

CORPORATE OFFICE PROPERTIES TRUST
Form 10-Q
October 29, 2010
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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 EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2010

or

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

For the transition period from _____ to _____

Commission file number 1-14023

Corporate Office Properties Trust

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(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**

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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer
(Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes No

As of October 21, 2010, 59,419,001 of the Company's Common Shares of Beneficial Interest, \$0.01 par value, were issued and outstanding.

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	September 30, 2010	December 31, 2009
Assets		
Properties, net:		
Operating properties, net	\$ 2,762,289	\$ 2,510,277
Properties held for sale, net		18,533
Projects under construction or development	586,861	501,090
Total properties, net	3,349,150	3,029,900
Cash and cash equivalents	11,733	8,262
Restricted cash and marketable securities	21,095	16,549
Accounts receivable, net	18,906	17,459
Deferred rent receivable	76,833	71,805
Intangible assets on real estate acquisitions, net	123,307	100,671
Deferred leasing and financing costs, net	56,568	51,570
Prepaid expenses and other assets	79,780	83,806
Total assets	\$ 3,737,372	\$ 3,380,022
Liabilities and equity		
Liabilities:		
Debt, net	\$ 2,468,419	\$ 2,053,841
Accounts payable and accrued expenses	88,461	116,455
Rents received in advance and security deposits	26,919	32,177
Dividends and distributions payable	29,899	28,440
Deferred revenue associated with operating leases	15,790	14,938
Distributions received in excess of investment in unconsolidated real estate joint venture	5,458	5,088
Other liabilities	12,698	8,451
Total liabilities	2,647,644	2,259,390
Commitments and contingencies (Note 16)		
Equity:		
Corporate Office Properties Trust's shareholders' equity:		
Preferred Shares of beneficial interest with an aggregate liquidation preference of \$216,333 (\$0.01 par value; 15,000,000 shares authorized and 8,121,667 issued and outstanding at September 30, 2010 and December 31, 2009)	81	81
Common Shares of beneficial interest (\$0.01 par value; 125,000,000 shares authorized and 59,406,247 shares issued and outstanding at September 30, 2010; 75,000,000 shares authorized and 58,342,673 shares issued and outstanding at December 31, 2009)	594	583
Additional paid-in capital	1,271,363	1,238,704
Cumulative distributions in excess of net income	(265,695)	(209,941)
Accumulated other comprehensive loss	(4,861)	(1,907)

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Total Corporate Office Properties Trust s shareholders equity	1,001,482	1,027,520
Noncontrolling interests in subsidiaries:		
Common units in the Operating Partnership	61,867	73,892
Preferred units in the Operating Partnership	8,800	8,800
Other consolidated entities	17,579	10,420
Noncontrolling interests in subsidiaries	88,246	93,112
Total equity	1,089,728	1,120,632
Total liabilities and equity	\$ 3,737,372	\$ 3,380,022

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,		For the Nine Months Ended September 30,	
	2010	2009	2010	2009
Revenues				
Rental revenue	\$ 93,345	\$ 86,973	\$ 275,528	\$ 263,467
Tenant recoveries and other real estate operations revenue	21,205	17,159	60,507	51,780
Construction contract and other service revenues	13,608	95,321	77,038	273,534
Total revenues	128,158			