

NATURAL RESOURCE PARTNERS LP

Form 424B2

March 31, 2010

**Table of Contents**

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement is not an offer to sell these securities, and is not soliciting an offer to buy these securities, in any state where the offer or sale is not permitted.

Filed Pursuant to Rule 424(b)(2)  
Registration No. 333-157595

PRELIMINARY PROSPECTUS SUPPLEMENT  
(To Prospectus Dated March 19, 2010)

SUBJECT TO COMPLETION, dated March 31, 2010

**Natural Resource Partners L.P.  
4,000,000 Common Units  
Representing Limited Partner Interests**

We are selling 4,000,000 common units representing limited partner interests. Our common units are listed on the New York Stock Exchange under the symbol NRP. On March 30, 2010, the last reported sales price of our common units on the New York Stock Exchange was \$25.86 per common unit.

**Investing in our common units involves risks. Please read Risk Factors on page S-5 of this prospectus supplement.**

	<b>Per common unit</b>	<b>Total</b>
Public Offering Price	\$	\$
Underwriting Discount	\$	\$
Proceeds to Natural Resource Partners L.P., before expenses	\$	\$

We have granted the underwriters a 30-day option to purchase up to an additional 600,000 common units from us on the same terms and conditions set forth above if the underwriters sell more than 4,000,000 common units in this offering to cover over-allotments.

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

The underwriters expect to deliver the common units on or about April , 2010.

*Joint Book-Running Managers*

**UBS Investment Bank**

**Barclays Capital**

*Senior Co-Managers*

**Citi**

**Morgan Stanley**

*Co-Managers*

**Madison Williams**

**RBC Capital Markets**

**Stifel Nicolaus**

April , 2010

---

**TABLE OF CONTENTS**

**Prospectus Supplement**

<u>About This Prospectus Supplement</u>	S-ii
<u>Forward-Looking Statements</u>	S-ii
<u>Summary</u>	S-1
<u>Risk Factors</u>	S-5
<u>Use of Proceeds</u>	S-6
<u>Capitalization</u>	S-7
<u>Price Range of Common Units and Distributions</u>	S-8
<u>Tax Considerations</u>	S-9
<u>Underwriting</u>	S-11
<u>Legal</u>	S-16
<u>Experts</u>	S-16
<u>Information Incorporated By Reference</u>	S-17

**Prospectus**

About this Prospectus	i
Natural Resource Partners L.P.	1
The Guarantors	2
Cautionary Statement Concerning Forward-Looking Statements	3
Risk Factors	4
Use of Proceeds	5
Ratios of Earnings to Fixed Charges	6
Description of our Common Units	7
The Partnership Agreement	8
Cash Distributions	19
Description of the Debt Securities	25
Material Income Tax Considerations	34
Investment in Natural Resource Partners L.P. by Employee Benefit Plans	51
Selling Unitholders	53
Legal Matters	53
Experts	53
Where You Can Find More Information	54

**Table of Contents**

About this prospectus supplement

This document is in two parts. The first part is the prospectus supplement, which describes the specific terms of this offering. The second part is the accompanying prospectus, which gives more general information, some of which may not apply to this offering. Generally, when we refer to the prospectus, we are referring to both parts combined. If information in this prospectus supplement conflicts with information in the accompanying prospectus, you should rely on the information in this prospectus supplement.

You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus or any free writing prospectus that we may authorize to be delivered to you that relates to this offering. Neither we nor the underwriters have authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus supplement is not an offer to sell or a solicitation of an offer to buy our common units in any jurisdiction where such offer or sale would be unlawful. You should not assume that the information contained in this prospectus supplement, the accompanying prospectus or any free writing prospectus relating to this offering of common units or the information that is incorporated by reference herein is accurate as of any date other than their respective dates. Our business, financial condition, and results of operations may have changed since those dates.

