtedness to the extent of the assets of those subsidiaries. If we become insolvent or are liquidated, or if payment of any of our secured debt is accelerated, the holders of that secured debt will be entitled to exercise the remedies available to secured lenders under applicable law, including the ability to foreclose on and sell the assets securing such debt to satisfy such debt. In any such case, our remaining assets may be insufficient to repay the Notes.

Because we operate a significant portion of our business through subsidiaries, we derive revenues from, and hold assets through, those subsidiaries. In general, these subsidiaries are separate and distinct legal entities. These subsidiaries will have no obligation to pay any amounts due on our debt securities, including the Notes, or to provide us with funds for our payment obligations, whether by dividends, distributions, loans or otherwise. Our right to receive any assets of any subsidiary in the event of a bankruptcy or liquidation of the subsidiary, and therefore the right of our creditors to participate in those assets, will be effectively subordinated to the claims of that subsidiary's creditors, including trade creditors, and any preferred equity holders of that subsidiary, in each case to the extent that we are not recognized as a creditor of such subsidiary. In addition, even where we are recognized as a creditor of a subsidiary, our rights as a creditor with respect to certain amounts are subordinated to other indebtedness of that subsidiary, including secured indebtedness to the extent of the assets securing such indebtedness.

As of March 31, 2011, on a pro forma basis after giving effect to the issuance of the Notes offered hereby and the application of the proceeds from the offering, our and our subsidiaries' total outstanding indebtedness would be approximately \$2,474,520,000, of which approximately 57.4% would be unsecured.

***The Notes restrict, but do not eliminate, the ability to incur additional debt or take other action that could negatively impact holders of the Notes.***

Except as described under Description of the Notes Limitations on Incurrence of Indebtedness, Merger, Consolidation and Sale of Assets and Covenants below and under Description of Debt Securities Merger, Consolidation and Sale of Assets and Description of Debt Securities Covenants in the accompanying prospectus, the Indenture does not contain any other provisions that would limit our ability to incur indebtedness or that would afford holders of the Notes protection if we were to engage in transactions such as a highly leveraged or similar transaction, a change of control or a reorganization, restructuring, merger or similar transaction. In addition, subject to the limitations set forth under Description of the Notes Limitations on Incurrence of Indebtedness, Merger, Consolidation and Sale of Assets and Covenants below and under Description of Debt Securities Merger, Consolidation and Sale of Assets and Description of Debt Securities Covenants in the accompanying prospectus, we may, in the future, enter into transactions, such as the sale of all or substantially all of our assets or a merger or consolidation that would increase the amount of our indebtedness or substantially reduce or eliminate our assets, which may have an adverse effect on our ability to service indebtedness, including the Notes. We have no present intention of engaging in a highly leveraged or similar transaction.



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***There is no current public market for the Notes.***

The Notes are a new issue of securities for which there is currently no trading market. We do not intend to apply for listing of the Notes on any securities exchange or for inclusion of the Notes in any automated quotation system.

We cannot guarantee:

any trading market for the Notes will develop or be maintained;

the liquidity of any trading market that may develop for the Notes;

your ability to sell your Notes when desired or at all; or

the price at which you would be able to sell your Notes.

Liquidity of any trading market for, and future trading prices of, the Notes will depend on many factors, including:

prevailing interest rates;

our operating results and cash flows;

credit rating or outlook changes; and

the market for similar securities.

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We estimate that we will receive net proceeds of approximately \$ from the sale of the Notes offered by this prospectus supplement, after deducting the underwriting discounts and our other expenses related to this offering. We intend to use the net proceeds, together with cash on hand, to repay our outstanding \$500 million term loan. Our \$500 million term loan matures in October 2011 and may be extended at our option to October 2012. The scheduled interest rate is LIBOR plus 50 basis points, subject to certain conditions, and is currently fixed at 5.24% per annum through an interest rate swap. Affiliates of some of the underwriters of this offering are lenders under the term loan and, upon application of the net proceeds of this offering, will receive their proportionate shares of the amount of term loan repaid. Pending application of the net proceeds as described above, we may invest the proceeds in short-term securities.

