

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 Incorpor.: **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) **May 2, 2005**

**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)

**8815 Centre Park Drive, Suite 400**  
**Columbia, Maryland 21045**  
(Address of principal executive offices)

**(410) 730-9092**  
(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**

In connection with its release of earnings on May 2, 2005, the Registrant is making available certain additional information pertaining to its properties and operations as of and for the period ended March 31, 2005. This information is furnished herewith as Exhibit 99.1 and is incorporated herein by reference.

The information included herein, including the exhibits, 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 non-GAAP financial measures in earnings 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”). Descriptions of these measures are set forth below.

Earnings per diluted share (“diluted EPS”), as adjusted for issuance costs associated with redeemed preferred shares

This measure is defined as diluted EPS adjusted to eliminate an accounting charge for original issuance costs associated with the redemption of preferred shares of beneficial interest (“preferred shares”). The accounting charge pertains to a restructuring of the Company’s equity and is not indicative of normal operations. As such, the Registrant believes that a measure that excludes the accounting charge is a useful supplemental measure in evaluating its operating performance. The Registrant believes that diluted EPS is the most comparable GAAP measure to this measure. A material limitation to this measure is that it does not reflect the effect of preferred share redemptions in accordance with GAAP; the Registrant compensates for this limitation by using diluted EPS and then supplementing its evaluation of that measure with the use of the non-GAAP measure.

Funds from operations (“FFO”)

Funds from operations (“FFO”) is defined as net income computed using GAAP, excluding gains (or losses) from sales of real estate, plus real estate-related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. Gains from sales of newly-developed properties less accumulated depreciation, if any, required under GAAP are included in FFO on the basis that development services are the primary revenue generating activity; the Registrant believes that inclusion of these development gains is in accordance with the National Association of Real Estate Investment Trusts’ (“NAREIT”) definition of FFO, although others may interpret the definition differently.

Accounting for real estate assets using historical cost accounting under GAAP assumes that the value of real estate assets diminishes predictably over time. NAREIT stated in its April 2002 White Paper on Funds from Operations that “since real estate asset values have historically risen or fallen with market conditions, many industry investors have considered presentations of operating results for real estate companies that use historical cost accounting to be insufficient by themselves.” As a result, the concept of FFO was created by NAREIT for the REIT industry to “address this problem.” The Registrant agrees with the concept of FFO and believes that FFO is

useful to management and investors as a supplemental measure of operating performance because, by excluding gains and losses related to sales of previously depreciated operating real estate properties and excluding real estate-related depreciation and amortization, FFO can help one compare the Registrant’s operating performance between periods. In addition, since most equity REITs provide FFO information to the investment community, the Registrant believes that FFO is useful to investors as a supplemental measure for comparing its results to those of other equity REITs. The Registrant believes that net income is the most directly comparable GAAP measure to FFO.

Since FFO excludes certain items includable in net income, reliance on the measure has limitations; management compensates for these limitations by using the measure simply as a supplemental measure that is weighed in the balance with other GAAP and non-GAAP measures. FFO is not necessarily an indication of the Registrant’s cash flow available to fund cash needs. Additionally, it should not be used as an alternative to net income 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. The FFO presented by the Registrant may not be comparable to the FFO presented by other REITs since they may interpret the current NAREIT definition of FFO differently or they may not use the current NAREIT definition of FFO.

#### Basic funds from operations ("Basic FFO")

Basic FFO is FFO adjusted to (1) subtract preferred share dividends and (2) add back GAAP net income allocated to common units in Corporate Office Properties, L.P. (the "Operating Partnership") not owned by the Registrant. With these adjustments, Basic FFO represents FFO available to common shareholders and common unitholders. Common units in the Operating Partnership are substantially similar to common shares of beneficial interest in the Registrant ("common shares"); common units in the Operating Partnership are also 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 common shares. The Registrant believes that net income is the most directly comparable GAAP measure to Basic FFO. Basic FFO has essentially the same limitations as FFO; management compensates for these limitations in essentially the same manner as described above for FFO.

#### Diluted funds from operations per share ("Diluted FFO per share")

Diluted FFO per share is (1) Basic FFO adjusted to add back any convertible preferred share dividends and any other changes in Basic FFO that would result from the assumed conversion of securities that are convertible or exchangeable into common shares 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. However, the computation of Diluted FFO per share does not assume conversion of 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 per share 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 in evaluating net income available to common shareholders. In addition, since most equity REITs provide Diluted FFO per share information to the investment community, the Registrant believes Diluted FFO per share is a useful supplemental measure for comparing the Registrant to other equity REITs. The Registrant believes that diluted EPS is the most directly comparable GAAP measure to Diluted FFO per share. Diluted FFO per share has most of the same limitations as Diluted FFO (described below);

management compensates for these limitations in essentially the same manner as described below for Diluted FFO.

#### Diluted funds from operations ("Diluted FFO")

Diluted FFO is Basic FFO adjusted to add back any convertible preferred share dividends and any other changes in Basic FFO that would result from the assumed conversion of securities that are convertible or exchangeable into common shares. However, the computation of Diluted FFO does not assume conversion of 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. In addition, since most equity REITs provide Diluted FFO information to the investment community, the Registrant believes Diluted FFO is a useful supplemental measure for comparing the Registrant to other equity REITs. The Registrant believes that the numerator to diluted EPS is the most directly comparable GAAP measure to Diluted FFO. Since Diluted FFO excludes certain items includable in the numerator to diluted EPS, reliance on the measure has limitations; management compensates for these limitations by using the measure simply as a supplemental measure that is weighed in the balance with other GAAP and non-GAAP measures. Diluted FFO is not necessarily an indication of the Registrant's cash flow available to fund cash needs. Additionally, it should not be used as an alternative to net income 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. The Diluted FFO presented by the Registrant may not be comparable to the Diluted FFO presented by other REITs.

