

CAMDEN PROPERTY TRUST

Form S-3ASR

June 21, 2006

As filed with the Securities and Exchange Commission on June 21, 2006

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM S-3

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

CAMDEN PROPERTY TRUST

(Exact name of registrant as specified in its charter)

Texas
(State or other jurisdiction
of incorporation or organization)

76-6088377
(I.R.S. Employer
Identification No.)

Three Greenway Plaza, Suite 1300

Houston, Texas 77046

(713) 354-2500

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

Richard J. Campo

Chairman of the Board and Chief Executive Officer

Camden Property Trust

3 Greenway Plaza, Suite 1300

Houston, Texas 77046

(713) 354-2500

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

Copies to:

Bryan L. Goolsby

Toni Weinstein

Locke Liddell & Sapp LLP

2200 Ross Avenue, Suite 2200

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Dallas, Texas 75201

(214) 740-8000

FAX: (214) 740-8800

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this Registration Statement as determined by market conditions.

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 Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price per Unit(1)	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee(1)
Debt Securities				\$ 0
Preferred Shares				\$ 0
Common Shares				\$ 0
Securities Warrants				\$ 0

(1) An unspecified aggregate initial offering price or number of the securities of each identified class is being registered as may from time to time be issued at unspecified prices. Separate consideration may or may not be received for securities that are issuable on exercise, conversion or exchange of other securities. In accordance with Rules 456(b) and 457(r), the Registrant is deferring payment of all of the registration fee, except for \$2,668 that has already been paid with respect to \$29,000,000 of securities that were previously registered pursuant to Registration Statement No. 333-103119, and were not sold thereunder.

Pursuant to Rule 429 of the General Rules and Regulations under the Securities Act of 1933, as amended, the form of base prospectus relating to debt securities, preferred shares, common shares and warrants of the registrant (collectively, the Securities) that is part of this registration statement is a combined prospectus that also relates to \$29,000,000 of unissued Securities registered under Registration Statement No. 333-103119 initially filed on February 12, 2003 by the registrant. This Registration Statement, which is a new registration statement, also constitutes Post-Effective Amendment No. 1 to Registration Statement No. 333-103119. Accordingly, the combined base prospectus relates to an indeterminate aggregate amount of Securities, which have been registered under this registration statement and Registration Statement No. 333-103119.

This Registration Statement contains a prospectus relating to both the offering of newly issued securities and resales by selling securityholders that may occur on an ongoing basis in securities that may be issued under this Registration Statement.

PROSPECTUS

Camden Property Trust

Common Shares, Preferred Shares, Debt Securities and Warrants

We may offer and sell from time to time common shares, preferred shares, debt securities and warrants. The preferred shares or warrants may be convertible into or exercisable or exchangeable for common or preferred shares or other of our securities. Our common shares are listed on the New York Stock Exchange and trade under the symbol CPT.

We may offer and sell these securities to or through one or more underwriters, dealers or agents, or directly to purchasers, on a continuous or delayed basis. In addition, selling securityholders may sell these securities, from time to time, on terms described in the applicable prospectus supplement.

This prospectus describes some of the general terms that may apply to the securities that we may offer and sell from time to time. Prospectus supplements will be filed and other offering material may be provided at later dates that will contain specific terms of each issuance of securities.

None of the Securities and Exchange Commission, any state securities commission nor any other regulatory body has approved or disapproved of these securities nor passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

This prospectus and applicable prospectus supplement may be used either in the initial sale of the securities or in resales by selling securityholders.

The date of this prospectus is June 21, 2006.

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WHERE YOU CAN FIND MORE INFORMATION

We are a public company and file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any document we file at the SEC's public reference room at 100 F Street, NE, Washington, D.C. 20549. You can request copies of these documents by writing to the SEC and paying a fee for the copying cost. Please call the SEC at 1-800-SEC-0330 for more information about the operation of the public reference room. Our SEC filings are also available to the public at the SEC's web site at <http://www.sec.gov>. In addition, you may read and copy our SEC filings at the office of the New York Stock Exchange at 20 Broad Street, New York, New York 10005. Our website address is <http://www.camdenliving.com>.