Forward-looking statements

Some of the information contained in or incorporated by reference in this prospectus supplement may contain forward-looking statements. These statements use forward-looking words such as may, will, anticipate, believe, expect, project or other similar words. These statements discuss goals, intentions and expectations as to future trends, plans, events, results of operations or financial condition or state other forward-looking information.

A forward-looking statement may include a statement of the assumptions or bases underlying the forward-looking statement. We believe we have chosen these assumptions or bases in good faith and that they are reasonable. However, we caution you that assumed facts or bases almost always vary from actual results, and the differences between assumed facts or bases and actual results can be material, depending on the circumstances. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements in this prospectus and the documents we have incorporated by reference. These statements reflect our current views with respect to future events and are subject to various risks, uncertainties and assumptions.

Many of such factors are beyond our ability to control or predict. Please read Risk Factors on page S-5 of this prospectus supplement for a better understanding of the various risks and uncertainties that could affect our business and impact the forward-looking statements made in this prospectus. Readers are cautioned not to put undue reliance on forward-looking statements.

All forward-looking statements included in this prospectus and the documents we incorporate by reference and all subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by this cautionary statement. The forward-looking statements speak only as of the date of this prospectus supplement or, in the case of forward-looking statements contained in any document incorporated by reference, the date of such document, and we expressly disclaim any obligation or undertaking to update these statements to reflect any change in our expectations or beliefs or any change in events, conditions or circumstances on which any forward looking statement is based.



## **Table of Contents**

### Summary

*This summary highlights information contained elsewhere in this prospectus supplement and the accompanying prospectus. It does not contain all of the information that you should consider before making an investment decision. You should carefully read this prospectus supplement, the accompanying prospectus, and the documents incorporated by reference for a more complete understanding of our business and this offering. Please read Risk Factors on page S-5 of this prospectus supplement for more information about important factors that you should consider before investing in our common units.*

*As used in this prospectus supplement, we, us, or the partnership, means Natural Resource Partners L.P. and where the context requires, Natural Resource Partners L.P. and our operating company, NRP (Operating) LLC, and its subsidiaries. References in this prospectus supplement to our general partner refer to NRP (GP) LP. References in this prospectus supplement to the WPP Group refer to Western Pocahontas Properties Limited Partnership, New Gauley Coal Corporation and Great Northern Properties Limited Partnership, collectively. Unless otherwise specifically stated, the information presented in this prospectus supplement assumes that the underwriters have not exercised their option to purchase additional common units.*

### Natural Resource Partners L.P.

We are a limited partnership and engage principally in the business of owning and managing coal properties in the three major coal-producing regions of the United States: Appalachia, the Illinois Basin and the Western United States. As of December 31, 2009, we owned or controlled approximately 2.1 billion tons of proven and probable coal reserves. We do not operate any mines, but lease coal reserves to experienced mine operators under long-term leases that grant the operators the right to mine our coal reserves in exchange for royalty payments. Our lessees are generally required to make payments to us based on the higher of a percentage of the gross sales price or a fixed price per ton of coal sold, in addition to minimum payments. As of December 31, 2009, our coal reserves were subject to 210 leases with 72 lessees. In 2009, our lessees produced approximately 46.8 million tons of coal from our properties and our coal royalty revenues were approximately \$196.6 million.

Beginning in 2006, we added two new businesses: coal infrastructure and ownership of aggregate reserves that are leased to operators in exchange for royalty payments similar to our coal royalty business. During 2009, our lessees produced approximately 3.3 million tons of aggregates and our aggregate royalties were approximately \$5.6 million, which included a \$1.3 million bonus payment under the terms of one of our leases. Coal processing fees and coal transportation fees added approximately \$7.7 million and \$12.5 million in revenue, respectively.

## **BUSINESS STRATEGIES**

Our primary business strategies are to:

- Ø maximize royalty revenues from our existing properties;
- Ø expand and diversify our coal and aggregate reserves;
- Ø explore new opportunities with our existing lessees; and
- Ø add new lessees to diversify our mine operator base.