### Diluted FFO, as adjusted for issuance costs associated with redeemed preferred shares

This measure is defined as Diluted FFO adjusted to eliminate an accounting charge for original issuance costs associated with the redemption of preferred shares of beneficial interest. The accounting charge pertains to a restructuring of the Company's equity and is not indicative of normal operations. As such, the Registrant believes that a measure that excludes the accounting charge is a useful supplemental measure in evaluating its 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, as adjusted for issuance costs associated with redeemed preferred shares, has essentially the same limitations as Diluted FFO, as well as the further limitation of not reflecting the effect of the preferred share redemption in accordance with GAAP; management compensates for these limitations in essentially the same manner as described above for Diluted FFO.

### Diluted adjusted funds from operations ("Diluted AFFO")

Diluted AFFO is Diluted FFO adjusted for the following: (1) the elimination of the effect of (a) noncash rental revenues (comprised of straight-line rental adjustments, which includes the amortization of recurring tenant incentives, and amortization of deferred market rental revenue, both of which are described under "Cash NOI" below) and (b) accounting charges for original issuance costs associated with redeemed preferred shares; and (2) recurring capital expenditures (defined below). The Registrant believes that Diluted AFFO is an important supplemental measure of liquidity for an equity REIT because it provides management and investors with an indication of its ability to incur and service debt and to fund dividends and other cash needs. In addition, since most equity REITs provide Diluted AFFO information to the investment community, the Registrant believes that Diluted AFFO is a useful supplemental measure for comparing the Registrant to other equity REITs. The Registrant believes that the numerator to diluted EPS is the most directly comparable GAAP measure to Diluted AFFO. Since Diluted AFFO excludes certain items includable in the numerator to diluted EPS, reliance on the measure

has limitations; management compensates for these limitations by using the measure simply as a supplemental measure that is weighed in the balance with other GAAP and non-GAAP measures. In addition, see the discussion below regarding the limitations of recurring capital expenditures, which is used to derive Diluted AFFO. Diluted AFFO is not necessarily an indication of the Registrant's cash flow available to fund cash needs. Additionally, it should not be used as an alternative to net income 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. The Diluted AFFO presented by the Registrant may not be comparable to similar measures presented by other equity REITs.

### Recurring capital expenditures

Recurring capital expenditures are defined as capital expenditures, tenant improvements and incentives and leasing costs associated with operating properties that are not (1) items contemplated prior to the acquisition of a property, (2) improvements associated with the expansion of a building or its improvements, (3) renovations to a building which change the underlying classification of the building (for example, from industrial to office or Class C office to Class B office) or (4) capital improvements that represent the addition of something new to the property rather than the replacement of something (for example, the addition of a new heating and air conditioning unit that is not replacing one that was previously there). The Registrant believes that recurring capital expenditures is an important measure of performance for a REIT because it provides a measure of the capital expenditures that the Registrant can expect to incur on an ongoing basis, which is significant to how the Registrant manages its business since these expenditures are funded using cash flow from operations. As a result, the measure provides a further indication of the cash flow from operations that is available to fund other uses. The Registrant believes that tenant improvements and incentives, capital improvements and leasing costs associated with operating properties are the most directly comparable GAAP measures. Recurring capital expenditures do not reflect all capital expenditures incurred by the Registrant for the periods reported; the Registrant compensates for this limitation by also using the comparable GAAP measure. The recurring capital expenditures presented by the Registrant may not be comparable to the recurring capital expenditures presented by other REITs.

### Combined real estate revenue

Combined real estate revenue is total revenue from real estate operations, including rental revenue and tenant recoveries and other revenue, including discontinued operations. The Registrant uses this measure to evaluate the revenue produced by its real estate properties, including those reported in discontinued operations. The Registrant believes that total revenue is the most directly comparable GAAP measure to combined real estate revenue. Combined real estate revenue excludes other types of revenue earned by the Registrant, including construction contract and other service operations revenues. The measure also includes discontinued operations and, by doing so, does not reflect the overall operating performance of the Registrant's continuing operations. Management compensates for these limitations by evaluating this measure in conjunction with the most directly comparable GAAP measure and other operating statistics involving revenue.

#### Combined net operating income ("Combined NOI")

Combined NOI is combined real estate revenue reduced by total property expenses associated with real estate operations, including discontinued operations; total property expenses, as used in this definition, do not include depreciation, amortization or interest expense associated with real estate operations. The Registrant believes that Combined NOI is an important supplemental measure of operating performance for a REIT's operating real estate because it provides a measure of the core real estate operations, rather than factoring in depreciation and amortization

or corporate financing and general and administrative expenses; this measure is particularly useful in the opinion of the Registrant in evaluating the performance of geographic segments, same-office property groupings and individual properties. The Registrant believes that net income is the most directly comparable GAAP measure to Combined NOI. The measure excludes many items that are includable in net income; management compensates for this limitation by using the measure simply as a supplemental measure that is weighed in the balance with other GAAP and non-GAAP measures. It should not be used as an alternative to net income 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. Combined NOI presented by the Registrant may not be comparable to Combined NOI presented by other equity REITs that define the measure differently.

#### Cash net operating income ("Cash NOI")

Cash NOI is Combined NOI (defined above) adjusted to eliminate the effects of noncash rental revenues (comprised of straight-line rental adjustments, which includes the amortization of recurring tenant incentives, and amortization of deferred market rental revenue). Under GAAP, rental revenue is recognized evenly over the term of tenant leases. Many leases provide for contractual rent increases and the effect of accounting under GAAP for such leases is to accelerate the recognition of lease revenue. Since some leases provide for periods under the lease in which rental concessions are provided to tenants, the effect of accounting under GAAP is to allocate rental revenue to such periods. Also under GAAP, when a property is acquired, in-place operating leases carrying rents above or below market are valued as of the date of the acquisition; such value is then amortized into rental revenue over the lives of the related leases.

The Registrant believes that Cash NOI is an important supplemental measure of operating performance for a REIT's operating real estate because it makes adjustments to Combined NOI for revenue that is not associated with cash to the Registrant. As is the case with Combined NOI, the measure is useful in the opinion of the Registrant in evaluating and comparing the performance of geographic segments, same-office property groupings and individual properties, although, since it adjusts for noncash items, it provides management and investors with a further indication of the Registrant's ability to incur and service debt and to fund dividends and other cash needs. The Registrant believes that net income is the most directly comparable GAAP measure to Cash NOI. The measure excludes many items that are includable in net income; management compensates for this limitation by using the measure simply as a supplemental measure that is weighed in the balance with other GAAP and non-GAAP measures. It should not be used as an alternative to net income 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. The Cash NOI that the Registrant presents may not be comparable to similar measures presented by other equity REITs.