This prospectus is only part of a registration statement on Form S-3 that we have filed with the SEC under the Securities Act of 1933 and therefore omits some of the information contained in the registration statement. We have also filed exhibits and schedules to the registration statement that are excluded from this prospectus, and you should refer to the applicable exhibit or schedule for a complete description of any statement referring to any contract or other document. You may inspect or obtain a copy of the registration statement, including the exhibits and schedules, as described in the previous paragraph.

The SEC allows us to incorporate by reference the information we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus and the information we file later with the SEC will automatically update and supersede this information.

We incorporate by reference the documents listed below and any future filings made with the SEC (File No. 1-12110) under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until this offering is completed:

- Annual Report on Form 10-K for the year ended December 31, 2005;
- Quarterly Report on Form 10-Q for the quarter ended March 31, 2006;
- Current Reports on Form 8-K dated January 20, 2006, May 4, 2006, May 31, 2006 and June 6, 2006; and
- the description of our common shares contained in our Registration Statement on Form 8-A filed with the SEC on June 21, 1993.

You may request a copy of these filings at no cost by writing or telephoning Investor Relations at the following address and telephone number:

Camden Property Trust
Three Greenway Plaza, Suite 1300
Houston, Texas 77046
(713) 354-2500

You should rely only on the information incorporated by reference or provided in this prospectus or in the supplement. We have not authorized anyone else to provide you with different information. You should not assume that the information in this prospectus or any supplement is accurate as of any date other than the date on the front of those documents.

THE COMPANY

Camden Property Trust is one of the largest real estate investment trusts in the nation with operations related to the ownership, development, construction and management of multifamily apartment communities. As of March 31, 2006, we owned interests in, operated or were developing 200 multifamily

properties containing 68,903 apartment homes located in thirteen states. We had 4,519 apartment homes under development at thirteen of our multifamily properties, including 561 apartment homes at two multifamily properties owned through joint ventures. We had eight properties containing 3,691 apartment homes which were designated as held for sale. Additionally, we had several sites that we intend to develop into multifamily apartment communities.

Our executive offices are located at 3 Greenway Plaza, Suite 1300, Houston, Texas 77046, and our telephone number is (713) 354-2500.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

We have made statements in this prospectus and any supplement that are forward-looking in that they do not discuss historical fact, but instead note future expectations, projections, intentions or other items relating to the future. These forward-looking statements include those made in the documents incorporated by reference in this prospectus.

Reliance should not be placed on these forward-looking statements because they are subject to known and unknown risks, uncertainties and other factors that may cause our actual results or performance to differ materially from those contemplated by the forward-looking statements. Many of those factors are noted in conjunction with the forward-looking statements in the text. Other important factors that could cause actual results to differ include:

- the results of our efforts to implement our property development and acquisition strategies;
- the effects of economic conditions, including rising interest rates;
- our ability to generate sufficient cash flows;
- the failure to qualify as a real estate investment trust;
- the costs of our capital and debt;
- changes in our capital requirements;
- the actions of our competitors and our ability to respond to those actions;
- the actions of borrowers under our mezzanine loans;
- changes in governmental regulations, tax rates and similar matters;
- environmental uncertainties and disasters; and
- other risks detailed in our other SEC reports or filings.

These forward-looking statements represent our estimates and assumptions only as of the date of this prospectus.

USE OF PROCEEDS

We intend to use the net proceeds from the sale of the securities for general corporate purposes. Those purposes include the repayment or refinancing of debt, property acquisitions and development in the ordinary course of business, working capital, investment in financing transactions and capital expenditures.

We will describe in the supplement any proposed use of proceeds other than for general corporate purposes.

DESCRIPTION OF CAPITAL SHARES

Our declaration of trust provides that we may issue up to 110,000,000 shares of beneficial interest, consisting of 100,000,000 common shares and 10,000,000 preferred shares. At June 16, 2006, 56,350,524 common shares were outstanding.

