

CORPORATE OFFICE PROPERTIES TRUST

Form S-3

April 03, 2006

As filed with the Securities and Exchange Commission on April 3, 2006

Registration Statement No. 333-

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM S-3

**REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933**

CORPORATE OFFICE PROPERTIES TRUST

Edgar Filing: CORPORATE OFFICE PROPERTIES TRUST - Form S-3

(Exact name of Registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

23-2947217
(I.R.S. Employer
Identification Number)

8815 Centre Park Drive

Suite 400

Columbia, Maryland 21045

(410) 730-9092

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

Randall M. Griffin

President and Chief Executive Officer

Corporate Office Properties Trust

8815 Centre Park Drive

Suite 400

Columbia, MD 21045

(410) 730-9092

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

Copies to:

Justin W. Chairman, Esq.
Morgan, Lewis & Bockius LLP
1701 Market Street
Philadelphia, PA 19103
(215) 963-5000

Karen M. Singer, Esq.
Vice President & General Counsel
Corporate Office Properties Trust
8815 Centre Park Drive, Suite 400
Columbia, MD 21045

Approximate date of commencement of proposed sale to the public: From time to time after the effective date 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 plans, check the following box:

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 this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box:

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box:

CALCULATION OF REGISTRATION FEE

Title of Shares to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit (1)	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee
Common Shares of Beneficial Interest, \$0.01 par value (2)	408,655	\$ 45.81	\$ 18,720,486	\$ 2,004

(1) The proposed maximum offering price per unit with respect to the 408,655 Common Shares being registered pursuant to this Registration Statement is \$45.81, estimated solely for the purpose of computing the registration fee, pursuant to Rule 457(a) under the Securities Act, and, in accordance with Rule 457(c) under the Securities Act, based on the average of the high and low reported sale prices of the Registrant's Common Shares on the New York Stock Exchange on March 30, 2006.

(2) The prospectus that forms a part of this Registration Statement, as such prospectus may be amended or supplemented from time to time, is deemed to relate to the 408,655 common shares being registered pursuant to this Registration Statement and, in accordance with Rule 429 under the Securities Act, to an additional 8,290,633 Common Shares registered and issuable pursuant to the Registration Statements on Form S-3 of the Registrant, Commission File Nos. 333-85210, 333-59766, 333-60379 and 333-36740.

Pursuant to Rule 429 under the Securities Act, the prospectus that forms a part of this Registration Statement also relates to the common shares of the Registrant registered pursuant to the registration statements of the Registrant, Commission File Nos. 333-85210, 333-59766, 333-60379 and 333-36740.

CORPORATE OFFICE PROPERTIES TRUST

8,699,288 COMMON SHARES OF BENEFICIAL INTEREST

This is an offering of common shares of Corporate Office Properties Trust. Corporate Office Properties Trust is referred to in this prospectus as we, us or COPT. This prospectus covers 8,699,288 common shares that may be sold by certain selling shareholders identified herein. The selling shareholders may acquire such common shares by redeeming limited partnership interests which they own in our operating partnership, Corporate Office Properties, L.P. (the Operating Partnership), in exchange for common shares. You may find information pertaining to these shareholders and their ownership of certain common shares of COPT, and their ownership of certain limited partnership interests in our Operating Partnership, under the heading The Selling Shareholders in this prospectus.

Before investing in the common shares, you should review the section to this Prospectus entitled Risk Factors beginning on page 5.

Our common shares are listed on the New York Stock Exchange under the symbol OFC. To ensure that we maintain our qualification as a real estate investment trust, ownership by any person is limited to 9.8% of the lesser of the number or value of outstanding common shares, with certain exceptions.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

We are registering these shares as required under the terms of agreements between the selling shareholders and us. Registration of these common shares does not necessarily mean that any of the shares will be offered or sold by the selling shareholders. We will receive no proceeds of any sales of these common shares, but will incur expenses in connection with the offering.

The selling shareholders from time to time may offer and sell the shares held by them directly or through agents or broker-dealers on terms to be determined at the time of sale, as described in more detail in this prospectus.