#### Earnings Before Interest, Income Taxes, Depreciation and Amortization ("EBITDA")

EBITDA is net income adjusted for the effects of interest expense, depreciation and amortization, income taxes and minority interests. The Registrant believes that EBITDA is an important measure of performance for a REIT because it provides a further tool to evaluate the Registrant's ability to incur and service debt and to fund dividends and other cash needs that supplements the previously described non-GAAP measures and to compare the Registrant's operating performance with that of other companies. The Registrant believes that net income is the most directly comparable GAAP measure to EBITDA. EBITDA excludes items that are included in net income, including some that require cash outlays; management compensates for this limitation by using the measure simply as a supplemental measure that is weighed in the balance

with other GAAP and non-GAAP measures. It should not be used as an alternative to net income 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. Additionally, EBITDA as reported by the Registrant may not be comparable to EBITDA reported by other equity REITs.

#### Interest Coverage Ratio-Combined NOI and Interest Coverage Ratio-EBITDA

These measures divide either combined NOI or EBITDA by interest expense on continuing and discontinued operations. The Registrant believes that these ratios are useful measures in evaluating the relationship of earnings to the total cash flow requirements for interest on loans associated with operating properties and, as such, are important tools in the Registrant's finance policy management.

#### Debt Service Coverage Ratio-Combined NOI and Debt Service Coverage Ratio-EBITDA

These measures divide either combined NOI or EBITDA by the sum of interest expense on continuing and discontinued operations and scheduled principal amortization on mortgage loans for continuing and discontinued operations. The Registrant believes that these ratios are useful measures in evaluating the relationship of earnings to the total cash flow requirements of loans associated with operating properties and, as such, are important tools in the Registrant's finance policy management.

#### Fixed Charge Coverage Ratio-Combined NOI and Fixed Charge Coverage Ratio-EBITDA

These measures divide either combined NOI or EBITDA by the sum of (1) interest expense on continuing and discontinued operations, (2) dividends on preferred shares and (3) distributions on preferred units in the Operating Partnership not owned by the Registrant. The Registrant believes that these ratios are useful measures in evaluating the relationship of earnings to the cash flow requirements of (1) interest expense on loans associated with operating properties and (2) dividends to preferred equity holders and, as such, are important tools in the Registrant's finance policy management.

#### Combined NOI as a Percentage of Combined Real Estate Revenues and EBITDA as a Percentage of Combined Real Estate Revenues

These measures divide either Combined NOI or EBITDA by total real estate revenues from continuing and discontinued operations. The Registrant believes that net income divided by combined real estate revenue is the most directly comparable GAAP measure to these two measures.

#### General and Administrative Expenses as a Percentage of Combined Real Estate Revenue or EBITDA

These measures divide general and administrative expenses by either Combined Real Estate Revenue or EBITDA. The Registrant believes that general and administrative expenses divided by net income is the most directly comparable GAAP measure.

#### Recurring Capital Expenditures as a Percentage of Combined NOI

This measure divides recurring capital expenditures by NOI.

#### FFO Diluted Payout Ratio and AFFO Diluted Payout Ratio

These measures are defined as (1) the sum of (A) dividends on common shares and (B) dividends on common and convertible preferred shares and distributions to holders of interests in the Operating Partnership when such dividends and distributions are included in Diluted FFO and Diluted AFFO divided by (2) either Diluted FFO or Diluted AFFO. The Registrant believes that

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these ratios are useful to investors as supplemental measures of its ability to make distributions to investors. In addition, since most equity REITs provide these ratios, the Registrant believes they are useful supplemental measures for comparing the Registrant to other equity REITs. The Registrant believes that Earnings Payout Ratio is the most comparable GAAP measure. Earnings Payout Ratio is defined as dividends on common shares divided by net income available to common shareholders. Since FFO Diluted Payout Ratio and AFFO Diluted Payout Ratio are derived from Diluted FFO and Diluted AFFO, they share the limitations previously discussed for those measures; management compensates for these limitations by using the measures simply as supplemental measures that are weighed in the balance with other GAAP and non-GAAP measures.

#### Dividend Coverage-FFO Diluted and Dividend Coverage-AFFO Diluted

These measures divide either Diluted FFO or Diluted AFFO by the sum of (1) dividends on common shares and (2) dividends on common and convertible preferred shares and distributions to holders of interests in the Operating Partnership when such dividends and distributions are included in Diluted FFO and Diluted AFFO.

#### Debt to Undepreciated Book Value of Real Estate Assets

This measure is defined as mortgage loans payable divided by net investment in real estate presented on the Registrant's consolidated balance sheet excluding the effect of accumulated depreciation incurred to date on such real estate. The Registrant believes that the measure of Debt to Undepreciated Real Estate Assets is useful to management and investors as a supplemental measure of its borrowing levels. In addition, since most equity REITs provide Debt to Undepreciated Real Estate Asset information, the Registrant believes Debt to Undepreciated Real Estate Assets is a useful supplemental measure for comparing the Registrant to other equity REITs. The Registrant believes that the measure of Debt to Total Assets, defined as mortgage loans payable divided by total assets, is the most comparable GAAP measure. Debt to Undepreciated Real Estate Assets excludes the effect of accumulated depreciation, other assets and other liabilities; management compensates for these limitations by using the measure simply as a supplemental measure that is weighed with the comparable GAAP measure and other GAAP and non-GAAP measures.

#### **Item 9.01. Financial Statements and Exhibits**

(a) Financial Statements of Businesses Acquired

None

(b) Pro Forma Financial Information

None

(c) Exhibits



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99.1 Supplemental information dated March 31, 2005 for Corporate Office Properties Trust.

