

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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FILER

**CORPORATE OFFICE PROPERTIES TRUST**

CIK: **860546** | IRS No.: **232947217** | State of Incorp.: **MD** | Fiscal Year End: **1231**  
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SIC: **6798** Real estate investment trusts

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, DC 20549

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**FORM 8-K**

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**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934**

Date of report (Date of earliest event reported) January 15, 2013

**CORPORATE OFFICE PROPERTIES TRUST**

(Exact name of registrant as specified in its charter)

**Maryland**  
(State or other jurisdiction of  
incorporation)

**1-14023**  
(Commission  
File Number)

**23-2947217**  
(IRS Employer  
Identification Number)

**6711 Columbia Gateway Drive, Suite 300**  
**Columbia, Maryland 21046**  
(Address of principal executive offices)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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## **Item 2.02. Results of Operations and Financial Condition**

See Item 7.01 with respect to certain operating results of Corporate Office Properties Trust (the “Registrant”) for the three months ended December 31, 2012, set forth in a press release issued by the Registrant on January 15, 2013.

## **Item 7.01. Regulation FD Disclosure**

On January 15, 2013, the Registrant issued a press release in which it provided information pertaining to its guidance for the three months ended December 31, 2012, the three months ending March 31, 2013 and the year ending December 31, 2013. This press release is included as Exhibit 99.1 to this report and is incorporated herein by reference.

The information included herein, including the exhibit, shall not be deemed “filed” for any purpose, including the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or subject to liabilities of that Section. The information included herein, including the exhibits, shall also not be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act regardless of any general incorporation language in such filing.

The Registrant uses the non-GAAP financial measures described below in earnings and guidance press releases and information furnished to the Securities and Exchange Commission. The Registrant believes that these measures are helpful to investors in measuring its performance and comparing such performance to other real estate investment trusts (“REITs”). Since these measures exclude certain items includable in net income, reliance on the measures has limitations; management compensates for these limitations by using the measures simply as supplemental measures that are weighed in balance with other GAAP and non-GAAP measures. These measures are not necessarily indications of the Registrant's cash flow available to fund cash needs. Additionally, they should not be used as an alternative to the comparable GAAP measures when evaluating the Registrant's financial performance or to cash flow from operating, investing and financing activities when evaluating the Registrant's liquidity or ability to make cash distributions or pay debt service.

### Funds from operations (“FFO”)

Funds from operations (“FFO”) is defined as net income computed using GAAP, excluding gains on sales of, and impairment losses on, previously depreciated operating properties, plus real estate-related depreciation and amortization. When multiple properties consisting of both operating and non-operating properties exist on a single tax parcel, the Registrant classifies all of the gains on sales of, and impairment losses on, the tax parcel as all being for previously depreciated operating properties when most of the value of the parcel is associated with operating properties on the parcel. The Registrant believes that it uses the National Association of Real Estate Investment Trusts (“NAREIT”) definition of FFO, although others may interpret the definition differently and, accordingly, its presentation of FFO may differ from those of other REITs. The Registrant believes that FFO is useful to management and investors as a supplemental measure of operating performance because, by excluding gains related to sales of, and impairment losses on, previously depreciated operating properties, net of related tax benefit, and excluding real estate-related depreciation and amortization, FFO can help one compare its operating performance between periods. The Registrant believes that net income is the most directly comparable GAAP measure to FFO.

### Basic FFO available to common share and common unit holders (“Basic FFO”)

This measure is FFO adjusted to subtract (1) preferred share dividends, (2) issuance costs associated with redeemed preferred shares, (3) income attributable to noncontrolling interests through ownership of preferred units in Corporate Office Properties, LP (the “Operating Partnership”) or interests in other consolidated entities not owned by the Registrant, (4) depreciation and amortization allocable to noncontrolling interests in other consolidated entities and (5) Basic FFO allocable to restricted shares. With these adjustments, Basic FFO represents FFO available to common shareholders and common unitholders. Common units in the Operating Partnership are substantially similar to the Registrant's common shares and are exchangeable into common shares, subject to certain conditions. The Registrant believes that Basic FFO is useful to investors due to the close correlation of common units to its common shares. The Registrant believes that net income is the most directly comparable GAAP measure to Basic FFO.

### Diluted FFO available to common share and common unit holders (“Diluted FFO”)

Diluted FFO is Basic FFO adjusted to add back any changes in Basic FFO that would result from the assumed conversion of securities that are convertible or exchangeable into the Registrant's common shares. The computation of Diluted FFO assumes the conversion of common units in the Operating Partnership but does not assume the conversion of other securities that are convertible into common shares if the conversion of those securities would increase Diluted FFO per share in a given period. The Registrant believes that Diluted FFO is useful to investors because it is the numerator used to compute Diluted FFO per share, discussed below. The Registrant believes that the numerator for diluted EPS is the most directly comparable GAAP measure to Diluted FFO.