The date of this prospectus is April 3, 2006

TABLE OF CONTENTS

SUMMARY

OUR COMPANY

FORWARD-LOOKING STATEMENTS

RISK FACTORS

THE SELLING SHAREHOLDERS

DESCRIPTION OF SHARES

FEDERAL INCOME TAX MATTERS

PLAN OF DISTRIBUTION

EXPERTS

LEGAL MATTERS

WHERE YOU CAN FIND MORE INFORMATION

SUMMARY

This prospectus summary calls your attention to selected information in this document, but it does not contain all the information that is important to you. To understand us and the securities that may be offered through this prospectus, you should read this entire prospectus carefully, including the section called Risk Factors, and the documents to which we refer you in the section called Where You Can Find More Information in this prospectus.

OUR COMPANY

General. We are a fully-integrated and self-managed real estate investment trust (REIT) that focuses on the acquisition, development, ownership, management and leasing of primarily Class A suburban office properties in the Greater Washington, D.C. region and other select markets. We have implemented a core customer expansion strategy built on meeting, through acquisitions and development, the multi-location requirements of our strategic tenants. Our strategy is to operate in select, demographically strong submarkets where we can achieve critical mass, operating synergies and key competitive advantages, including attracting high quality tenants and securing acquisition and development opportunities. As of December 31, 2005, our investments in real estate included the following:

165 wholly owned operating office properties in Maryland, Virginia, Colorado, Texas, Pennsylvania and New Jersey containing 13.7 million rentable square feet that were 94.0% occupied;

14 wholly owned office properties under construction or development that we estimate will total approximately 1.8 million square feet upon completion and one wholly owned office property totaling approximately 52,000 square feet that was under redevelopment;

wholly owned land parcels totaling 311 acres that were located near certain of our operating properties and potentially developable into approximately 4.5 million square feet; and

partial ownership interests, primarily through joint ventures, in the following:

18 operating properties totaling approximately 885,000 square feet;

two office properties totaling approximately 611,000 square feet that were mostly under redevelopment; and

land parcels totaling 138 acres that were located near certain of our operating properties and potentially developable into approximately 1.0 million square feet.

We focus on leasing our office properties to large, financially sound entities with significant, long-term space requirements. We believe our extensive experience, market knowledge and network of industry contacts within the Mid-Atlantic region provide us with an important competitive advantage in establishing, maintaining and enhancing our prominence within our targeted submarkets. Our four executive officers have an average of 20 years of real estate experience, specifically in the Mid-Atlantic region. In addition, as of December 31, 2005, our executive officers and trustees collectively owned 17.3% of our common equity interests, which includes ownership of outstanding common shares and common units of our partnership convertible into common shares.

Edgar Filing: CORPORATE OFFICE PROPERTIES TRUST - Form S-3

Interests in our Operating Partnership are in the form of common and preferred units. As of December 31, 2005, we owned approximately 82% of the outstanding common units and approximately 95% of the outstanding preferred units. The remaining common and preferred units in our Operating Partnership were owned by third parties, which included certain of our officers and trustees.

We believe that we are organized and have operated in a manner that permits us to satisfy the requirements for taxation as a REIT under the Internal Revenue Code of 1986, as amended, and we intend to continue to operate in such a manner. If we qualify for taxation as a REIT, we generally will not be subject to Federal income tax on our taxable income that is distributed to our shareholders. A REIT is subject to a number of organizational and operational requirements, including a requirement that it currently distribute to its shareholders at least 90% of its annual taxable income (excluding net capital gains).

Our executive offices are located at 8815 Centre Park Drive, Suite 400, Columbia, Maryland 21045 and our telephone number is (410) 730-9092.