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## 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: May 2, 2005

### CORPORATE OFFICE PROPERTIES TRUST

By: /s/ Randall M. Griffin  
Name: Randall M. Griffin  
Title: President and Chief Executive Officer

By: /s/ Roger A. Waesche, Jr.  
Name: Roger A. Waesche, Jr.  
Title: Executive Vice President and  
Chief Financial Officer

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**Supplemental Information  
(Unaudited)**

**March 31, 2005**



CORPORATE  
OFFICE  
PROPERTIES

**Corporate Office Properties Trust  
Index to Supplemental Information (Unaudited)  
March 31, 2005**

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## **To Members of the Investment Community:**

We prepared this supplemental information package to provide you with additional detail on our properties and operations. The information in this package is unaudited, furnished to the Securities and Exchange Commission (“SEC”) and should be read in conjunction with our quarterly and annual reports. If you have any questions or comments, please contact Ms. Mary Ellen Fowler, Vice President, Finance and Investor Relations at (410) 992-7324 or maryellen.fowler@copt.com. Reconciliations between GAAP and non-GAAP measurements have been provided on pages 30 through 31. Refer to our Form 8k for definitions of certain terms used herein.

## **Reporting Period Highlights - First Quarter 2005**

### Financial Results

Reported Net Income Available to Common Shareholders of \$5,386,000 or \$.14 per diluted share for the first quarter of 2005 as compared to \$4,537,000 or \$.14 per diluted share for the comparable 2004 period.

Reported FFO - diluted of \$21,143,000 or \$.45 per share/unit for the first quarter of 2005 as compared to \$16,307,000 or \$.40 per share/unit for the comparable 2004 period, representing an increase of 12.5% per share/unit.

Reported AFFO - diluted of \$14,756,000 for the first quarter of 2005 as compared to \$12,209,000 for the comparable 2004 period, representing an increase of 20.9%.

Our FFO payout ratio was 54.5% for the first quarter of 2005 as compared to 56.9% for the comparable 2004 period. Our AFFO payout ratio was 78.1% for the first quarter of 2005 as compared to 76.0% for the comparable 2004 period.

### Financing Activity and Capital Transactions

On March 21, 2005, we closed on a \$32.0 million credit facility to fund the construction of Washington Tech Park II in Chantilly, Virginia and have borrowed \$6.0 million as of March 31, 2005.

As of March 31, 2005, our debt to market capitalization was 44.1% and our debt to undepreciated book value of real estate assets was 59.5%. We achieved an EBITDA interest coverage ratio of 2.95x and an EBITDA fixed charge coverage ratio of 2.29x for this quarter.

### Acquisitions / Dispositions

On January 27, 2005, we acquired 19 acres of land, which can accommodate 246,773 developable square feet of office space, located in Westfields Corporate Center for \$7.1 million.

On March 16, 2005, we acquired 39 acres of land, which can accommodate 120,000 developable square feet of office space, located in Dahlgren Technology Center for \$1.2 million.

On March 30, 2005, we entered the San Antonio, Texas market with our \$30.5 million purchase of two buildings containing 468,994 rentable square feet. We have leased the entire space, which is under redevelopment to a sole tenant, with occupancy anticipated in the fourth quarter of 2005. The company expects to spend approximately \$7.5 million in capital expenditures prior to rent commencement. In addition, we acquired an adjacent 15.7 acre parcel of land for \$3.0 million.

## Development

We executed a long-term lease with a large creditworthy tenant for all 125,681 rentable square feet of the building to be located at 318 Carina Road (known as 318 NBP). This building is under construction with an anticipated occupancy in the fourth quarter of 2005.

## Operations

Overall occupancy was 92.44% and our portfolio was 93.19% leased as of March 31, 2005.

Our same property for cash NOI decreased slightly by 1.2% or \$397,000 as compared to the quarter ended March 31, 2004. Included in cash NOI our same office portfolio, among other effects, is a decrease of \$1.1 million in base rent and termination fees associated with the former tenant, AT&T, at 431 Ridge Road. Our same property portfolio consists of 119 properties and represents 82.6% of our total square feet owned as of March 31, 2005.

Weighted average lease term of our office portfolio is 4.9 years as of March 31, 2005, with an average contractual rental rate (including tenant reimbursements of operating costs) of \$20.68 per square foot.

We renewed 361,299 square feet, or 80.3%, of our expiring office leases (based upon square footage) with an average committed cost of \$1.80 per square foot during the first quarter. For our renewed and retenanted space of approximately 472,000 square feet, we realized an increase in total rent of 5.0%, as measured from the GAAP straight-line rent in effect preceding the renewal date and (1.9%) in total cash rent. We incurred an average committed cost of \$5.66 per square foot for our renewed and retenanted space in the first quarter.

## Subsequent Events

On April 7, 2005, we acquired, for \$43.3 million, two office buildings containing 221,702 square feet and an adjacent 9.7 acres of land for future development that will support 215,000 square feet in Montgomery County, Maryland. We funded this purchase with proceeds from a \$55.0 million bridge loan that matures in October 2005 and bears interest at varying rates based on a leverage grid.

On April 7, 2005 we executed a \$73.4 million notional amount forward swap at a fixed rate of 5.0244%, which commences in July 2005 and expires in July 2015.

On April 11, 2005, we formed a joint venture with a limited partnership to develop up to 1.8 million square feet of office space on 63 acres of land located at Arundel Preserve in the Baltimore Washington Corridor, Hanover, Maryland.

## **Forward-Looking Statements**

This supplemental information contains “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 our current expectations, estimates and projections about future events and financial trends affecting us. Forward-looking statements can be identified by the use of words such as “may”, “will”, “should”, “expect”, “estimate” or other comparable terminology. Forward-looking statements are inherently subject to risks and uncertainties, many of which we cannot predict with accuracy and some of which we might not even anticipate. Accordingly, we 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:

- our ability to borrow on favorable terms;
- general economic and business conditions, which will, among other things, affect office property demand and rents, tenant creditworthiness, interest rates and financing availability;
- adverse changes in the real estate markets including, among other things, increased competition with other companies;

risk of real estate acquisition and development, 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 our joint venture partners may not fulfill their financial obligations as investors or may take actions that are inconsistent with our objectives; governmental actions and initiatives; and environmental requirements.