Common Shares

Holders of common shares are entitled to one vote per share. There is no cumulative voting in the election of trust managers. The board may declare dividends on common shares in its discretion if funds are legally available for those purposes. On liquidation, common shareholders are entitled to receive pro rata any of our remaining assets, after we satisfy or provide for the satisfaction of all liabilities and obligations on our preferred shares, if any. Common shareholders do not have preemptive rights to subscribe for or purchase any of our capital shares or any other of our securities, except as may be granted by the board.

Preferred Shares

Under our declaration of trust, the board is authorized, without shareholder approval, to issue preferred shares in one or more series, with the designations, powers, preferences, rights, qualifications, limitations and restrictions as the board determines. Thus, the board, without shareholder approval, could authorize the issuance of preferred shares with voting, conversion and other rights that could adversely affect the voting power and other rights of common shareholders or that could make it more difficult for another company to enter into a business combination with us.

Restrictions on Ownership

In order for us to qualify as a REIT, under the Internal Revenue Code, not more than 50% in value of our outstanding capital shares may be owned, directly or indirectly, by five or fewer individuals or entities during the last half of a taxable year. In addition, our capital shares must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months, or during a proportionate part of a shorter taxable year.

Because our board believes it is essential for us to continue to qualify as a REIT, our declaration of trust provides that in general no holder may own, or be deemed to own by virtue of the attribution provisions of the Internal Revenue Code, more than 9.8% of our total outstanding capital shares. Any transfer of shares will not be valid if it would:

- create a direct or indirect ownership of shares in excess of 9.8% of our total outstanding capital shares;
- result in shares being owned by fewer than 100 persons;
- result in our being closely held within the meaning of Section 856(h) of the Internal Revenue Code; or
- result in our disqualification as a REIT.

If any person owns or is deemed to own more than 9.8% of our total outstanding capital shares, the shares that exceed this ownership limit will automatically be deemed to be transferred to us. We will act as trustee of a trust for the exclusive benefit of the transferees to whom these shares may ultimately be transferred without violating the 9.8% ownership limit. While in trust, these shares will not be entitled to participate in dividends or other distributions and, except as required by law, will not be entitled to vote. We will have the right, for a period of 90 days during the time any securities are held by us in trust, to purchase all or any portion of these securities from the original shareholder at the lesser of the price paid

for the shares and the market price of the shares on the date we exercise our option to purchase. All certificates representing capital shares will bear a legend referring to the restrictions described above.

These restrictions on ownership may have the effect of precluding acquisition of control unless the board and shareholders determine that maintenance of REIT status is no longer in our best interests.

Shareholder Liability

Our declaration of trust provides that no shareholder will be personally or individually liable in any manner whatsoever for any debt, act, omission or obligation incurred by us or our board. A shareholder will be under no obligation to us or to our creditors with respect to such shares, other than the obligation to pay to us the full amount of the consideration for which such shares were issued or to be issued. By statute, the State of Texas provides limited liability for shareholders of a REIT organized under the Texas Real Estate Investment Trust Act.

Transfer Agent and Registrar

American Stock Transfer & Trust Company or its successor is the transfer agent and registrar for our common shares.

DESCRIPTION OF WARRANTS

We may issue warrants for the purchase of debt securities, preferred shares or common shares. We may issue warrants independently or together with debt securities, preferred shares or common shares or attached to or separate from the offered securities. We will issue each series of warrants under a separate warrant agreement between us and a bank or trust company as warrant agent. The warrant agent will act solely as our agent in connection with the warrants and will not act for or on behalf of warrant holders.

This summary of some of the provisions of the warrants is not complete. You should refer to the provisions of the warrant agreement that will be filed with the SEC as part of the offering of any warrants. To obtain a copy of this document, see [Where You Can Find More Information](#) on page 1.

DESCRIPTION OF DEBT SECURITIES

The debt securities will be issued under an indenture between us and SunTrust Bank, as trustee.

The following summary of some of the provisions of the indenture is not complete. You should look at the indenture that is filed as an exhibit to the registration statement of which this prospectus is a part. To obtain a copy of the indenture or other documents that we file with the SEC, see [Where You Can Find More Information](#) on page 1.