FORWARD-LOOKING STATEMENTS

This section contains forward-looking statements, as defined in the Private Securities Litigation Reform Act of 1995, that are based on our current expectations, estimates and projections about future events and financial trends affecting the financial condition and operations of our business. Forward-looking statements can be identified by the use of words such as may, will, should, expect, estimate or other comparable terminology. Forward-looking statements are inherently subject to risks and uncertainties, many of which we cannot predict with accuracy and some of which we might not even anticipate. Although we believe that the expectations, estimates and projections reflected in such forward-looking statements are based on reasonable assumptions at the time made, we can give no assurance that these expectations, estimates and projections will be achieved. Future events and actual results may differ materially from those discussed in the forward-looking statements. Important factors that may affect these expectations, estimates and projections include, but are not limited to:

our ability to borrow on favorable terms;

general economic and business conditions, which will, among other things, affect office property demand and rents, tenant creditworthiness, interest rates and financing availability;

adverse changes in the real estate markets, including, among other things, increased competition with other companies;

risks of real estate acquisition and development activities, including, among other things, risks that development projects may not be completed on schedule, that tenants may not take occupancy or pay rent or that development and operating costs may be greater than anticipated;

risks of investing through joint venture structures, including risks that our joint venture partners may not fulfill their financial obligations as investors or may take actions that are inconsistent with our objectives;

our ability to satisfy and operate effectively under federal income tax rules relating to real estate investment trusts and partnerships;

governmental actions and initiatives; and

environmental requirements.

We undertake no obligation to update or supplement forward-looking statements. For further information on factors that could impact the Company and the statements contained herein, you should refer to the Risk Factors section of this prospectus.

RISK FACTORS

*You should carefully consider the risks and uncertainties described below before purchasing our common shares. Our most significant risks and uncertainties are described below; however, they are not the only ones that we face. If any of the following actually occurs, our business, financial condition or operating results could be materially harmed, the trading price of our common shares could decline and you may lose all or part of your investment. You should carefully consider each of the risks and uncertainties below and all of the information in this prospectus and the documents we refer you to in the section in this prospectus called *Where You Can Find More Information*.*

We may suffer adverse consequences as a result of our reliance on rental revenues for our income. We earn revenue from renting our properties. Our operating costs do not necessarily fluctuate in relation to changes in our rental revenue. This means that our costs will not necessarily decline and may increase even if our revenues decline.

For new tenants or upon lease expiration for existing tenants, we generally must make improvements and pay other tenant-related costs for which we may not receive increased rents. We also make building-related capital improvements for which tenants may not reimburse us.

If our properties do not generate revenue sufficient to meeting our operating expenses and capital costs, we may have to borrow additional amounts to cover these costs. In such circumstances, we would likely have lower profits or possibly incur losses. We may also find in such circumstances that we are unable to borrow to cover such costs, in which case our operations could be adversely affected. Moreover, there may be less or no cash available for distributions to our shareholders.

In addition, the competitive environment for leasing is affected considerably by a number of factors including, among other things, changes due in economic factors and supply and demand of space. These factors may make it difficult for us to lease existing vacant space and space associated with future lease expirations at rental rates that are sufficient to meeting our short-term capital needs.

Adverse developments concerning some of our key tenants could have a negative impact on our revenue. As of December 31, 2005, 20 tenants accounted for 55.9% of our total annualized rental revenue, and five of these tenants accounted for 32.1% of the total annualized rental revenue of our wholly owned properties. We computed the annualized rental revenue by multiplying by 12 the sum of monthly contractual base rents and estimated monthly expense reimbursements under active leases in our portfolio of wholly owned properties as of December 31, 2005. Information regarding our five largest tenants is set forth below:

Tenant	Annualized Rental Revenue at December 31, 2005 (in thousands)	Percentage of Total Annualized Rental Revenue of Wholly Owned Properties	Number of Leases
United States of America	\$ 39,589	15.2%	43
Booz Allen Hamilton, Inc.	13,052	5.0%	11
Northrop Grumman Corporation	11,755	4.5%	15
Computer Sciences Corporation (1)	10,701	4.1%	5
L-3 Communications Titan Corporation (1)	8,849	3.4%	5

(1) Includes affiliated organizations and agencies and predecessor companies.

If any of our five largest tenants fail to make rental payments to us or if the United States Government elects to terminate several of its leases and the space cannot be re-leased on satisfactory terms, there would be an adverse effect on our financial performance and ability to make distributions to our shareholders.