We undertake no obligation to update or supplement any forward-looking statements. For further information, please refer to our filings with the Securities and Exchange Commission, particularly the section entitled "Risk Factors" in Item 1 of our Annual Report on Form 10-K for the year ended December 31, 2004.

**Quarterly Selected Financial Summary Data**  
(Dollars in thousands)

	2005		2004		
	March 31	December 31	September 30	June 30	March 31
Revenues from Real Estate Operations	\$ 60,627	\$ 58,613	\$ 53,097	\$ 53,892	\$ 48,971
Total Revenues	77,724	66,328	60,563	59,962	56,623
Combined Net Operating Income	41,709	41,444	36,899	39,245	33,932
EBITDA	39,366	38,439	34,713	37,020	32,078
Net Income	9,040	9,446	9,750	8,843	8,993
Preferred Share dividends	(3,654)	(3,654)	(3,784)	(4,435)	(4,456)
Issuance costs associated with redeemed preferred shares	-	-	(1,813)	-	-
<b>Net Income Available to Common Shareholders</b>	<b>\$ 5,386</b>	<b>\$ 5,792</b>	<b>\$ 4,153</b>	<b>\$ 4,408</b>	<b>\$ 4,537</b>
<b>Earnings per diluted share</b>	<b>\$ 0.14</b>	<b>\$ 0.15</b>	<b>\$ 0.12</b>	<b>\$ 0.13</b>	<b>\$ 0.14</b>
<b>Earnings per diluted share, as adjusted for issuance costs associated with redeemed preferred shares</b>	<b>\$ 0.14</b>	<b>\$ 0.15</b>	<b>\$ 0.17</b>	<b>\$ 0.13</b>	<b>\$ 0.14</b>
Funds From Operations (FFO) - Diluted	\$ 21,143	\$ 20,879	\$ 17,368	\$ 21,410	\$ 16,307
<b>FFO per diluted share</b>	<b>\$ 0.45</b>	<b>\$ 0.45</b>	<b>\$ 0.39</b>	<b>\$ 0.50</b>	<b>\$ 0.40</b>
<b>FFO per diluted share, as adjusted for issuance costs associated with redeemed preferred shares</b>	<b>\$ 0.45</b>	<b>\$ 0.45</b>	<b>\$ 0.43</b>	<b>\$ 0.50</b>	<b>\$ 0.40</b>
Adjusted FFO - Diluted	\$ 14,756	\$ 13,164	\$ 11,759	\$ 13,956	\$ 12,209

Payout Ratios:

<b>Earnings Payout</b>	<b>173.4%</b>	<b>160.4%</b>	<b>222.4%</b>	<b>178.7%</b>	<b>158.2%</b>
<b>FFO - Diluted</b>	<b>54.5%</b>	<b>55.4%</b>	<b>65.9%</b>	<b>46.4%</b>	<b>56.9%</b>
<b>AFFO - Diluted</b>	<b>78.1%</b>	<b>87.9%</b>	<b>97.3%</b>	<b>71.2%</b>	<b>76.0%</b>
<b>Total Dividends/Distributions</b>	<b>\$ 15,337</b>	<b>\$ 15,286</b>	<b>\$ 15,235</b>	<b>\$ 14,370</b>	<b>\$ 13,708</b>

Note: The above presentation does not separately report discontinued operations.

**Quarterly Consolidated Balance Sheets**  
(Dollars in thousands except per share data)

	2005		2004		
	March 31	December 31	September 30	June 30	March 31
<b>Assets</b>					
Investment in real estate:					
Land - operational	\$ 268,307	\$ 268,327	\$ 260,197	\$ 236,026	\$ 229,558
Land - development	97,085	74,190	75,925	70,407	59,231
Construction in progress	109,345	61,962	49,453	51,387	35,387
Buildings and improvements	1,294,457	1,280,537	1,231,518	1,091,865	1,071,701
Investment in and advances to unconsolidated real estate joint ventures	1,209	1,201	1,094	1,055	1,059
Less: accumulated depreciation	(153,127)	(141,716)	(131,018)	(121,630)	(110,155)
<b>Net investment in real estate</b>	<b>1,617,276</b>	<b>1,544,501</b>	<b>1,487,169</b>	<b>1,329,110</b>	<b>1,286,781</b>
Cash and cash equivalents	6,212	13,821	6,812	12,202	9,536
Restricted cash	13,830	12,617	10,760	12,137	13,528
Accounts receivable, net	17,529	16,771	10,209	16,002	9,708
Investment in and advances to other unconsolidated entities	1,621	1,621	1,621	1,621	1,621
Deferred rent receivable	27,890	26,282	23,383	20,857	18,673
Deferred charges, net	27,168	27,642	26,407	24,006	19,551
Intangible assets on real estate acquisitions, net	64,965	67,560	67,083	53,874	55,577
Prepaid and other assets	19,658	18,646	14,703	18,380	14,719
Furniture, fixtures and equipment, net	2,771	2,565	2,579	2,512	2,316
<b>Total assets</b>	<b>\$ 1,798,920</b>	<b>\$ 1,732,026</b>	<b>\$ 1,650,726</b>	<b>\$ 1,490,701</b>	<b>\$ 1,432,010</b>
<b>Liabilities and shareholders' equity</b>					
Liabilities:					
Mortgage and other loans payable	\$ 1,091,688	\$ 1,022,688	\$ 947,332	\$ 820,344	\$ 829,755
Accounts payable and accrued expenses	46,400	46,307	41,168	37,535	29,217
Rents received in advance and security deposits	13,298	12,781	11,519	11,950	11,842
Deferred revenue associated with acquired operating leases	6,612	7,247	7,670	8,335	8,734