## **COMPETITIVE STRENGTHS**

We believe we are well positioned to execute our business strategies successfully because of the following competitive strengths:

- Ø Our royalty structure generates stable cash flow.
- Ø We do not directly bear operating costs and risks.
- Ø We primarily lease to large lessees that have a diverse customer base.

**S-1**

---



**Table of Contents**

- Ø Our reserves are diverse and strategically located.
- Ø We are well positioned to pursue acquisitions of coal and aggregate reserves.
- Ø We have experienced, knowledgeable management.

**ACQUISITIONS**

Since our initial public offering in October 2002, we have completed a number of acquisitions. Since the beginning of 2009, we completed the following acquisitions, which are briefly described below.

*Northgate-Thayer Aggregates.* In March 2010, we acquired approximately 100 acres of mineral and surface rights related to dolomitic limestone reserves in northwestern Indiana for a total purchase price of \$7.5 million, of which \$3.0 million was paid at closing. The remaining \$4.5 million will be paid as the operator achieves certain milestones in connection with the development of the mine.

*Massey Royalty.* In March 2010, we acquired three separate royalty streams from subsidiaries of Massey Energy for a total purchase price of \$3.0 million. The royalty streams include an assignment of lease and an assignment of an overriding royalty on a total of 695,000 tons of coal at Arch Coal's Mt. Laurel mine and an assignment of an overriding royalty on 880,000 tons at Alliance Resource Partners' Pontiki mine.

*AzConAgg.* In December 2009, we acquired approximately 230 acres of mineral and surface rights related to sand and gravel reserves in southern Arizona from a local operator for a total purchase price of \$3.75 million.

*Colt.* In September 2009, we signed a definitive agreement to acquire approximately 200 million tons of coal reserves related to the Deer Run Mine in Illinois from Colt LLC, an affiliate of the Cline Group, through eight separate transactions for a total purchase price of \$255.0 million. Upon closing of the first transaction, we paid \$10.0 million, funded through our credit facility, and acquired approximately 3.3 million tons of reserves associated with the initial production from the mine. In connection with the first closing, the holders of our incentive distribution rights agreed to forego distributions of approximately \$7.35 million in respect of each of the third and fourth quarters of 2009. In January 2010, we closed the second transaction for \$40.0 million, funded through our credit facility, and acquired approximately 19.5 million tons of reserves. Future closings anticipated through 2012 will be associated with completion of certain milestones related to the new mine's construction.

*Blue Star.* In July 2009, we acquired approximately 121 acres of limestone reserves in Wise County, Texas from Blue Star Materials, LLC for a total purchase price of \$24.0 million. As of December 31, 2009, we had funded \$21.0 million of the acquisition with cash and borrowings under our credit facility. The remaining payment of \$3.0 million was funded in January 2010.

*Gatling Ohio.* In May 2009, we completed the purchase of all of the membership interests in two companies from Adena Minerals, LLC, an affiliate of the Cline Group. The companies own 51.5 million tons of coal reserves and infrastructure assets at Cline's Yellowbush Mine located on the Ohio River in Meigs County, Ohio. We issued 4,560,000 common units to Adena Minerals in connection with this acquisition. In addition, our general partner granted Adena Minerals an additional nine percent interest in it as well as additional incentive distribution rights.

*Massey / Jewell Smokeless.* In March 2009, we acquired from Lauren Land Company, a subsidiary of Massey Energy, the remaining four-fifths interest in coal reserves located in Buchanan County, Virginia in which we previously held a one-fifth interest. Total consideration for this purchase was \$12.5 million.

*Macoupin.* In January 2009, we acquired approximately 82 million tons of coal reserves and infrastructure assets related to the Shay No. 1 mine in Macoupin County, Illinois for a total purchase price of \$143.7 million from Macoupin Energy, LLC, an affiliate of the Cline Group.