As of December 31, 2005, the United States defense industry (comprising the United States Government and defense contractors) accounted for approximately 49.7% of the total annualized rental revenue of our wholly owned properties. Most of the 15.2% of our total annualized rental revenue that we derived from leases with agencies of the United States Government as of December 31, 2005 is included in the 49.7% of our total annualized revenue from the United States defense industry. We classify the revenue from our leases into industry groupings based solely on management's knowledge of the tenants' operations in leased space. Occasionally, classifications require subjective and complex judgments. For example, we have a tenant that is considered by many to be in the computer industry; however, since the nature of that tenant's operations in the space leased from us is focused on providing service to the United States Government's defense department, we classify the revenue we earn from the lease as United States defense industry revenue. We do not use independent sources such as Standard Industrial Classification codes for classifying our revenue into industry groupings and if we did, the resulting groupings would be materially different.

We have become increasingly reliant on defense industry tenants in recent years due primarily to: (i) increased activity in that industry following the events of September 11, 2001; (ii) the strong presence of the industry in a number of our submarkets; and (iii) our strategy to form strategic alliances with certain of our tenants in the industry. The percentage of our total annualized rental revenue derived from the defense industry could continue to increase. A reduction in government spending for defense could affect the ability of these tenants to fulfill lease obligations or decrease the likelihood that these tenants will renew their leases. In the case of the United States Government, a reduction in government spending could result in the early termination of leases. Such occurrences could have an adverse effect on our results of operations, financial condition, cash flows and ability to make distributions to our shareholders.

We rely on the ability of our tenants to pay rent and would be harmed by their inability to do so. Our performance depends on the ability of our tenants to fulfill their lease obligations by paying their rental payments in a timely manner. In addition, as noted above, we rely on a few major tenants for a large percentage of our total rental revenue. If one of our major tenants, or a number of our smaller tenants, were to experience financial difficulties, including bankruptcy, insolvency or general downturn of business, there could be an adverse effect on our financial performance and ability to make expected distributions to shareholders.

Most of our properties are geographically concentrated in the Mid-Atlantic region, particularly in the Greater Washington, D.C. region and neighboring suburban Baltimore. We may suffer economic harm in the event of a decline in the real estate market or general economic conditions in those regions. Most of our properties are located in the Mid-Atlantic region of the United States and as of December 31, 2005, our properties located in the Greater Washington, D.C. region and neighboring Suburban Baltimore accounted for a combined 88.9% of our total annualized rental revenue from wholly owned properties. Our properties are also typically concentrated in office parks in which we own most of the properties. Consequently, we do not have a broad geographic distribution of our properties. As a result, a decline in the real estate market or general economic conditions in the Mid-Atlantic region, the Greater Washington, D.C. region or the office parks in which our properties are located could have an adverse effect on our financial position, results of operations, cash flows and ability to make expected distributions to our shareholders.

We would suffer economic harm if we were unable to renew our leases on favorable terms. When leases expire for our properties, our tenants may not renew or may renew on terms less favorable to us than the terms of their original leases. If a tenant leaves, we can expect to experience a vacancy for some period of time, as well as higher capital costs than if a tenant renews. As a result, our financial performance and ability to make expected distributions to our shareholders could be adversely affected if we experience a high volume of tenant departures at the end of their lease terms. Set forth below are the percentages of total annualized rental revenue from wholly owned properties as of December 31, 2005 that were subject to scheduled lease expirations in each of the next five years:

2006	9.3%
2007	12.9%
2008	11.9%
2009	16.3%
2010	13.7%

Most of the leases with our largest tenant, the United States Government, which account for 15.2% of our total annualized rental revenue in wholly owned properties at December 31, 2005, provide for consecutive one-year terms or provide for early termination rights. All of the leasing statistics set forth above assume that the United States Government will remain in the space that it leases through the end of the respective arrangements, without ending consecutive one-year leases prematurely or exercising early termination rights. We reported the statistics in this manner since we manage our leasing activities using these same assumptions and believe these assumptions to be probable.