Dividends and distributions payable	14,766	14,713	14,533	13,668	12,991
Fair value of derivatives	–	–	45	106	429
Other liabilities	7,661	7,488	7,115	7,105	3,184
<b>Total liabilities</b>	<b>1,180,425</b>	<b>1,111,224</b>	<b>1,029,382</b>	<b>899,043</b>	<b>896,152</b>
Minority interests:					
Preferred units in the Operating Partnership	8,800	8,800	8,800	–	–
Common units in the Operating Partnership	87,539	88,355	90,029	84,844	79,245
Other consolidated real estate joint ventures	1,699	1,723	1,594	5,602	5,498
<b>Total minority interests</b>	<b>98,038</b>	<b>98,878</b>	<b>100,423</b>	<b>90,446</b>	<b>84,743</b>
<b>Commitments and contingencies</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Shareholders' equity:					
Preferred Shares (\$0.01 par value; 15,000,000 authorized);					
1,725,000 designated as Series B Cumulative Redeemable Preferred Shares of beneficial interest (no shares issued as of March 31, 2005)	–	–	–	13	13
1,265,000 designated as Series E Cumulative Redeemable Preferred Shares of beneficial interest (1,150,000 shares issued as of March 31, 2005)	11	11	11	11	11
1,425,000 designated as Series F Cumulative Redeemable Preferred Shares of beneficial interest (1,425,000 shares issued as of March 31, 2005)	14	14	14	14	14
2,200,000 designated as Series G Cumulative Redeemable Preferred Shares of beneficial interest (2,200,000 shares issued as of March 31, 2005)	22	22	22	22	22
2,000,000 designated as Series H Cumulative Redeemable Preferred Shares of beneficial interest (2,000,000 shares issued as of March 31, 2005)	20	20	20	20	20
Common Shares of beneficial interest (\$0.01 par value; 75,000,000 authorized, 37,043,386 shares issued as of March 31, 2005)	370	368	367	340	311
Additional paid-in capital	582,805	578,228	573,766	550,927	497,718
Cumulative distributions in excess of net income	(55,312)	(51,358)	(47,862)	(44,593)	(41,123)
Value of unearned restricted common share grants	(7,473)	(5,381)	(5,381)	(5,459)	(5,543)
Accumulated other comprehensive loss	–	–	(36)	(83)	(328)
<b>Total shareholders' equity</b>	<b>520,457</b>	<b>521,924</b>	<b>520,921</b>	<b>501,212</b>	<b>451,115</b>
<b>Total shareholders' equity and minority interests</b>	<b>618,495</b>	<b>620,802</b>	<b>621,344</b>	<b>591,658</b>	<b>535,858</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,798,920</b>	<b>\$ 1,732,026</b>	<b>\$ 1,650,726</b>	<b>\$ 1,490,701</b>	<b>\$ 1,432,010</b>

**Quarterly Consolidated Statements of Operations**  
(Dollars and units in thousands)

	2005		2004		
	March 31	December 31	September 30	June 30	March 31
<b>Revenues</b>					
Rental revenue	\$ 53,263	\$ 52,630	\$ 47,491	\$ 49,038	\$ 43,194
Tenant recoveries and other real estate operations revenue	7,364	5,983	5,606	4,854	5,777
Construction contract revenues	15,728	6,882	6,766	5,233	6,137
Other service operations revenues	1,369	833	700	837	1,515
<b>Total Revenues</b>	<b>77,724</b>	<b>66,328</b>	<b>60,563</b>	<b>59,962</b>	<b>56,623</b>
<b>Expenses</b>					
Property operating	18,918	17,170	16,197	14,647	15,039
Depreciation and amortization associated with real estate operations	14,666	13,859	11,802	15,884	10,359
Construction contract expenses	14,897	6,453	6,483	4,979	5,818
Other service operations expenses	1,291	823	495	853	1,092
General and administrative expenses	3,276	3,467	2,698	2,487	2,286
<b>Total operating expenses</b>	<b>53,048</b>	<b>41,772</b>	<b>37,675</b>	<b>38,850</b>	<b>34,594</b>
Operating Income	24,676	24,556	22,888	21,112	22,029
Interest expense	(13,358)	(12,648)	(10,839)	(10,514)	(10,262)
Amortization of deferred financing costs	(396)	(495)	(577)	(500)	(859)
<b>Income from continuing operations before gain/(loss) on sales of real estate, equity in (loss) of unconsolidated entities, income taxes and minority interests</b>	<b>10,922</b>	<b>11,413</b>	<b>11,472</b>	<b>10,098</b>	<b>10,908</b>
Gain/(loss) on sales of real estate, excluding discontinued operations	24	24	24	24	(222)
Equity in (loss) of unconsolidated entities	-	-	-	-	(88)
Income tax (expense)	(457)	(420)	(145)	(30)	(200)
Income from continuing operations before minority interests	10,489	11,017	11,351	10,092	10,398
Minority interest in income from continuing operations					
Common units in the Operating Partnership	(1,308)	(1,418)	(1,595)	(1,241)	(1,405)
Preferred units in the Operating Partnership	(165)	(165)	(14)	-	-
Other consolidated entities	24	12	8	(8)	-
Income from continuing operations	9,040	9,446	9,750	8,843	8,993
Income from discontinued operations, net of minority interests	-	-	-	-	-
<b>Net Income</b>	<b>9,040</b>	<b>9,446</b>	<b>9,750</b>	<b>8,843</b>	<b>8,993</b>
Preferred share dividends	(3,654)	(3,654)	(3,784)	(4,435)	(4,456)
Issuance costs associated with redeemed preferred shares	-	-	(1,813)	-	-



<b>Net Income Available to Common Shareholders</b>										
	<b>\$</b>	<b>5,386</b>	<b>\$</b>	<b>5,792</b>	<b>\$</b>	<b>4,153</b>	<b>\$</b>	<b>4,408</b>	<b>\$</b>	<b>4,537</b>
<b>For EPS Computations:</b>										
<b>Numerator:</b>										
Net Income Available to Common Shareholders	\$	5,386	\$	5,792	\$	4,153	\$	4,408	\$	4,537
Dividends on convertible preferred shares		-		-		-		-		21
Numerator for Dilutive EPS Computation	\$	5,386	\$	5,792	\$	4,153	\$	4,408	\$	4,558
<b>Denominator:</b>										
Weighted Average Common Shares - Basic		36,555		36,296		33,797		32,743		29,814
Dilutive options		1,537		1,638		1,655		1,639		1,749
Preferred shares outstanding assuming conversion		-		-		-		-		539
Weighted Average Common Shares - Diluted		38,092		37,934		35,452		34,382		32,102
<b>Earnings per diluted share</b>	<b>\$</b>	<b>0.14</b>	<b>\$</b>	<b>0.15</b>	<b>\$</b>	<b>0.12</b>	<b>\$</b>	<b>0.13</b>	<b>\$</b>	<b>0.14</b>