#### **PRINCIPAL EXECUTIVE OFFICES**

Our principal executive offices are located at 601 Jefferson, Suite 3600, Houston, Texas 77002, and our telephone number is (713) 751-7507. Our website is located at <http://www.nrplp.com>. Information on our website is not incorporated by reference into this prospectus and does not constitute a part of this prospectus unless specifically so designated and filed with the SEC.

S-2

---

**Table of Contents**

The offering

Common units offered 4,000,000 common units, or 4,600,000 common units if the underwriters exercise their option to purchase additional common units in full.

Common units outstanding after this offering 73,451,136 common units or 74,051,136 common units if the underwriters exercise their option to purchase additional common units in full.

Use of proceeds We will receive net proceeds from this offering of approximately \$ million, or approximately \$ million if the underwriters option to purchase additional common units is exercised in full (in each case after deducting underwriting discounts and estimated offering expenses payable by us), plus a related capital contribution of approximately \$ million by our general partner to maintain its 2.0% general partner interest in us, or approximately \$ million if the underwriters option to purchase additional common units is exercised in full.

We intend to use the net proceeds from this offering, together with the amounts to be contributed by our general partner to maintain its 2.0% general partner interest, to repay all of the indebtedness outstanding under our credit facility and for general partnership purposes, including to finance future acquisitions, such as subsequent closings under the Colt transaction described herein and other acquisitions in the ordinary course of business. Please read Use of Proceeds in this prospectus supplement.

Cash distributions Our partnership agreement requires that we distribute all of our cash on hand as of the end of each quarter, less reserves established by our general partner. We refer to this cash as available cash, and we define it in our partnership agreement.

We pay distributions approximately 45 days after March 31, June 30, September 30 and December 31 to the unitholders of record on the applicable record date. On February 11, 2010, we paid a quarterly distribution for the quarter ended December 31, 2009 of \$0.5400 per unit, or \$2.16 per unit on an annualized basis. We expect that the first distribution payable to the holders on the applicable record date of the common units offered hereby will be paid in May 2010.

Estimated ratio of taxable income to distributions We estimate that if you purchase common units in this offering and own them through the record date for the distribution with respect to the fourth calendar quarter of 2012, then you will be allocated, on a cumulative basis, an amount of federal taxable income for that period that will be less than 75% of the amount of cash distributed to you with respect to that period. Because royalties from coal leases are generally treated as long-term capital gain under current law, a substantial

**Table of Contents**

portion of the income that will be allocated to you is expected to be long-term capital gain. Long-term capital gain is currently taxed at a significantly lower maximum federal income tax rate (currently 15%) than ordinary income (currently 35%). If you are an individual taxable at the maximum rate of 35% on ordinary income, the estimated effect of this lower capital gains rate will be to produce an after-tax return to you that is the same as if the amount of federal taxable income allocated to you for that period were less than 40% of the cash distributed to you for that period. Please read **Tax Considerations** in this prospectus supplement and **Material Income Tax Considerations** in the accompanying prospectus.

Risk factors

Please read **Risk Factors** on page S-5 of this prospectus supplement for more information about important factors that you should consider before investing in our common units.

New York Stock Exchange symbol

NRP

**S-4**

---

**Table of Contents**

Risk factors

An investment in our common units involves a significant degree of risk. You should carefully consider the risk factors set forth under Item 1A of our Annual Report on Form 10-K/A for the year ended December 31, 2009, together with all of the other information included in this prospectus and the documents that we have incorporated by reference in this prospectus supplement, before making an investment decision. Our business, financial condition or results of operations could be materially adversely affected by any of these risks.

**S-5**

---

**Table of Contents**

Use of proceeds

We expect that the net proceeds of this offering will be approximately \$      million, or approximately \$      million if the underwriters' option to purchase additional common units is exercised in full, in each case after deducting underwriting discounts and estimated offering expenses payable by us, plus a related capital contribution of approximately \$      million by our general partner to maintain its 2.0% general partner interest in us, or approximately \$      million if the underwriters' option to purchase additional common units is exercised in full. We intend to use the net proceeds from this offering, together with the amounts to be contributed by our general partner to maintain its 2.0% general partner interest, to repay all of the indebtedness outstanding under our credit facility and for general partnership purposes, including to finance future acquisitions, such as subsequent closings under the Colt transaction described herein and other acquisitions in the ordinary course of business. Please read [Summary Acquisitions](#).