In conjunction with the repayment of the \$500 million term loan, we will dedesignate an interest rate swap associated with the term loan and will recognize a non-cash charge of approximately \$30 million in the second quarter of 2011. This charge represents the reclassification of accumulated other comprehensive loss associated with the interest rate swap previously reflected in our balance sheet. We intend to settle the liability associated with the swap obligation with the counterparty over the next 17 months. Upon the dedesignation of this interest rate swap, we are required to reflect immediately in earnings as either a gain or loss any future changes in the market value of this instrument, which will terminate no later than October 2012. The repayment of the term loan is also expected to result in our recognizing a non-cash charge of approximately \$0.5 million in the second quarter of 2011 to write-off associated unamortized loan origination costs.

**RATIO OF EARNINGS TO FIXED CHARGES**

The ratio of earnings to fixed charges for each of our last five fiscal years and the three months ended March 31, 2011 are presented below. We computed our ratios of earnings to fixed charges by dividing earnings by fixed charges. For this purpose, earnings have been calculated by adding fixed charges to income from continuing operations before income taxes. Fixed charges consist of interest costs, the interest portion of rental expense, other than on capital leases, estimated to represent the interest factor in this rental expense, the amortization of debt discounts and deferred financing charges and preferred distributions of subsidiaries.

	<b>Three months ended March 31, 2011</b>	<b>2010</b>	<b>Year ended December 31,</b>			
			<b>2009(1)</b>	<b>2008(2)</b>	<b>2007(3)</b>	<b>2006(4)</b>
Ratio of earnings to fixed charges	1.24x	1.10x	0.49x	0.85x	1.18x	1.72x

- (1) We would have needed to generate \$77,553,000 to achieve a coverage of one to one in 2009. Earnings include an \$85,614,000 impact related to impairment associated with land development activities and a \$2,550,000 impact related to loss on early retirement of debt. Excluding this impact, the ratio would be 1.07x.
- (2) We would have needed to generate \$23,832,000 to achieve a coverage of one to one in 2008. Earnings include a \$51,323,000 impact related to impairment associated with land development activities, a \$13,566,000 impact related to gain on early retirement of debt, and a \$2,929,000 impact related to gain on sale of properties, including land. Excluding this impact, the ratio would be 1.07x.
- (3) Earnings include a \$1,447,000 impact related to impairment associated with land development activities. Excluding this impact, the ratio would be 1.19x.
- (4)

Earnings include a \$97,452,000 impact related to gain on sale of properties, including land. Excluding this impact, the ratio would be 1.07x.

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The following sets forth our debt and capitalization at March 31, 2011 and as adjusted to reflect this offering and the application of the net proceeds of this offering as described under *Use of Proceeds* above. You should read the information included in the table in conjunction with our unaudited condensed consolidated financial statements and related notes included in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2011, which is incorporated by reference in this prospectus supplement and the accompanying prospectus.

		<b>March 31, 2011</b>	
	<b>Actual</b>	<b>Adjustments</b>	<b>As</b>
		<i>(in thousands)</i>	<b>Adjusted</b>
Notes Payable:			
Unsecured	\$ 1,419,681	\$ (1)	\$
Secured	1,054,839		
Total notes payable	2,474,520		
Noncontrolling Interests	70,284		
Shareholders' Equity:			
Common shares of beneficial interest	827		
Additional paid-in capital	2,783,621		
Distributions in excess of net income attributable to common shareholders	(623,740)	(31,977)(2)(3)	
Treasury shares, at cost	(460,467)		
Accumulated other comprehensive loss	(31,504)	31,429(2)	
Total shareholders' equity	1,668,737		
Total capitalization	\$ 4,213,541		\$

- (1) Includes the repayment of our outstanding \$500 million unsecured term loan from the receipt of the net proceeds of approximately \$ million from the Notes, with the remainder funded from cash on hand.
- (2) Represents the impact of the dedesignation of an interest rate swap in connection with the repayment of our \$500 million unsecured term loan. See *Use of Proceeds*.
- (3) Represents the impact of the write-off of the associated unamortized loan original costs in connection with the repayment of our \$500 million unsecured term loan. See *Use of Proceeds*.