Diluted FFO, as adjusted for comparability

Defined as Diluted FFO adjusted to exclude operating property acquisition costs, gains on sales of, and impairment losses on, properties other than previously depreciated operating properties, net of associated income tax, gain or loss on early extinguishment of debt, loss on interest rate swaps and accounting charges for original issuance costs associated with redeemed preferred shares. The Registrant believes that the excluded items are not reflective of normal operations and, as a result, believes that a measure that excludes these items is a useful supplemental measure in evaluating operating performance. The Registrant believes that the numerator to diluted EPS is the most directly comparable GAAP measure to this non-GAAP measure.

Diluted FFO per share ("FFOPS")

FFOPS is (1) Diluted FFO divided by (2) the sum of the (a) weighted average common shares outstanding during a period, (b) weighted average common units outstanding during a period and (c) weighted average number of potential additional common shares that would have been outstanding during a period if other securities that are convertible or exchangeable into common shares were converted or exchanged. The Registrant believes that FFOPS is useful to investors because it provides investors with a further context for evaluating its FFO results in the same manner that investors use earnings per share ("EPS") in evaluating net income available to common shareholders. In addition, since most equity REITs provide FFOPS information to the investment community, the Registrant believes that FFOPS is a useful supplemental measure for comparing it to other equity REITs. The Registrant believes that diluted EPS is the most directly comparable GAAP measure to FFOPS.

FFOPS, as adjusted for comparability

Defined as (1) Diluted FFO, as adjusted for comparability divided by (2) the sum of the (a) weighted average common shares outstanding during a period, (b) weighted average common units outstanding during a period and (c) weighted average number of potential additional common shares that would have been outstanding during a period if other securities that are convertible or exchangeable into common shares were converted or exchanged. The computation of this measure assumes the conversion of common units in the Operating Partnership but does not assume the conversion of other securities that are convertible into common shares if the conversion of those securities would increase the per share measure in a given period. As discussed above, the Registrant believes that the excluded items are not indicative of normal operations. As such, it believes that a measure that excludes these items is a useful supplemental measure in evaluating our operating performance. The Registrant believes that diluted EPS is the most directly comparable GAAP measure.

**Item 9.01. Financial Statements and Exhibits**

(a) Financial Statements of Businesses Acquired

None

(b) Pro Forma Financial Information

None

(c) Shell Company Transactions

None

(d) Exhibits

<u>Exhibit Number</u>	<u>Exhibit Title</u>
99.1	Press release dated January 15, 2013.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: January 15, 2013

### CORPORATE OFFICE PROPERTIES TRUST

By: /s/ Stephen E. Riffe  
Name: Stephen E. Riffe  
Title: Executive Vice President and  
Chief Financial Officer

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EXHIBIT INDEX

Exhibit Number

Exhibit Title

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99.1

Press release dated January 15, 2013.



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www.copt.com  
NYSE: OFC

## NEWS RELEASE

### FOR IMMEDIATE RELEASE

#### IR Contacts:

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### **COPT UPDATES FOURTH QUARTER 2012 GUIDANCE AND ANNOUNCES 2013 FFO PER SHARE GUIDANCE**

**COLUMBIA, MD January 15, 2013** - Corporate Office Properties Trust (COPT or the Company) (NYSE: OFC) is upwardly revising its guidance for fourth quarter 2012 diluted FFO per share (FFOPS), as adjusted for comparability, from the prior range of \$0.45–\$0.48 to a new range of \$0.49–\$0.51. The revised fourth quarter 2012 range reflects a one-time gain on the sale of the Company’s remaining interest in a non-real estate investment. A reconciliation of projected diluted earnings per share (EPS) to projected FFOPS, as adjusted for comparability, for the quarter ended December 31, 2012 is provided, as follows:

	Quarter Ended	
	December 31, 2012	
	Low	High
FFOPS, as adjusted for comparability	\$ 0.49	\$ 0.51
Losses on non-operating properties	(0.02)	(0.02)
FFOPS, NAREIT definition	0.47	0.49
Real estate depreciation and amortization	(0.35)	(0.35)
Minority interest in non-FFO items and other	0.04	0.07
EPS	\$ 0.16	\$ 0.21

This guidance is unaudited and is subject to our final closing process.

### **2013 FFOPS Guidance**

COPT also announced it is projecting FFOPS for the year ending December 31, 2013 in the range of \$1.83–\$1.93 and FFOPS for the first quarter ending March 31, 2013 of \$0.44–\$0.46. Major assumptions underpinning 2013 guidance include the disposition of \$160 million of assets remaining to be sold in order to conclude COPT’s Strategic Reallocation Plan and 0%–2% growth in same-office net operating income.





