

CORPORATE OFFICE PROPERTIES TRUST  
Form 10-Q  
November 09, 2006

## UNITED STATES

## SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

## FORM 10-Q

(Mark one)

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

For the quarterly period ended September 30, 2006

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-14023

## Corporate Office Properties Trust

(Exact name of registrant as specified in its charter)

**Maryland**

(State or other jurisdiction of  
incorporation or organization)

**23-2947217**

(IRS Employer  
Identification No.)

**6711 Columbia Gateway Drive, Suite 300, Columbia MD**  
(Address of principal executive offices)

**21046**  
(Zip Code)

Registrant's telephone number, including area code: **(443) 285-5400**

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)

Yes  No

On November 3, 2006, 42,821,762 shares of the Company's Common Shares of Beneficial Interest, \$0.01 par value, were issued.

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**PART I: FINANCIAL INFORMATION****ITEM 1. Financial Statements**

**Corporate Office Properties Trust and Subsidiaries**  
**Consolidated Balance Sheets**  
(Dollars in thousands)  
(unaudited)

	September 30, 2006	December 31, 2005
<b>Assets</b>		
Investment in real estate:		
Operating properties, net	\$ 1,740,326	\$ 1,631,038
Projects under construction or development	315,360	255,617
Total commercial real estate properties, net	2,055,686	1,886,655
Investments in and advances to unconsolidated real estate joint ventures		1,451
Investment in real estate, net	2,055,686	1,888,106
Cash and cash equivalents	10,810	10,784
Restricted cash	51,784	21,476
Accounts receivable, net	26,778	15,606
Investment in other unconsolidated entity	1,621	1,621
Deferred rent receivable	39,033	32,579
Intangible assets on real estate acquisitions, net	92,061	90,984
Deferred charges, net	40,091	35,046
Prepaid and other assets	27,684	29,255
Furniture, fixtures and equipment, net	10,374	4,302
<b>Total assets</b>	<b>\$ 2,355,922</b>	<b>\$ 2,129,759</b>
<b>Liabilities and shareholders equity</b>		
Liabilities:		
Mortgage and other loans payable	\$ 1,206,682	\$ 1,348,351
3.5% Exchangeable Senior Notes	200,000	
Accounts payable and accrued expenses	55,487	41,693
Rents received in advance and security deposits	20,842	14,774
Dividends and distributions payable	19,810	16,703
Deferred revenue associated with acquired operating leases	12,074	12,707
Distributions in excess of investment in unconsolidated real estate joint venture	3,103	3,081
Fair value of derivatives	473	
Other liabilities	5,526	4,727
Total liabilities	1,523,997	1,442,036
Minority interests:		
Common units in the Operating Partnership	107,212	95,014
Preferred units in the Operating Partnership	8,800	8,800
Other consolidated real estate joint ventures	1,760	1,396
Total minority interests	117,772	105,210
Commitments and contingencies (Note 20)		
Shareholders equity:		
Preferred Shares of beneficial interest (\$0.01 par value; shares authorized of 15,000,000, issued and outstanding of 9,015,000 at September 30, 2006 and 6,775,000 at December 31, 2005) (Note 14)	90	67
Common Shares of beneficial interest (\$0.01 par value; 75,000,000 shares authorized, shares issued and outstanding of 42,810,978 at September 30, 2006 and 39,927,316 at December 31, 2005)	424	399
Additional paid-in capital	790,526	657,339
Cumulative distributions in excess of net income	(76,046)	(67,697)
Value of unearned restricted common share grants		(7,113)
Accumulated other comprehensive loss	(841)	(482)
Total shareholders equity	714,153	582,513
<b>Total liabilities and shareholders equity</b>	<b>\$ 2,355,922</b>	<b>\$ 2,129,759</b>

See accompanying notes to consolidated financial statements.

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**Corporate Office Properties Trust and Subsidiaries**  
**Consolidated Statements of Operations**  
**(Dollars in thousands, except per share data)**  
**(unaudited)**

**For the Three Months**  
**Ended September 30,**  
**2006**

**For the Nine Months**  
**Ended September 30,**