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**SUPPLEMENTAL FEDERAL INCOME TAX CONSIDERATIONS**

The following discussion supplements the discussion contained under the heading Federal Income Tax Considerations and Consequences of Your Investment in the accompanying prospectus and supersedes such discussion to the extent inconsistent with such discussion.

Because the following discussion is a summary which, in conjunction with the discussion contained under the heading Federal Income Tax Considerations and Consequences of Your Investment in the accompanying prospectus, is intended to address only material federal income tax consequences relating to the ownership and disposition of our common shares which will apply to all holders, it may not contain all the information which may be important to you. As you review this discussion, you should keep in mind the following:

the tax consequences to you may vary depending on your particular tax situation;

special rules not discussed below may apply to you if, for example, you are a tax-exempt organization, a broker-dealer, a non-U.S. person, a trust, an estate, a regulated investment company, a financial institution, an insurance company, or otherwise subject to special tax treatment under the Internal Revenue Code;

this summary does not address state, local or non-U.S. tax considerations;

this summary deals only with investors who hold our common shares as capital assets, within the meaning of Section 1221 of the Internal Revenue Code; and

this discussion is not intended to be, and should not be construed as, tax advice.

You are urged both to review the following discussion and to consult with your own tax advisor to determine the effect of ownership and disposition of our common shares on your tax situation, including any state, local or non-U.S. tax consequences.

The information in this section is based on the current Internal Revenue Code, current, temporary and proposed Treasury regulations, the legislative history of the Internal Revenue Code, current administrative interpretations and practices of the Internal Revenue Service, including its practices and policies as endorsed in private letter rulings, which are not binding on the Internal Revenue Service except with respect to the taxpayer to which they are addressed, and existing court decisions. Future legislation, regulations, administrative interpretations and court decisions could change current law or adversely affect existing interpretations of current law. Any change could apply retroactively. We have not requested and do not plan to request any rulings from the Internal Revenue Service concerning the matters discussed in the following discussion. It is possible the Internal Revenue Service could challenge the statements in this discussion, which do not bind the Internal Revenue Service or the courts, and a court could agree with the Internal Revenue Service.

**Tax Legislation**

On March 30, 2010, the President signed into law the Health Care and Education Reconciliation Act of 2010 (the Reconciliation Act ). The Reconciliation Act will require certain U.S. holders who are individuals, estates or trusts to pay a 3.8% Medicare tax on, among other things, dividends, interest on and capital gains from the sale or other disposition of our equity or debt obligations, subject to certain exceptions. This tax will apply for taxable years beginning after December 31, 2012. U.S. holders are urged to consult their tax advisors regarding the effect, if any, of this legislation on their ownership and disposition of our equity or debt securities.

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**Table of Contents****DESCRIPTION OF THE NOTES**

*This description of the particular terms of each series of Notes offered hereby supplements and, to the extent inconsistent therewith, replaces the description of the general terms and provisions of the Notes set forth in the accompanying prospectus.*

The 20 Notes and the 20 Notes are to be issued under an Indenture, as amended by the First Supplemental Indenture dated May 4, 2007 and the Second Supplemental Indenture to be dated June , 2011, which we have entered into with U.S. Bank National Association, as successor to SunTrust Bank, and which has been filed with the Securities and Exchange Commission (the SEC ) and is available for inspection at the corporate trust office of U.S. Bank National Association at Two James Center, 1021 E. Cary Street, Richmond, Virginia 23219-4000. As used in this prospectus supplement, the term Indenture refers to the Indenture, as amended by the First Supplemental Indenture and the Second Supplemental Indenture, and as further amended or supplemented from time to time. The Indenture is subject to, and governed by, the Trust Indenture Act of 1939, as amended.

The following summarizes selected provisions of the Indenture, the Second Supplemental Indenture and the Notes (the forms of which Second Supplemental Indenture and Notes have been filed pursuant to a Current Report on Form 8-K as exhibits to the registration statement of which the accompanying prospectus forms a part). It does not restate the Indenture or the terms of the Notes in their entirety. We urge you to read the Indenture and the forms of Notes because they, and not this description, define your rights as holders of the Notes.