General

The debt securities will be direct, unsecured and unsubordinated obligations and will rank equally with all other of our unsecured and unsubordinated indebtedness. The indenture does not limit the amount of debt securities that we can offer under it.

We may issue additional debt securities without your consent. We may issue debt securities in one or more series. We are not required to issue all debt securities of one series at the same time. Also, unless otherwise provided, we may open a series without the consent of the holders of the debt securities of that series, for issuances of additional debt securities of such series.

The supplement will address the following terms of the debt securities:

- their title;

- any limits on the principal amounts to be issued;
- the dates on which the principal is payable;
- the rates, which may be fixed or variable, at which they will bear interest, or the method for determining rates;
- the dates from which the interest will accrue and be payable, or the method of determining those dates, and any record dates for the payments due;
- any provisions for redemption, conversion or exchange, at our option or otherwise, including the periods, prices and terms of redemption or conversion;
- any sinking fund or similar provisions, whether mandatory or at the holder's option, along with the periods, prices and terms of redemption, purchase or repayment;
- the amount or percentage payable if we accelerate their maturity, if other than the principal amount;
- any changes to the events of default or covenants set forth in the indenture;
- the terms of subordination, if any;
- whether the series may be reopened; and
- any other terms consistent with the indenture.

We may authorize and determine the terms of a series of debt securities by resolution of our board of trust managers or one of its committees or through a supplemental indenture.

Form of Debt Securities

Unless the supplement otherwise provides, the debt securities will be issued in registered form. We will issue debt securities only in denominations of \$1,000 and integral multiples of that amount.

Unless the supplement otherwise provides, we will issue debt securities as one or more global securities. This means that we will not issue certificates to each holder. We generally will issue global securities in the total principal amount of the debt securities in a series. Debt securities in global form will be deposited with or on behalf of a depository. Debt securities in global form may not be transferred except as a whole among the depository, a nominee of or a successor to the depository and any nominee of that successor. Unless otherwise identified in the supplement, the depository will be The Depository Trust Company ("DTC").

We may determine not to use global securities for any series. In that event, we will issue debt securities in certificated form.

The laws of some jurisdictions require that some purchasers of securities take physical delivery of securities in certificated form. Those laws and some conditions on transfer of global securities may impair the ability to transfer interests in global securities.

Ownership of Global Securities

So long as the depository or its nominee is the registered owner of a global security, that entity will be the sole holder of the debt securities represented by that instrument. Both we and the trustee are only required to treat the depository or its nominee as the legal owner of those securities for all purposes under the indenture.

Unless otherwise specified in this prospectus or the supplement, no actual purchaser of debt securities represented by a global security will be entitled to receive physical delivery of certificated securities or will be considered the holder of those securities for any purpose under the indenture. In addition, no actual purchaser will be able to transfer or exchange global securities unless otherwise specified in this prospectus or the supplement. As a result, each actual purchaser must rely on the procedures of the depository to exercise any rights of a holder under the indenture. Also, if an actual purchaser is not a participant in the depository, the actual purchaser must rely on the procedures of the participant through which it owns its interest in the global security.

The Depository Trust Company

The following is based on information furnished by DTC and applies to the extent that it is the depository, unless otherwise provided in the supplement.

Registered Owner. The debt securities will be issued as fully registered securities in the name of Cede & Co., which is DTC's partnership nominee. The trustee will deposit the global security with the depository. The deposit with the depository and its registration in the name of Cede & Co. will not change the nature of the actual purchaser's ownership interest in the debt securities.

DTC's Organization. DTC is a limited purpose trust company organized under the New York Banking Law, a banking organization within the meaning of that law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered under the provisions of Section 17A of the Securities Exchange Act of 1934.

DTC is owned by a number of its direct participants and the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and some other organizations who directly participate in DTC. Other entities may access DTC's system by clearing transactions through or maintaining a custodial relationship with direct participants. The rules applicable to DTC and its participants are on file with the SEC.

DTC's Activities. DTC holds securities that its participants deposit with it. DTC also facilitates the settlement among participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in participant's accounts. Doing so eliminates the need for physical movement of securities certificates.