As of March 30, 2010, approximately \$74.0 million of indebtedness was outstanding under our existing credit facility, which matures in March 2012. We used these funds to finance acquisitions. As of March 30, 2010, the weighted average interest rate under our credit facility was 1.37%.

The underwriters may, from time to time, engage in transactions with and perform services for us and our affiliates in the ordinary course of business. Affiliates of certain of the underwriters are lenders and agents under our credit facility and, as such, will receive a portion of the net proceeds from this offering used to repay all of the indebtedness outstanding under our credit facility. Please read [Underwriting](#).

**S-6**

---

**Table of Contents**

## Capitalization

The following table sets forth our capitalization as of December 31, 2009, and as adjusted to give effect to the sale of 4,000,000 common units in this offering, the related capital contribution by our general partner to maintain its 2.0% general partner interest in us and the application of the net proceeds therefrom in the manner described under Use of Proceeds.

This table should be read in conjunction with our financial statements and notes thereto that are incorporated by reference into this prospectus. This table does not reflect the issuance of up to 600,000 common units that we may sell to the underwriters upon exercise of their option to purchase additional common units, the proceeds of which, together with the amounts contributed by our general partner to maintain its 2.0% general partner interest, will be used to repay all of the indebtedness outstanding under our credit facility and for general partnership purposes, including to finance future acquisitions, such as subsequent closings under the Colt transaction described herein and other acquisitions in the ordinary course of business.

	<b>As of</b>	
	<b>December 31, 2009</b>	
	<b>Actual</b>	<b>As adjusted</b>
	<b>(in thousands)</b>	
<b>Debt:</b>		
Credit facility <sup>(1)</sup>	\$	28,000
5.55% Senior Notes due 2013		35,000
4.91% Senior Notes due 2018		43,700
8.38% Senior Notes due 2019		150,000
5.05% Senior Notes due 2020		84,615
5.31% Utility local improvement obligation due 2021		2,307
5.55% Senior Notes due 2023		40,200
5.82% Senior Notes due 2024 <sup>(2)</sup>		225,000
8.92% Senior Notes due 2024		50,000
Total debt	\$	658,822
<b>Partners capital:</b>		
Common units	\$	747,437
General partner's interest		13,409
Holders of incentive distribution rights		4,977
Accumulated other comprehensive loss		(597)
Total partners' capital		765,226
Total capitalization	\$	1,424,048

*(1) The balance on the credit facility as of March 30, 2010 is \$74.0 million.*

*(2) The balance on the 5.82% senior notes due 2024 as of the date of this offering is \$210.0 million.*



**Table of Contents**

## Price range of common units and distributions

The following table sets forth, for the periods indicated, the high and low sales prices for our common units, as reported by the New York Stock Exchange, and the quarterly cash distributions per common unit paid per quarter.

	Price range		Cash distributions per unit <sup>(1)</sup>
	High	Low	
<b>Year Ended December 31, 2008</b>			
First Quarter	\$ 33.99	\$ 24.61	\$ 0.4950
Second Quarter	41.65	28.42	0.5150
Third Quarter	41.20	22.75	0.5250
Fourth Quarter	25.99	12.66	0.5350
<b>Year Ended December 31, 2009</b>			
First Quarter	\$ 25.00	\$ 17.59	\$ 0.540
Second Quarter	25.47	\$ 20.51	\$ 0.540
Third Quarter	23.60	\$ 17.00	\$ 0.540
Fourth Quarter	24.81	\$ 19.50	\$ 0.540
<b>Year Ending December 31, 2010</b>			
First Quarter (through March 30, 2010)	\$ 27.56	\$ 21.46	(2)

(1) Distributions were declared and paid within 45 days of the close of each quarter.