**General**

The 20 Notes will be initially limited to an aggregate principal amount of \$ and will mature on , 20 , unless previously redeemed. The 20 Notes will be initially limited to an aggregate principal amount of \$ and will mature on , 20 , unless previously redeemed. We refer to the 20 Notes and the 20 Notes collectively as the Notes. The Notes will be our senior unsecured obligations and will rank equally with each other and with all of our other unsecured and unsubordinated indebtedness from time to time outstanding. The Notes will be effectively subordinated to our mortgages and other secured indebtedness to the extent of the assets securing such debt and to our subsidiaries' indebtedness to the extent of the assets of those subsidiaries. The Notes will be issued only in fully registered form without coupons in denominations of \$2,000 and integral multiples of \$1,000.

As of March 31, 2011, on a pro forma basis after giving effect to the issuance of the Notes offered hereby and the application of the proceeds from the offering, our and our subsidiaries' total outstanding indebtedness would be approximately \$ , of which approximately % would be unsecured.

Except as described under Limitations on Incurrence of Indebtedness, Merger, Consolidation and Sale of Assets and Covenants below and under Description of Debt Securities Merger, Consolidation and Sale of Assets and Covenant the accompanying prospectus, the Indenture does not contain any other provisions that would limit our ability to incur indebtedness or that would afford holders of the Notes protection if we were to engage in transactions such as a highly leveraged or similar transaction, a change of control or a reorganization, restructuring, merger or similar transaction. In addition, subject to the limitations set forth under Limitations on Incurrence of Indebtedness, Merger, Consolidation and Sale of Assets and Covenants below, we may, in the future, enter into transactions, such as the sale of all or substantially all of our assets or a merger or consolidation that would increase the amount of our indebtedness or substantially reduce or eliminate our assets, which may have an adverse effect on our ability to service indebtedness, including the Notes. We have no present intention of engaging in a highly leveraged or similar transaction.

We may from time to time, without the consent of existing Note holders, create and issue further notes having the same terms and conditions as each series of Notes offered hereby in all respects, except for the issue date, the issue price and the first payment of interest thereon. Additional notes issued in this manner will be consolidated with and will form a single series with the applicable previously outstanding series of Notes.

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**Principal and Interest**

Interest on the 20 Notes will accrue at the rate of % per year. Interest on the 20 Notes will accrue at the rate of % per year. Interest on each series of the Notes will be payable semi-annually in arrears on June 15 and December 15, commencing on December 15, 2011, to the holders of record of the Notes on the immediately preceding June 1 and December 1.

Interest on the Notes will accrue from June , 2011 or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year of twelve 30-day months. If any interest payment date or date of maturity falls on a day that is not a business day, the required payment will be made on the next business day.

**Optional Redemption**

We may redeem on any one or more occasions some or all of each series of Notes before they mature. The redemption price will equal the sum of (1) an amount equal to 100% of the principal amount thereof and (2) a make-whole premium, together with accrued and unpaid interest up to but not including the redemption date. We will calculate the make-whole premium as the amount of:

the aggregate present value as of the redemption date of each dollar of principal of the respective series of Notes being redeemed and the amount of interest (exclusive of interest accrued to the redemption date) that would have been payable in respect of such dollar if such redemption had not been made, determined by discounting, on a semi-annual basis, such principal and interest at the Reinvestment Rate (determined on the third business day preceding the date the notice of redemption is given) from the respective dates on which such principal and interest would have been payable if such redemption had not been made, over

the aggregate principal amount of the Notes being redeemed.

Reinvestment Rate means % plus the arithmetic mean of the yields under the respective headings This Week and Last Week published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available prior to the date of determining the make-whole premium (or if such Statistical Release is no longer published, any such other reasonably comparable index that we designate) under the caption Treasury Constant Maturities for the maturity (rounded to the nearest month) corresponding to the then remaining maturity of such series of Notes being redeemed. If no maturity exactly corresponds to such maturity, the Reinvestment Rate will be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the yields for the two published maturities most closely corresponding to such maturity.

If, however, we redeem Notes of either series 90 days or fewer prior to their maturity date, the redemption price will equal 100% of the principal amount of the Notes to be redeemed plus accrued and unpaid interest on the amount being redeemed to the redemption date.