Participants' Records. Except as otherwise provided in this prospectus or a supplement, purchases of debt securities must be made by or through a direct participant, which will receive a credit for the securities on the depository's records. The purchaser's interest is in turn to be recorded on the participants' records. Actual purchasers will not receive written confirmations from the depository of their purchase, but they generally receive confirmations along with periodic statements of their holdings from the participants through which they entered into the transaction.

Transfers of interest in the global securities will be made on the books of the participants on behalf of the actual purchasers. Certificates representing the interest of the actual purchasers in the securities will not be issued unless the use of global securities is suspended.

The depository has no knowledge of the actual purchasers of global securities. The depository's records only reflect the identity of the direct participants, who are responsible for keeping account of their holdings on behalf of their customers.

Notices Among the Depository, Participants and Actual Owners. Notices and other communications by the depository, its participants and the actual purchasers will be governed by arrangements among them, subject to any legal requirements in effect.

Voting Procedures. Neither DTC nor Cede & Co. will give consents for or vote the global securities. The depositary generally mails an omnibus proxy to us just after the applicable record date. That proxy assigns Cede & Co.'s voting rights to the direct participants to whose accounts the securities are credited at that time.

Payments. Principal and interest payments made by us will be delivered to the depositary. DTC's practice is to credit direct participants' accounts on the applicable payment date unless it has reason to believe that it will not receive payment on that date. Payments by participants to actual purchasers will be governed by standing instructions and customary practices, as is the case with securities held for customers in bearer form or registered in street name. Those payments will be the responsibility of that participant, not the depositary, the trustee or us, subject to any legal requirements in effect at that time.

We are responsible for payment of principal, interest and premium, if any, to the trustee, who is responsible to pay it to the depositary. The depositary is responsible for disbursing those payments to direct participants. The participants are responsible for disbursing payment to the actual purchasers.

Transfer or Exchange of Debt Securities

You may transfer or exchange debt securities other than global securities without service charge at the corporate trust office of the trustee. You may also surrender debt securities other than global securities for conversion or registration of transfer without service charge at the corporate trust office of the trustee. You must execute a proper form of transfer and pay any taxes or other governmental charges resulting from that action.

Transfer Agent

If we designate a transfer agent in addition to the trustee in a supplement, we may at any time rescind this designation or approve a change in the location through which the transfer agent acts. We will, however, be required to maintain a transfer agent in each place of payment for a series of debt securities. We may at any time designate additional transfer agents for a series of debt securities.

Limitations on Incurrence of Indebtedness

Under the indenture, we may not, and may not permit any of our Subsidiaries (as defined below) to, incur any Debt (as defined below) if, immediately after giving effect to the incurrence of such additional Debt and the application of the proceeds thereof, the aggregate principal amount of all of our and our Subsidiaries' outstanding Debt on a consolidated basis determined in accordance with generally accepted accounting principles is greater than 60% of the sum of (without duplication):

1. our and our Subsidiaries' Total Assets (as defined below) as of the end of the calendar quarter covered in our Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as the case may be, most recently filed with the SEC (or, if such filing is not permitted under the Securities Exchange Act of 1934 with the trustee) prior to the incurrence of such additional Debt; and
2. the purchase price of any real estate assets or mortgages receivable acquired, and the amount of any securities offering proceeds received (to the extent that such proceeds were not used to acquire real estate assets or mortgages receivable or used to reduce Debt), by us or any of our Subsidiaries since the end of such calendar quarter, including those proceeds obtained in connection with the incurrence of such additional Debt.

In addition, we may not, and may not permit any of our Subsidiaries to, incur any Debt secured by any Encumbrance (as defined below) upon any of our or our Subsidiaries' property if, immediately after giving effect to the incurrence of such additional Debt and the application of the proceeds thereof, the aggregate principal amount of all of our and our Subsidiaries' outstanding Debt on a consolidated basis which is

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secured by any Encumbrance on our or any of our Subsidiaries' property is greater than 40% of the sum of (without duplication):

1. our and our Subsidiaries' Total Assets as of the end of the calendar quarter covered in our Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as the case may be, most recently filed with the SEC (or, if such filing is not permitted under the Securities Exchange Act of 1934, with the trustee) prior to the incurrence of such additional Debt; and
2. the purchase price of any real estate assets or mortgages receivable acquired, and the amount of any securities offering proceeds received (to the extent that such proceeds were not used to acquire real estate assets or mortgages receivable or used to reduce Debt), by us or any of our Subsidiaries since the end of such calendar quarter, including those proceeds obtained in connection with the incurrence of such additional Debt.