(2) We expect to declare and pay a cash distribution for the first quarter of 2010 within 45 days following the end of the quarter.

The last reported sale price of our common units on the New York Stock Exchange on March 30, 2010 was \$25.86 per common unit. As of March 26, 2010 there were 69,451,136 common units outstanding, held by approximately 30,700 beneficial and registered holders. The computation of the approximate number of unitholders is based upon a broker survey.

## **Table of Contents**

### Tax considerations

The tax consequences to you of an investment in our common units will depend in part on your own tax circumstances. For a discussion of the principal federal income tax considerations associated with our operations and the purchase, ownership and disposition of common units, please read "Material Income Tax Considerations" in the accompanying base prospectus and "Tax Risks" in our Annual Report on Form 10-K/A for the year ended December 31, 2009. You are urged to consult with your own tax advisor about the federal, state, local and foreign tax consequences particular to your circumstances.

### **RATIO OF TAXABLE INCOME TO DISTRIBUTIONS**

We estimate that if you purchase common units in this offering and own them through December 31, 2012, then you will be allocated, on a cumulative basis, an amount of federal taxable income for that period that will be 75% or less of the cash distributed to you with respect to that period. Thereafter, we anticipate that the ratio of allocable taxable income to cash distributions to the unitholders will increase. Because royalties from coal leases are generally treated as long-term capital gain under current law, a substantial portion of the income that will be allocated to you is expected to be long-term capital gain. Long-term capital gain is currently taxed at a significantly lower maximum federal income tax rate (currently 15%) than ordinary income (currently 35%). If you are an individual taxable at the maximum rate of 35% on ordinary income, the estimated effect of this lower capital gains rate will be to produce an after-tax return to you that is the same as if the amount of federal taxable income allocated to you for that period were less than 40% of the cash distributed to you for that period. These estimates are based upon the assumption that gross income from operations will approximate the amount required to make quarterly distributions of \$0.54 on all units and other assumptions with respect to the timing and amount of capital expenditures, cash flow, net working capital and anticipated cash distributions. These estimates and assumptions are subject to, among other things, numerous business, economic, regulatory, competitive and political uncertainties beyond our control. Further, the estimates are based on current tax law and tax reporting positions that we follow and with which the IRS could disagree. Accordingly, we cannot assure you that these estimates will prove to be correct. The actual ratio of taxable income to distributions could be higher or lower than expected, and any differences could be material and could materially affect the value of the common units. For example, the ratio of allocable taxable income to cash distributions to a purchaser of common units in this offering will be greater, and perhaps substantially greater, than our estimate with respect to the period described above if:

- Ø gross income from operations exceeds the amount required to maintain the current distribution amount on all units, yet we only distribute the current distribution amount on all units;
- Ø we make a future offering of common units and use the proceeds of the offering in a manner that does not produce substantial additional deductions during the period described above, such as to repay indebtedness outstanding at the time of this offering or to acquire property that is not eligible for depreciation or amortization for federal income tax purposes or that is depreciable or amortizable at a rate significantly slower than the rate applicable to our assets at the time of the offering; or
- Ø legislation is passed in response to President Obama's Budget Proposal for Fiscal Year 2011 that would limit or repeal long-term capital gains treatment for royalties from coal leases.

### **TAX-EXEMPT ORGANIZATIONS AND NON-U.S. INVESTORS**

Ownership of units by employee benefit plans, other tax-exempt organizations, non-resident aliens, foreign corporations and other non-U.S. persons raises issues unique to those investors and, as described



## **Table of Contents**

### **Tax considerations**

below, may have substantially adverse tax consequences to them. If you are a tax-exempt entity or a non-U.S. person, you should consult your tax advisor before investing in our common units.

Employee benefit plans and most other organizations exempt from federal income tax, including individual retirement accounts and other retirement plans, are subject to federal income tax on unrelated business taxable income. Virtually all of our income allocated to a unitholder that is a tax-exempt organization will be unrelated business taxable income and will be taxable to it.