We will give you notice of any optional redemption at your address, as shown in our security register, at least 30 but not more than 60 days before the redemption date. The notice of redemption will specify, among other items, the redemption price and the principal amount of the Notes held by such holder to be redeemed.

If we redeem less than all of any series of Notes at any time, we will notify the trustee at least 45 days prior to the redemption date (or such shorter period as is satisfactory to the trustee) of the aggregate principal amount of that series of Notes to be redeemed and their redemption date. The trustee will select the Notes to be redeemed in such manner as it deems fair and appropriate. We will not redeem Notes in increments of less than \$2,000 or other than in integral multiples of \$1,000.

On and after the redemption date, the respective series of Notes or portion of them called for redemption will cease accruing interest unless we fail to give notice as provided in the Indenture or default in the payment of the redemption price.

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**Limitations on Incurrence of Indebtedness**

*The following description replaces the description under Description of Debt Securities Limitation on Incurrence of Indebtedness in the accompanying prospectus.*

Under the Indenture, we may not, and may not permit any of our Subsidiaries (as defined below) to, incur any Debt (as defined below) if, immediately after giving effect to the incurrence of such additional Debt and the application of the proceeds thereof, the aggregate principal amount of all of our and our Subsidiaries' outstanding Debt on a consolidated basis determined in accordance with generally accepted accounting principles is greater than 60% of the sum of (without duplication):

1. our and our Subsidiaries' Total Assets (as defined below) as of the end of the calendar quarter covered in our Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as the case may be, most recently filed with the SEC (or, if such filing is not permitted under the Exchange Act, with the trustee) prior to the incurrence of such additional Debt; and
2. the purchase price of any real estate assets or mortgages receivable acquired, and the amount of any securities offering proceeds received (to the extent that such proceeds were not used to acquire real estate assets or mortgages receivable or used to reduce Debt), by us or any of our Subsidiaries since the end of such calendar quarter, including those proceeds obtained in connection with the incurrence of such additional Debt.

In addition, we may not, and may not permit any of our Subsidiaries to, incur any Debt secured by any Encumbrance (as defined below) upon any of our or our Subsidiaries' property if, immediately after giving effect to the incurrence of such additional Debt and the application of the proceeds thereof, the aggregate principal amount of all of our and our Subsidiaries' outstanding Debt on a consolidated basis which is secured by any Encumbrance on our or any of our Subsidiaries' property is greater than 40% of the sum of (without duplication):

1. our and our Subsidiaries' Total Assets as of the end of the calendar quarter covered in our Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as the case may be, most recently filed with the SEC (or, if such filing is not permitted under the Exchange Act, with the trustee) prior to the incurrence of such additional Debt; and
2. the purchase price of any real estate assets or mortgages receivable acquired, and the amount of any securities offering proceeds received (to the extent that such proceeds were not used to acquire real estate assets or mortgages receivable or used to reduce Debt), by us or any of our Subsidiaries since the end of such calendar quarter, including those proceeds obtained in connection with the incurrence of such additional Debt.

Also, neither we nor our Subsidiaries may at any time own Total Unencumbered Assets (as defined below) equal to less than 150% of the aggregate outstanding principal amount of the Unsecured Debt (as defined below) on a consolidated basis.

Furthermore, we may not, and may not permit any of our Subsidiaries to, incur any Debt if the ratio of Consolidated Income Available for Debt Service (as defined below) to the Annual Service Charge (as defined below) for the four consecutive fiscal quarters most recently ended prior to the date on which such additional Debt is to be incurred will have been less than 1.5:1, on a pro forma basis after giving effect thereto and to the application of the proceeds therefrom, and calculated on the assumptions that:

1. such Debt and any other Debt that we or any of our Subsidiaries incur since the first day of such four-quarter period and the application of the proceeds therefrom, including to refinance other Debt, had been incurred at the beginning of such period;
2. the repayment or retirement of any other of our and our Subsidiaries' Debt since the first day of such four-quarter period had been repaid or retired at the beginning of such period (except that, in making such computation, the amount of Debt under any revolving credit facility will be computed based upon the average daily balance of such Debt during such period);



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3. in the case of Acquired Debt (as defined below) or Debt incurred in connection with any acquisition since the first day of such four-quarter period, the related acquisition had occurred as of the first day of such period with appropriate adjustments with respect to such acquisition being included in such pro forma calculation; and
4. if we or any of our Subsidiaries acquire or dispose of any asset or group of assets since the first day of such four-quarter period, whether by merger, stock purchase or sale, or asset purchase or sale, such acquisition or disposition or any related repayment of Debt had occurred as of the first day of such period with the appropriate adjustments with respect to such acquisition or disposition being included in such pro forma calculation.