Also, neither we nor our Subsidiaries may at any time own Total Unencumbered Assets (as defined below) equal to less than 150% of the aggregate outstanding principal amount of the Unsecured Debt (as defined below) on a consolidated basis.

Furthermore, we may not, and may not permit any of our Subsidiaries to, incur any Debt if the ratio of Consolidated Income Available for Debt Service (as defined below) to the Annual Service Charge (as defined below) for the four consecutive fiscal quarters most recently ended prior to the date on which such additional Debt is to be incurred will have been less than 1.5:1, on a pro forma basis after giving effect thereto and to the application of the proceeds therefrom, and calculated on the assumptions that:

1. such Debt and any other Debt that we or any of our Subsidiaries incur since the first day of such four-quarter period and the application of the proceeds therefrom, including to refinance other Debt, had been incurred at the beginning of such period;
2. the repayment or retirement of any other of our and our Subsidiaries' Debt since the first day of such four-quarter period had been repaid or retired at the beginning of such period (except that, in making such computation, the amount of Debt under any revolving credit facility will be computed based upon the average daily balance of such Debt during such period);
3. in the case of Acquired Debt (as defined below) or Debt incurred in connection with any acquisition since the first day of such four-quarter period, the related acquisition had occurred as of the first day of such period with appropriate adjustments with respect to such acquisition being included in such pro forma calculation; and
4. if we or any of our Subsidiaries acquire or dispose of any asset or group of assets since the first day of such four-quarter period, whether by merger, share purchase or sale, or asset purchase or sale, such acquisition or disposition or any related repayment of Debt had occurred as of the first day of such period with the appropriate adjustments with respect to such acquisition or disposition being included in such pro forma calculation.

Acquired Debt means Debt of a person:

1. existing at the time such person becomes a Subsidiary; or
2. assumed in connection with the acquisition of assets from such person or entity,

in each case, other than Debt incurred in connection with, or in contemplation of, such person becoming a Subsidiary or such acquisition. Acquired Debt will be deemed to be incurred on the date of the related acquisition of assets from any person or the date the acquired person becomes a Subsidiary.

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Annual Service Charge as of any date means the maximum amount which is payable in any period for interest on, and original issue discount of, our and our Subsidiaries' Debt and the amount of dividends which are payable in respect of any Disqualified Shares (as defined below).

Consolidated Income Available for Debt Service for any period means our and our Subsidiaries' Earnings from Operations (as defined below) plus amounts that have been deducted, and minus amounts that have been added, for the following (without duplication):

1. our and our Subsidiaries' interest on Debt;
2. our and our Subsidiaries' provision for taxes based on income;
3. amortization of debt discount and deferred financing costs;
4. provisions for gains and losses on properties and property depreciation and amortization;
5. the effect of any noncash charge resulting from a change in accounting principles in determining Earnings from Operations for such period; and
6. amortization of deferred charges.

Debt means, without duplication, any of our and our Subsidiaries' indebtedness, whether or not contingent, in respect of:

1. borrowed money or evidenced by bonds, notes, debentures or similar instruments;
2. indebtedness for borrowed money secured by any Encumbrance existing on our or any of our Subsidiaries' property;
3. the reimbursement obligations, contingent or otherwise, in connection with any letters of credit actually issued (other than letters of credit issued to provide credit enhancement or support with respect to other of our or any of our Subsidiaries' indebtedness otherwise reflected as Debt under this definition) or amounts representing the balance deferred and unpaid of the purchase price of any property or services, except any such balance that constitutes an accrued expense or trade payable, or all conditional sale obligations or obligations under any title retention agreement;
4. the principal amount of all of our and our Subsidiaries' obligations with respect to redemption, repayment or other repurchase of any Disqualified Shares; or
5. any lease of property in which we or any of our Subsidiaries is a lessee which is reflected on our consolidated balance sheet as a capitalized lease in accordance with generally accepted accounting principles,

to the extent, in the case of items of indebtedness under (1) through (3) above, that any such items (other than letters of credit) would appear as a liability on our consolidated balance sheet in accordance with generally accepted accounting principles, and also includes, to the extent not otherwise included, any of our or our Subsidiaries' obligations to be liable for, or to pay, as obligor, guarantor or otherwise (other than for purposes of collection in the ordinary course of business), Debt of a person other than us or any of our Subsidiaries (it being understood that we will be deemed to incur Debt whenever we or any of our Subsidiaries creates, assumes, guarantees or otherwise becomes liable in respect thereof).

Disqualified Shares means, with respect to any person, any capital shares of such person which by the terms of such capital shares (or by the terms of any security into which they are convertible or for which they are exchangeable or exercisable), upon the happening of any event or otherwise:

1. mature or are mandatorily redeemable, pursuant to a sinking fund obligation or otherwise (other than capital shares which are redeemable solely in exchange for common shares);
2. are convertible into or exchangeable or exercisable for Debt or Disqualified Shares; or
3. are redeemable at the option of the holder thereof, in whole or in part (other than capital shares which are redeemable solely in exchange for common shares),

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in each case on or prior to the stated maturity of the debt securities.

Earnings from Operations for any period means net earnings excluding gains and losses on sales of investments, as reflected in our consolidated financial statements for such period determined on a consolidated basis in accordance with generally accepted accounting principles.

Encumbrance means any mortgage, lien, charge, pledge or security interest of any kind.

Subsidiary means any corporation or other entity of which we directly, or indirectly through one or more of our Subsidiaries, own a majority of the voting power of the voting equity securities or the outstanding equity interests. For the purposes of this definition, voting equity securities means equity securities having voting power for the election of directors, whether at all times or only so long as no senior class of security has such voting power by reason of any contingency.

Total Assets as of any date means the sum of:

1. the Undepreciated Real Estate Assets; and
2. all of our and our Subsidiaries other assets determined in accordance with generally accepted accounting principles (but excluding accounts receivable and intangibles).

Total Unencumbered Assets means the sum of

1. those Undepreciated Real Estate Assets not subject to an Encumbrance; and
2. all of our and our Subsidiaries other assets not subject to an Encumbrance determined in accordance with generally accepted accounting principles (but excluding accounts receivable and intangibles).

Undepreciated Real Estate Assets as of any date means the cost (original cost plus capital improvements) of our and our Subsidiaries real estate assets on such date, before depreciation and amortization, determined on a consolidated basis in accordance with generally accepted accounting principles.

Unsecured Debt means Debt that is not secured by any Encumbrance upon any of our or our Subsidiaries properties.

See **Covenants** for a description of additional covenants applicable to us.

Covenants

The following is a summary of some of the covenants we have made in the indenture.

Existence. Except in connection with permitted mergers, consolidations or sales of assets, we agreed to do or cause to be done all things necessary to preserve and keep our corporate existence, rights and franchises in full force and effect. We are not, however, required to preserve any right or franchise if we determine that its preservation is no longer desirable in the conduct of our business and that the loss is not disadvantageous in any material respect to the holders of debt securities.

Maintenance of Properties. We agreed to maintain and keep in good condition all of our material properties used or useful in the conduct of our business. This does not, however, preclude us from disposing of our properties in the ordinary course of business.

Insurance. We agreed to maintain with insurers of recognized responsibility insurance concerning our properties against such casualties and contingencies and of such types and in such amounts as is customary for the same or similar businesses.

Payment of Taxes and Other Claims. We agreed to pay or discharge before they become delinquent all taxes and other governmental charges levied or imposed on us and all lawful claims for labor, materials and supplies which, if unpaid, might by law become a lien upon our property. We are not, however,

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