We may not be able to compete successfully with other entities that operate in our industry. The commercial real estate market is highly competitive. We compete for the purchase of commercial property with many entities, including other publicly traded commercial REITs. Many of our competitors have substantially greater financial resources than we do. If our competitors prevent us from buying properties that we target for acquisition, we may not be able to meet our property acquisition and development goals. Moreover, numerous commercial properties compete for tenants with our properties. Some of the properties competing with ours may have newer or more desirable locations, or the competing properties' owners may be willing to accept lower rates than are acceptable to us. Competition for property acquisitions, or for tenants in properties that we own, could have an adverse effect on our financial performance and distributions to our shareholders.

We may be unable to successfully execute our plans to acquire existing commercial real estate properties. We intend to acquire existing commercial real estate properties to the extent that suitable acquisitions can be made on advantageous terms. Acquisitions of commercial properties entail risks, such as the risks that we may not be in a position or have the opportunity in the future to make suitable property acquisitions on advantageous terms and that such acquisitions will fail to perform as expected. Our failure to successfully execute acquisitions of existing real estate properties could adversely affect our financial performance and our ability to make distributions to our shareholders.

We may suffer economic harm as a result of making unsuccessful acquisitions in new markets. In 2005, we completed acquisitions of properties in regions where we did not previously own properties. Moreover, we expect to continue to pursue selective acquisitions of properties in new regions. These acquisitions may entail risks in addition to those we have faced in past acquisitions, such as the risk that we do not correctly anticipate conditions or trends in a new region, and are therefore not able to operate the acquired property profitably. If this occurred, it could adversely affect our financial performance and our ability to make distributions to our shareholders.

We may be unable to execute our plans to develop and construct additional properties. Although the majority of our investments are in currently leased properties, we also develop, construct and renovate properties, including some that are not fully pre-leased. When we develop, construct and renovate properties, we assume the risk that actual costs will exceed our budgets, that we will experience delays and that projected leasing will not occur, any of which could adversely affect our financial performance and our ability to make distributions to our shareholders. In addition, we generally do not obtain construction financing commitments until the development stage of a project is complete and construction is about to commence. We may find that we are unable to obtain financing needed to continue with the construction activities for such projects.

We may suffer economic harm as a result of the actions of our joint venture partners. We invest in certain entities in which we are not the exclusive investor or principal decision maker. As of December 31, 2005, we owned 18 operating properties and three development/construction properties through joint ventures. We also continue to pursue new investments in real estate through joint ventures. Aside from our inability to unilaterally control the operations of

joint ventures, our investments in joint ventures entail the additional risks that (i) the other parties to these investments may not fulfill their financial obligations as investors, in which case we may need to fund such parties' share of additional capital requirements and (ii) the other parties to these investments may take actions that are inconsistent with our objectives, either of which could have an adverse effect on our financial condition, results of operations, cash flows and ability to make expected distributions to our shareholders.

We are subject to possible environmental liabilities. We are subject to various Federal, state and local environmental laws. These laws can impose liability on property owners or operators for the costs of removal or remediation of hazardous substances released on a property, even if the property owner was not responsible for the release of the hazardous substances. Costs resulting from environmental liability could be substantial. The presence of

hazardous substances on our properties may also adversely affect occupancy and our ability to sell or borrow against those properties. In addition to the costs of government claims under environmental laws, private plaintiffs may bring claims for personal injury or other reasons. Additionally, various laws impose liability for the costs of removal or remediation of hazardous substances at the disposal or treatment facility. Anyone who arranges for the disposal or treatment of hazardous substances at such a facility is potentially liable under such laws. These laws often impose liability on an entity even if the facility was not owned or operated by the entity.

Real estate investments are illiquid, and we may not be able to sell our properties on a timely basis when we determine it is appropriate to do so. Real estate investments can be difficult to sell and convert to cash quickly, especially if market conditions are depressed. Such illiquidity will tend to limit our ability to vary our portfolio of properties promptly in response to changes in economic or other conditions. Moreover, under certain circumstances, the Internal Revenue Code imposes certain penalties on a REIT that sells property held for less than four years. In addition, for certain of our properties that we acquired by issuing units in our Operating Partnership, we are restricted by agreements with the sellers of the properties for a certain period of time from entering into transactions (such as the sale or refinancing of the acquired property) that will result in a taxable gain to the sellers without the seller's consent. Due to all of these factors, we may be unable to sell a property at an advantageous time.