Acquired Debt means Debt of a person:

1. existing at the time such person becomes a Subsidiary; or

2. assumed in connection with the acquisition of assets from such person or entity, in each case, other than Debt incurred in connection with, or in contemplation of, such person becoming a Subsidiary or such acquisition. Acquired Debt will be deemed to be incurred on the date of the related acquisition of assets from any person or the date the acquired person becomes a Subsidiary.

Annual Service Charge as of any date means the maximum amount which is payable in any period for interest on, and original issue discount of, our and our Subsidiaries Debt and the amount of dividends which are payable in respect of any Disqualified Shares (as defined below).

Consolidated Income Available for Debt Service for any period means our and our Subsidiaries Earnings from Operations (as defined below) plus amounts that have been deducted, and minus amounts that have been added, for the following (without duplication):

1. our and our Subsidiaries interest on Debt;
2. our and our Subsidiaries provision for taxes based on income;
3. amortization of debt discount and deferred financing costs;
4. provisions for gains and losses on properties and property depreciation and amortization;
5. the effect of any noncash charge resulting from a change in accounting principles in determining Earnings from Operations for such period; and
6. amortization of deferred charges.

Debt means, without duplication, any of our and our Subsidiaries indebtedness, whether or not contingent, in respect of:

1. borrowed money or evidenced by bonds, notes, debentures or similar instruments;
2. indebtedness for borrowed money secured by any Encumbrance existing on our or any of our Subsidiaries property;
3. the reimbursement obligations, contingent or otherwise, in connection with any letters of credit actually issued (other than letters of credit issued to provide credit enhancement or support with respect to other of our or any of our Subsidiaries indebtedness otherwise reflected as Debt hereunder) or amounts representing the balance deferred and unpaid of the purchase price of any property or services, except any such balance that constitutes an accrued expense or trade payable, or all conditional sale obligations or obligations under any title retention agreement;
- 4.

the principal amount of all of our and our Subsidiaries obligations with respect to redemption, repayment or other repurchase of any Disqualified Shares; or

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5. any lease of property in which we or any of our Subsidiaries is a lessee which is reflected on our consolidated balance sheet as a capitalized lease in accordance with generally accepted accounting principles, to the extent, in the case of items of indebtedness under (1) through (3) above, that any such items (other than letters of credit) would appear as a liability on our consolidated balance sheet in accordance with generally accepted accounting principles, and also includes, to the extent not otherwise included, any of our or our Subsidiaries obligations to be liable for, or to pay, as obligor, guarantor or otherwise (other than for purposes of collection in the ordinary course of business), Debt of a person other than our company or any of our Subsidiaries (it being understood that we will be deemed to incur Debt whenever we or any of our Subsidiaries creates, assumes, guarantees or otherwise becomes liable in respect thereof).

Disqualified Shares means, with respect to any person, any capital stock of such person which by the terms of such capital stock (or by the terms of any security into which it is convertible or for which it is exchangeable or exercisable), upon the happening of any event or otherwise:

1. matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise (other than capital stock which is redeemable solely in exchange for common stock);
  2. is convertible into or exchangeable or exercisable for Debt or Disqualified Shares; or
  3. is redeemable at the option of the holder thereof, in whole or in part (other than capital stock which is redeemable solely in exchange for common stock),
- in each case on or prior to the stated maturity of the Notes.

Earnings from Operations for any period means net earnings excluding gains and losses on sales of investments, as reflected in our consolidated financial statements for such period determined on a consolidated basis in accordance with generally accepted accounting principles.

Encumbrance means any mortgage, lien, charge, pledge or security interest of any kind.