**Quarterly Consolidated Reconciliations of Funds From Operations (FFO), Adjusted Funds From Operations (AFFO) and Earnings per diluted share, as adjusted  
(Dollars and shares in thousands)**

	2005		2004		
	March 31	December 31	September 30	June 30	March 31
<b>Net Income</b>	<b>\$ 9,040</b>	<b>\$ 9,446</b>	<b>\$ 9,750</b>	<b>\$ 8,843</b>	<b>\$ 8,993</b>
Issuance costs associated with redeemed preferred shares	-	-	(1,813)	-	-
Combined real estate related depreciation and other amortization	14,505	13,625	11,700	15,785	10,261
Depreciation and amortization of unconsolidated real estate entities	-	-	-	-	106
Depreciation and amortization allocable to minority interests in other consol. entities	(32)	(30)	(56)	-	-
Gain on sale of real estate properties, excluding redevelopment	(24)	(24)	(24)	(24)	(23)
<b>Funds From Operations (FFO)</b>	<b>23,489</b>	<b>23,017</b>	<b>19,557</b>	<b>24,604</b>	<b>19,337</b>
Minority interest - common units, gross	1,308	1,418	1,595	1,241	1,405
Preferred share dividends	(3,654)	(3,654)	(3,784)	(4,435)	(4,456)
<b>Funds From Operations (FFO) - Basic</b>	<b>21,143</b>	<b>20,781</b>	<b>17,368</b>	<b>21,410</b>	<b>16,286</b>
Convertible preferred share dividends	-	-	-	-	21
Restricted share dividends	-	98	-	-	-
<b>Funds From Operations (FFO) - Diluted</b>	<b>\$ 21,143</b>	<b>\$ 20,879</b>	<b>\$ 17,368</b>	<b>\$ 21,410</b>	<b>\$ 16,307</b>

Straight line rent adjustments	(1,583)	(2,895)	(2,519)	(2,184)	(766)
Amortization of deferred market rental revenue	(70)	(125)	(224)	(273)	(309)
Issuance costs associated with redeemed preferred shares	–	–	1,813	–	–
Recurring capital expenditures	(4,734)	(4,695)	(4,679)	(4,997)	(3,023)
<b>Adjusted Funds from Operations - Diluted</b>	<b>\$ 14,756</b>	<b>\$ 13,164</b>	<b>\$ 11,759</b>	<b>\$ 13,956</b>	<b>\$ 12,209</b>
Preferred dividends - redeemable non-convertible (1)	3,654	3,654	3,784	4,435	4,435
Preferred dividends - redeemable convertible	–	–	–	–	21
Preferred distributions	165	165	14	–	–
Common distributions	2,179	2,179	2,202	2,057	2,074
Common dividends	9,339	9,288	9,235	7,878	7,178
<b>Total Dividends/Distributions</b>	<b>\$ 15,337</b>	<b>\$ 15,286</b>	<b>\$ 15,235</b>	<b>\$ 14,370</b>	<b>\$ 13,708</b>
<b>Denominator for earnings per share - Diluted</b>	<b>38,092</b>	<b>37,934</b>	<b>35,452</b>	<b>34,382</b>	<b>32,102</b>
Common units	8,544	8,588	8,690	8,765	8,863
Restricted shares	–	238	–	–	–
<b>Denominator for funds from operations per share - Diluted</b>	<b>46,636</b>	<b>46,760</b>	<b>44,142</b>	<b>43,147</b>	<b>40,965</b>
<b>Funds From Operations (FFO) - Diluted</b>	<b>\$ 21,143</b>	<b>\$ 20,879</b>	<b>\$ 17,368</b>	<b>\$ 21,410</b>	<b>\$ 16,307</b>
Issuance costs associated with redeemed preferred shares (1)	n/a	n/a	1,813	n/a	n/a
<b>FFO diluted, as adjusted for issuance costs associated with redeemed preferred shares</b>	<b>\$ 21,143</b>	<b>\$ 20,879</b>	<b>\$ 19,181</b>	<b>\$ 21,410</b>	<b>\$ 16,307</b>
<b>Numerator for Dilutive EPS Computation</b>	<b>\$ 5,386</b>	<b>\$ 5,792</b>	<b>\$ 4,153</b>	<b>\$ 4,408</b>	<b>\$ 4,558</b>
Issuance costs associated with redeemed preferred shares (1)	n/a	n/a	1,813	n/a	n/a
<b>Numerator for Dilutive EPS Computation, as adjusted</b>	<b>\$ 5,386</b>	<b>\$ 5,792</b>	<b>\$ 5,966</b>	<b>\$ 4,408</b>	<b>\$ 4,558</b>
<b>Earnings per diluted share, as adjusted for issuance costs associated with redeemed preferred shares</b>	<b>\$ 0.14</b>	<b>\$ 0.15</b>	<b>\$ 0.17</b>	<b>\$ 0.13</b>	<b>\$ 0.14</b>

(1) Earnings per diluted share and FFO per diluted share have been adjusted to exclude the issuance costs associated with our Series B redeemed preferred shares.