Non-resident aliens and foreign corporations, trusts or estates that own units will be considered to be engaged in business in the United States because of the ownership of units. As a consequence, they will be required to file federal tax returns to report their share of our income, gain, loss or deduction and pay federal income tax at regular rates on their share of our net income or gain. Moreover, under rules applicable to publicly traded partnerships, distributions to non-U.S. unitholders are subject to withholding at the highest applicable effective tax rate. Each non-U.S. unitholder must obtain a taxpayer identification number from the IRS and submit that number to our transfer agent on a Form W-8BEN or applicable substitute form in order to obtain credit for these withholding taxes. A change in applicable law may require us to change these procedures.

In addition, because a foreign corporation that owns units will be treated as engaged in a United States trade or business, that corporation may be subject to the United States branch profits tax at a rate of 30%, in addition to regular federal income tax, on its share of our income and gain, as adjusted for changes in the foreign corporation's U.S. net equity, which are effectively connected with the conduct of a United States trade or business. That tax may be reduced or eliminated by an income tax treaty between the United States and the country in which the foreign corporate unitholder is a qualified resident. In addition, this type of unitholder is subject to special information reporting requirements under Section 6038C of the Internal Revenue Code.

A foreign unitholder who sells or otherwise disposes of a common unit will be subject to U.S. federal income tax on gain realized from the sale or disposition of that unit to the extent the gain is effectively connected with a U.S. trade or business of the foreign unitholder. Under a ruling published by the IRS, interpreting the scope of effectively connected income, a foreign unitholder would be considered to be engaged in a trade or business in the U.S. by virtue of the U.S. activities of the partnership, and part or all of that unitholder's gain would be effectively connected with that unitholder's indirect U.S. trade or business. Moreover, under the Foreign Investment in Real Property Tax Act, a foreign common unitholder generally will be subject to U.S. federal income tax upon the sale or disposition of a common unit if (i) he owned (directly or constructively applying certain attribution rules) more than 5% of our common units at any time during the five-year period ending on the date of such disposition and (ii) 50% or more of the fair market value of all of our assets consisted of U.S. real property interests at any time during the shorter of the period during which such unitholder held the common units or the 5-year period ending on the date of disposition. Currently, more than 50% of our assets consist of U.S. real property interests and we do not expect that to change in the foreseeable future. Therefore, foreign unitholders may be subject to federal income tax on gain from the sale or disposition of their units.

**Table of Contents**

Underwriting

UBS Securities LLC and Barclays Capital Inc. are acting as representatives of the underwriters and as joint book-running managers of this offering. Subject to the terms and conditions stated in the underwriting agreement dated the date of this prospectus supplement, which we will file as an exhibit to a current report on Form 8-K relating to this offering, each underwriter named below has severally agreed to purchase, and we have agreed to sell to that underwriter, the number of common units set forth opposite the underwriter's name below.

<b>Underwriters</b>	<b>Number of common units</b>
UBS Securities LLC	
Barclays Capital Inc.	
Citigroup Global Markets Inc.	
Morgan Stanley & Co. Incorporated	
Madison Williams and Company LLC	
RBC Capital Markets Corporation	
Stifel, Nicolaus & Company Incorporated	
 Total	 4,000,000

The underwriting agreement provides that the obligations of the underwriters to purchase the common units included in this offering are subject to approval of legal matters by counsel and to other conditions. The underwriters are obligated to purchase all of the common units (other than those covered by the over-allotment option described below) if they purchase any of the common units.

The underwriters propose to offer some of the common units directly to the public at the public offering price set forth on the cover page of this prospectus supplement and some of the common units to dealers at the public offering price less a concession not to exceed \$      per common unit. The underwriters may allow, and dealers may reallow, a concession not to exceed \$      per common unit on sales to other dealers. If all of the common units are not sold at the initial offering price, the representatives may change the public offering price and the other selling terms.