Subsidiary means any corporation or other entity of which we directly, or indirectly through one or more of our Subsidiaries, own a majority of the voting power of the voting equity securities or the outstanding equity interests. For the purposes of this definition, voting equity securities means equity securities having voting power for the election of directors, whether at all times or only so long as no senior class of security has such voting power by reason of any contingency.

Total Assets as of any date means the sum of:

1. the Undepreciated Real Estate Assets; and
2. all of our and our Subsidiaries other assets determined in accordance with generally accepted accounting principles (but excluding accounts receivable and intangibles).

Total Unencumbered Assets means the sum of

1. those Undepreciated Real Estate Assets not subject to an Encumbrance; and
  2. all of our and our Subsidiaries other assets not subject to an Encumbrance determined in accordance with generally accepted accounting principles (but excluding accounts receivable and intangibles);
- provided, however, that Total Unencumbered Assets does not include Undepreciated Real Estate Assets under unconsolidated joint ventures of ours and our Subsidiaries.

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**Undepreciated Real Estate Assets** as of any date means the cost (original cost plus capital improvements) of our and our Subsidiaries' real estate assets on such date, before depreciation and amortization, determined on a consolidated basis in accordance with generally accepted accounting principles.

**Unsecured Debt** means Debt that is not secured by any Encumbrance upon any of our or our Subsidiaries' properties.

See **Description of Debt Securities Covenants** in the accompanying prospectus for a description of additional covenants applicable to us.

### **Merger, Consolidation and Sale of Assets**

Under the Indenture, we may consolidate with, or sell, lease or convey all or substantially all of our assets to, or merge with or into, any other entity, provided that:

1. either we are the continuing entity, or the successor entity expressly assumes each series of Notes and all of our obligations relating to each series of Notes;
2. immediately after giving effect to such transaction and treating any indebtedness that becomes our obligation as a result thereof as having been incurred by us at the time of such transaction, no event of default under the Indenture, and no event that after notice or the lapse of time, or both, would become such an event of default, has occurred and is continuing; and
3. an officers' certificate and legal opinion covering such conditions is delivered to the trustee.

### **Events of Default, Notice and Waiver**

The Indenture provides that the following events are **Events of Default** with respect to each series of Notes:

1. default for 30 days in the payment of any installment of interest and other amounts payable (other than principal) on any Note when due and payable;
2. default in the payment of the principal of any Note when due and payable;
3. default in the performance, or breach, of any of our covenants contained in the Indenture that continues for 60 days after written notice as provided in the Indenture;
4. default under any bond, debenture, note, mortgage, indenture or instrument with an aggregate principal amount outstanding of at least \$35,000,000, which default has resulted in such indebtedness becoming or being declared due and payable prior to the date on which it would otherwise have become due and payable, without such indebtedness having been discharged or such acceleration having been rescinded or annulled within a period of 30 days after written notice to us as provided in the Indenture; or
5. certain events of bankruptcy, insolvency or reorganization or appointment of a receiver, liquidator or trustee.

See **Description of Debt Securities Events of Default, Notice and Waiver** in the accompanying prospectus for a description of rights, remedies and other matters relating to Events of Default.

### **Discharge, Defeasance and Covenant Defeasance**

The provisions of Article 14 of the Indenture relating to defeasance and covenant defeasance, which are described in the accompanying prospectus, will apply to the Notes.

**Table of Contents****Book Entry System**

The Notes will be issued in the form of one or more fully registered global securities ( Global Securities ) that will be deposited with, or on behalf of, The Depository Trust Company ( DTC ), and registered in the name of DTC s partnership nominee, Cede & Co. Except under the circumstance described below, the Notes will not be issuable in definitive form. Unless and until it is exchanged in whole or in part for the individual notes it represents, a Global Security may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any nominee of DTC to a successor depository or any nominee of such successor.

DTC has advised us of the following information regarding DTC: DTC is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code, and a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act.

DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments that DTC s participants ( Direct Participants ) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ( DTCC ). DTCC is owned by the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ( Indirect Participants ). The DTC rules applicable to its participants are on file with the SEC.

Purchases of Global Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Global Securities on DTC s records. The ownership interest of each actual purchaser of each Global Security ( Beneficial Owner ) is in turn to be recorded on the Direct and Indirect Participants records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Global Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Global Securities, except in the event that use of the book-entry system for the Global Securities is discontinued.