A reconciliation of projected EPS to projected FFOPS for the quarter ending March 31, 2013 and the year ending December 31, 2013 is provided, as follows:

	Quarter Ending March 31, 2013		Year Ending December 31, 2013	
	Low	High	Low	High
FFOPS, NAREIT definition	\$ 0.44	\$ 0.46	\$ 1.83	\$ 1.93
Real estate depreciation and amortization	(0.35)	(0.37)	(1.41)	(1.48)
Minority interest in non-FFO items and other	0.01	0.02	0.04	0.08
EPS	\$ 0.10	\$ 0.11	\$ 0.46	\$ 0.53

### **Conference Call to Discuss 2013 Guidance**

COPT management will discuss the Company's 2013 guidance and outlook in a conference call today at 11:00 AM Eastern Time. The dial-in information for this call is as follows:

Conference Call Date: Tuesday, January 15, 2013

Time: 11:00 a.m. Eastern Time

Telephone Number: (within the U.S.) 888-679-8018

Telephone Number: (outside the U.S.) 617-213-4845

Passcode: 71266538

Please use the following link to pre-register and view important information about this conference call. Pre-registering is not mandatory but is recommended as it will provide you immediate entry into the call and will facilitate the timely start of the conference. Pre-registration only takes a few moments and you may pre-register at anytime, including up to and after the call

start time. To pre-register, please click on the below link:

<https://www.theconferencingservice.com/prereg/key.process?key=PUWPQFTCJ>

You may also pre-register in the Investor Relations section of the Company's website at [www.copt.com](http://www.copt.com). Alternatively, you may be placed into the call by an operator by calling the number provided above at least 5 to 10 minutes before the start of the call.

### **Replay**

A replay of this call will be available beginning Tuesday, January 15 at 1:00 p.m. Eastern Time through Tuesday, January 29 at midnight Eastern Time. To access the replay within the United States, please call 888-286-8010 and use passcode 98372758. To access the replay outside the United States, please call 617-801-6888 and use passcode 98372758.

The conference calls will also be available via live webcast in the Investor Relations section of the Company's website at [www.copt.com](http://www.copt.com). A replay of the conference calls will be immediately available via webcast in the Investor Relations section of the Company's website.



## **Company Information:**

COPT is an office REIT that focuses primarily on strategic customer relationships and specialized tenant requirements in the U.S. Government and Defense Information Technology sectors and Data Centers serving such sectors. The Company acquires, develops, manages and leases office and data center properties that are typically concentrated in large office parks primarily located adjacent to government demand drivers and/or in strong markets that we believe possess growth opportunities. As of September 30, 2012, the Company's consolidated portfolio consisted of 206 office properties totaling 18.6 million rentable square feet. The Company's portfolio primarily consists of technically sophisticated buildings in visually appealing settings that are environmentally sensitive, sustainable and meet unique customer requirements. COPT is an S&P MidCap 400 company and more information can be found at [www.copt.com](http://www.copt.com).

## **Forward-Looking Information:**

*This press release may contain "forward-looking" statements, as defined in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, that are based on the Company's current expectations, estimates and projections about future events and financial trends affecting the Company. Forward-looking statements can be identified by the use of words such as "may," "will," "should," "could," "believe," "anticipate," "expect," "estimate," "plan" or other comparable terminology. Forward-looking statements are inherently subject to risks and uncertainties, many of which the Company cannot predict with accuracy and some of which the Company might not even anticipate. Accordingly, the Company 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:*

- *general economic and business conditions, which will, among other things, affect office property and data center demand and rents, tenant creditworthiness, interest rates, financing availability and property values;*
- *adverse changes in the real estate markets including, among other things, increased competition with other companies;*
- *governmental actions and initiatives, including risks associated with the impact of a government shutdown or budgetary reductions or impasses, such as a reduction in rental revenues, non-renewal of leases, and/or a curtailment of demand for additional space by strategic tenants;*
- *the Company's ability to sell properties included in its Strategic Reallocation Plan;*
- *the Company's ability to borrow on favorable terms;*
- *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 or operating costs may be greater than anticipated;*
- *risks of investing through joint venture structures, including risks that the Company's joint venture partners may not fulfill their financial obligations as investors or may take actions that are inconsistent with the Company's objectives;*
- *changes in the Company's plans or views of market economic conditions or failure to obtain development rights, any of which could result in recognition of impairment losses;*
- *the Company's ability to satisfy and operate effectively under Federal income tax rules relating to real estate investment trusts and partnerships;*
- *the Company's ability to achieve projected results;*
- *the dilutive effect of issuing additional common shares; and*
- *environmental requirements.*

*The Company undertakes no obligation to update or supplement any forward-looking statements. For further information, please refer to the Company's filings with the Securities and Exchange Commission, particularly the section entitled "Risk Factors" in Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2011 and in our Current Report on Form 8-K dated October 10, 2012.*