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**ENTERTAINMENT
PROPERTIES TRUST**
FIVE STAR PROPERTIES

2007 ANNUAL REPORT



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Vice President Finance

ANNUAL SHAREHOLDERS MEETING

The annual meeting of shareholders will be held at 10:00 A.M. Central Time, May 7, 2008 in the Leawood Town Center 20 Theatre, 11701 Nall, Leawood, KS. 66211.

STOCK MARKET INFORMATION

The Company's common shares of beneficial interest are traded on the New York Stock Exchange under the symbol EPR.

INVESTOR RELATIONS

For further information regarding Entertainment Properties Trust, you are invited to inquire: Entertainment Properties Trust Investor Relations Department 30 West Pershing Road, Suite 201 Kansas City, MO. 64108 info@eprkc.com



For access to additional financial information visit our website at www.eprkc.com.

TRANSFER AGENT AND REGISTRAR

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Dear Shareholder,

Entertainment Properties Trust [EPR] marked its 10th anniversary in 2007 with record growth and shareholder return metrics. In 2007, EPR maintained its pattern of consistent reliable increases in shareholder return metrics in considerable contrast to the volatile market overall and particularly the real estate markets. EPR continued on its march of increasing cash flow [Funds From Operations or FFO] per diluted share, marking double-digit percentage increases for a fifth consecutive year. We achieved this while strengthening our strategic Five Star operative principles, furthering their implementation to fortify our opportunities and enabling continued growth potential for the future.

RECORD GROWTH AND PERFORMANCE

During 2007, EPR made real estate investments totaling more than \$425 million, the largest annual growth in assets in the company's 10-year history. These investments included but were not confined to theatre properties. This record level of asset growth helped propel shareholder returns to new heights as well. For the year, FFO grew by 13% in total, and 10% per diluted common share.

PROFILE OF INVESTMENTS MADE

The scope of EPR's investments expanded beyond megaplex theatres during the last couple of years, and that trend continued in 2007. As we have vigorously described many times, including in this letter for the past several years, this expansion has been thoughtful, purposeful and disciplined by the same key criteria that have guided our long-term success in cinema investing: our Five Star Investment Principles. They are:

Inflection Opportunity: A generational renewal or restructuring change in an industry's properties that creates an opportunity for insightful capital.

Enduring Value: Investments in real estate devoted to and improving upon long-lived activities.

Excellent Execution: Premium locations and investment executions that lead to market-dominant performance and create credit beyond the particular tenant.

Attractive Economics: Accretive initial returns along with growth in yield over the life of our investments in categories of meaningful size.

Advantageous Position: Sustainable competitive advantages based on knowledge, relationships or access to key investment elements.

Our serious dedication to the discipline embodied in these principles is indicated by our adoption of a whole new image set for the company. After ten years, we have updated our Colosseum logo and set out the Five Stars conspicuously above. Further, we have added "Five Star Properties" as a subtitle to our name block. We are serious about the potential in dimensioning our company and its discipline.

Guided by our Five Star Principles, investments in 2007 included:

- Megaplex theatres – market-dominant best-of-class properties continuing the rescreening of North America that began in the late 90s.
- Ski properties – capitalizing on the growing demographic of snowboarders in highly accessible locations.

- Vineyards and wineries – establishing a leading market position in an industry of extraordinary durable real estate value that is amidst generational ownership changes and consolidation.
- Public charter schools – creating a reliable capital funding source in an otherwise highly fractured, misunderstood and unserved market that is surprisingly large and stable.

We also made single-property investments in two unique but market-leading property types: a world-class, water park-anchored entertainment village developed by the industry's leading park operator over the last 10 years; and an innovative, covered but open-air, new-generation live performance amphitheatre to be operated by a booking agency that has been the market leader for more than 25 years.

FINANCIAL MANAGEMENT

This aggressive asset acquisition program was supported and complemented by equally ambitious, effective and successful capital formation and treasury management. Changes to our capital structure included:

- Redemption of our \$58MM Series A Preferred Stock issue carrying a 9.5% coupon.
- Issuance of \$111MM Series D Preferred Stock with a 7.375% coupon, which was notable as one of the lowest rates ever achieved and one of the largest issuances in years by an unrated company.
- Sale of 1.4 million shares of common stock raising more than \$75 million.
- Establishment of a new four-year term \$120MM debt facility, substantially all fixed at a rate under 6%.
- Placement of approximately \$200MM of secured asset level debt of 5- and 10-year duration at rates just over 6%.
- Participation in federal-tax-advantaged bond debt to support theatres developed in the hurricane-devastated South region called Gulf Opportunity Zone, or Go-Zone, through bought-direct issuance and guarantees totaling more than \$30 million.

Amazingly, all this was done with a company overhead expenditure level of only about 5.5% of our net operating income.

STEADFAST COMMITMENT

Simply put, EPR is driven to set and meet the very highest standards of excellence in real estate investment. Great credit goes to our team of professionals who have shaped this company and led it through the past decade of success. But our accomplishments have less to do with our intuitive sensibility about real estate and more to do with the discipline of rational and reasoned judgment. This is the essence of our Five Star Principles. At the beginning and at the end of the day, it is the integrity, consistency and discipline of our investment strategy in the marketplace that earns our investors' trust. We thank you for that trust. We pledge to you a continued, steadfast commitment to the qualities we bring to earning it.



David M. Brain
President and Chief Executive Officer



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