To facilitate subsequent transfers, all Global Securities deposited by Direct Participants with DTC are registered in the name of DTC s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Global Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Global Securities; DTC s records reflect only the identity of the Direct Participants to whose accounts such Global Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Global Securities unless authorized by a Direct Participant in accordance with DTC s procedures. Under its usual

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procedures, DTC mails an Omnibus Proxy to us as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Global Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy). Principal and interest payments on the Global Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from us or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in street name, and will be the responsibility of such Participant and not of DTC, the Trustee or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as requested by an authorized representative of DTC) is our responsibility or that of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Global Securities at any time by giving reasonable notice to us or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Global Security certificates are required to be printed and delivered.

We may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Global Security certificates will be printed and delivered to DTC.

**Clearstream.** Clearstream Banking, société anonyme ( Clearstream ), is incorporated under the laws of Luxembourg as a professional depository. Clearstream holds securities for its participating organizations ( Clearstream Participants ) and facilitates the clearance and settlement of securities transactions between Clearstream Participants through electronic book-entry changes in accounts of Clearstream Participants, thereby eliminating the need for physical movement of certificates. Clearstream provides Clearstream Participants with, among other things, services for safekeeping, administration, clearance and establishment of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic markets in several countries. As a professional depository, Clearstream is subject to regulation by the Luxembourg Monetary Institute. Clearstream Participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations, and may include the underwriters. Indirect access to Clearstream is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream Participant either directly or indirectly.

Distributions with respect to Notes held beneficially through Clearstream will be credited to cash accounts of Clearstream Participants in accordance with its rules and procedures to the extent received by DTC for Clearstream.

**Euroclear.** Euroclear Bank S.A./N.V. ( Euroclear ) was created in 1968 to hold securities for participants of Euroclear ( Euroclear Participants ) and to clear and settle transactions between Euroclear Participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear includes various other services, including securities lending and borrowing and interfaces with domestic markets in several markets in several countries. Euroclear is operated by Euroclear Bank S.A./N.V. (the Euroclear Operator ), under contract with Euro-clear Clearance Systems S.C., a Belgian cooperative corporation (the Cooperative ). All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator, not the Cooperative. The Cooperative establishes policy for Euroclear on behalf of Euroclear Participants. Euroclear Participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the underwriters. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear Participant, either directly or indirectly.

The Euroclear Operator is regulated and examined by the Belgian Banking Commission.

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Links have been established among DTC, Clearstream and Euroclear to facilitate the initial issuance of the Notes sold outside of the United States and cross-market transfers of the Notes associated with secondary market trading.

Although DTC, Clearstream and Euroclear have agreed to the procedures provided below in order to facilitate transfers, they are under no obligation to perform these procedures, and these procedures may be modified or discontinued at any time.

The information in this section concerning DTC, Clearstream and Euroclear and DTC's book-entry system has been obtained from sources that we believe to be reliable, but we take no responsibility for the accuracy of this information.

**Same-Day Settlement and Payment**

The underwriters will settle each series of Notes in immediately available funds. We will make all payments of principal and interest in respect of the Notes in immediately available funds.

Each series of Notes will trade in DTC's Same-Day Funds Settlement System until maturity or until the Notes are issued in certificated form, and secondary market trading activity in the Notes will therefore be required by DTC to settle in immediately available funds.

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Subject to the terms and conditions of the Underwriting Agreement, dated June , 2011, we have agreed to sell to each of the underwriters named below, severally, for whom Deutsche Bank Securities Inc., J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated are acting as representatives, and each of the underwriters has severally agreed to purchase, the principal amount of the Notes set forth opposite its name below:

<b>Underwriters</b>	<b>Principal Amount of the 20 Notes</b>	<b>Principal Amount of the 20 Notes</b>
Deutsche Bank Securities Inc.	\$	\$
J.P. Morgan Securities LLC		
Merrill Lynch, Pierce, Fenner & Smith Incorporated		
Credit Suisse Securities (USA) LLC		
Morgan Stanley & Co. Incorporated		
Wells Fargo Securities, LLC		
 Total	 \$	 \$