We are subject to other possible liabilities that would adversely affect our financial position and cash flows. Our properties may be subject to other risks related to current or future laws, including laws benefiting disabled persons, and state or local laws relating to zoning, construction and other matters. These laws may require significant property modifications in the future for which we may not have budgeted and could result in the levy of fines against us. In addition, although we believe that we adequately insure our properties, we are subject to the risk that our insurance may not cover all of the costs to restore a property that is damaged by a fire or other catastrophic events, including acts of war or terrorism. The occurrence of any of these events could have an adverse effect on our financial condition, results of operations, cash flows and ability to make expected distributions to our shareholders.

We may be subject to increased costs of insurance and limitations on coverage. Our portfolio of properties is insured for losses under our property, casualty and umbrella insurance policies through September 30, 2006. These policies include coverage for acts of terrorism. Future changes in the insurance industry's risk assessment approach and pricing structure may increase the cost of insuring our properties and decrease the scope of insurance coverage, either of which could adversely affect our financial position and operating results.

We may suffer adverse effects as a result of the indebtedness that we carry and the terms and covenants that relate to this debt. Our strategy is to operate with slightly higher debt levels than many other REITs. However, these higher debt levels could make it difficult to obtain additional financing when required and could also make us more vulnerable to an economic downturn. Most of our properties have been mortgaged or otherwise secured to collateralize indebtedness. In addition, we rely on borrowings to fund some or all of the costs of new property acquisitions, construction and development activities and other items. Our organizational documents do not limit the amount of indebtedness that we may incur. As of December 31, 2005, our total outstanding debt was \$1.3 billion and our debt to total assets (defined as mortgage and other loans divided by total assets) was 63.3%.

Edgar Filing: CORPORATE OFFICE PROPERTIES TRUST - Form S-3

Payments of principal and interest on our debt may leave us with insufficient cash to operate our properties or pay distributions to our shareholders required to maintain our qualification as a REIT. We are also subject to the risks that:

we may not be able to refinance our existing indebtedness or refinance on terms as favorable as the terms of our existing indebtedness;

certain debt agreements of our Operating Partnership could restrict the ability of our Operating Partnership to make cash distributions to us, which could result in reduced distributions to our shareholders or the need to incur additional debt to fund these distributions; and

if we are unable to pay our debt service on time or are unable to comply with restrictive financial covenants in certain of our mortgage loans, our lenders could foreclose on our properties securing such debt and in some cases other properties and assets that we own.

A number of our loans are cross-collateralized, which means that separate groups of properties from our portfolio secure each of these loans. More importantly, many of our loans are cross-defaulted, which means that failure to pay interest or principal on any of our loans will create a default on certain of our other loans. Any foreclosure of our properties would result in loss of income and asset value that would negatively affect our financial condition, results of operations, cash flows and ability to make expected distributions to our shareholders. In addition, if we are in default and the value of the properties securing a loan is less than the loan balance, the lender may require payment from our other assets.

As of December 31, 2005, approximately 32% of our total debt had variable interest rates. If short-term interest rates were to rise, our debt service payments on adjustable rate debt would increase, which would lower our net income and could decrease our distributions to our shareholders. We use interest rate swap agreements from time to time to reduce the impact of changes in interest rates. Decreases in interest rates would result in increased interest payments due under interest rate swap agreements in place and could result in the Company recognizing a loss and remitting a payment to unwind such agreements.

We must refinance our mortgage debt in the future. As of December 31, 2005, our scheduled debt payments over the next five years, including maturities, were as follows:

Year	Amount (1) (in thousands)
2006	\$ 126,802(2)
2007	150,094(3)
2008	468,291(4)
2009	62,492
2010	73,790

-
- (1) Represents principal maturities only and therefore excludes premiums and discounts.
 - (2) Includes a loan maturity totaling \$41.6 million that may be extended for two six-month periods, subject to certain conditions.
 - (3) Includes maturities totaling \$62.4 million that may be extended for a one-year period, subject to certain conditions.
 - (4) Includes maturities totaling \$311.6 million