**Quarterly Consolidated Reconciliations of Earnings Before Interest, Income Taxes, Depreciation and Amortization (EBITDA),  
Combined Net Operating Income (NOI), Discontinued Operations and Gains on Sales of Real Estate  
(Dollars and shares in thousands)**

	2005	2004			
	March 31	December 31	September 30	June 30	March 31

<b>Net Income</b>	<b>\$ 9,040</b>	<b>\$ 9,446</b>	<b>\$ 9,750</b>	<b>\$ 8,843</b>	<b>\$ 8,993</b>
Combined interest expense	13,358	12,648	10,839	10,514	10,262
Amortization of deferred financing costs	396	495	577	500	859
Income tax expense, gross	457	420	145	30	200
Depreciation of furniture, fixtures and equipment	161	234	101	99	98
Combined real estate related depreciation and other amortization	14,505	13,625	11,700	15,785	10,261
Minority interest - preferred units	165	165	14	-	-
Minority interest - consolidated partnerships	(24)	(12)	(8)	8	-
Minority interest - common units, gross	1,308	1,418	1,595	1,241	1,405
<b>Earnings Before Interest, Income Taxes, Depreciation and Amortization (EBITDA)</b>	<b>\$ 39,366</b>	<b>\$ 38,439</b>	<b>\$ 34,713</b>	<b>\$ 37,020</b>	<b>\$ 32,078</b>
<b>Addback:</b>					
General and administrative	3,276	3,467	2,698	2,487	2,286
(Income) from service operations	(909)	(439)	(488)	(238)	(742)
Equity in loss/(income) of unconsol. real estate joint ventures	-	-	-	-	88
Gain on sale of depreciated real estate properties	(24)	(24)	(24)	(24)	(23)
Merchant sales and real estate services	-	1	-	-	245
<b>Combined Net Operating Income (NOI)</b>	<b>\$ 41,709</b>	<b>\$ 41,444</b>	<b>\$ 36,899</b>	<b>\$ 39,245</b>	<b>\$ 33,932</b>
<b>Discontinued Operations:</b>					
Revenues from real estate operations	\$ -	\$ -	\$ -	\$ -	\$ -
Property operating expenses	-	-	-	-	-
Depreciation and amortization	-	-	1	-	-
Interest	-	-	-	-	-
Gain on sale of real estate	-	-	-	-	-
Income from discontinued operations	-	-	1	-	-
Minority interests in discontinued operations	-	-	(1)	-	-
<b>Income from discontinued operations, net of minority interests</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Gain/(loss) on sales of real estate per statement of operations</b>	<b>\$ 24</b>	<b>\$ 24</b>	<b>\$ 24</b>	<b>\$ 24</b>	<b>\$ (222)</b>
(Loss)/gain on sales of real estate from discontinued operations	-	-	-	-	-
<b>Combined gain/(loss) on sales of real estate</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>(222)</b>
Merchant sales and real estate services	-	-	-	-	245
<b>Gain on sales of depreciated real estate properties</b>	<b>\$ 24</b>	<b>\$ 24</b>	<b>\$ 24</b>	<b>\$ 24</b>	<b>\$ 23</b>

**Quarterly Equity Analysis**  
(Amounts in thousands except per share data, share prices and ratios)

	2005		2004		
	March 31	December 31	September 30	June 30	March 31
<b>Common Equity - End of Quarter</b>					
Common Shares	37,043	36,842	36,635	33,952	30,976
Common Units	8,544	8,544	8,634	8,754	8,826
<b>Total</b>	<b>45,587</b>	<b>45,386</b>	<b>45,269</b>	<b>42,706</b>	<b>39,803</b>
End of Quarter Common Share Price	\$ 26.48	\$ 29.35	\$ 25.62	\$ 24.85	\$ 25.00
<b>Market Value of Common Shares/Units</b>	<b>\$ 1,207,144</b>	<b>\$ 1,332,079</b>	<b>\$ 1,159,792</b>	<b>\$ 1,061,244</b>	<b>\$ 995,064</b>

#### Common Shares Trading Volume

Average Daily Volume (Shares)	129	140	135	187	126
Average Daily Volume (Dollars in thousands)	\$ 3,437.50	\$ 3,829.59	\$ 3,432.70	\$ 4,226.56	\$ 2,853.28
As a Percentage of Common Shares	0.4%	0.4%	0.4%	0.6%	0.4%

#### Common Share Price Range

Quarterly High	\$ 29.30	\$ 29.37	\$ 26.91	\$ 25.10	\$ 25.05
Quarterly Low	\$ 25.14	\$ 25.70	\$ 24.09	\$ 19.00	\$ 20.28
Quarterly Average	\$ 26.55	\$ 27.39	\$ 25.38	\$ 22.55	\$ 22.62

#### Convertible Preferred Equity - End of Quarter

Convertible Series I Preferred Units					
Outstanding (1)	352	352	352	n/a	n/a
Conversion Ratio	0.5000	0.5000	0.5000	n/a	n/a
Common Shares Issued Assuming Conversion	176	176	176	n/a	n/a

#### Nonconvertible Preferred Equity - End of Quarter

Redeemable Series B Shares Outstanding (2)	-	-	-	1,250	1,250
Redeemable Series E Shares Outstanding	1,150	1,150	1,150	1,150	1,150
Redeemable Series F Shares Outstanding	1,425	1,425	1,425	1,425	1,425
Redeemable Series G Shares Outstanding	2,200	2,200	2,200	2,200	2,200
Redeemable Series H Shares Outstanding	2,000	2,000	2,000	2,000	2,000
<b>Total Nonconvertible Preferred Equity</b>	<b>6,775</b>	<b>6,775</b>	<b>6,775</b>	<b>8,025</b>	<b>8,025</b>
<b>Total Convertible Preferred Equity</b>	<b>352</b>	<b>352</b>	<b>352</b>	<b>n/a</b>	<b>n/a</b>
<b>Total Preferred Equity</b>	<b>7,127</b>	<b>7,127</b>	<b>7,127</b>	<b>8,025</b>	<b>8,025</b>
Preferred Share Recorded Book Value	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00
<b>Recorded Book Value of Preferred Equity</b>	<b>\$ 178,175</b>	<b>\$ 178,175</b>	<b>\$ 178,175</b>	<b>\$ 200,625</b>	<b>\$ 200,625</b>

#### Weighted Average Shares:

Common Shares Outstanding	36,555	36,296	33,797	32,743	29,814
Preferred Shares Outstanding Assuming Conversion	-	-	-	-	539
Restricted shares	-	238	-	-	-
Dilutive options	1,537	1,638	1,655	1,639	1,749
Common Units	8,544	8,588	8,690	8,765	8,863
<b>Denominator for funds from operations per share - diluted</b>	<b>46,636</b>	<b>46,760</b>	<b>44,142</b>	<b>43,147</b>	<b>40,965</b>

<b>Capitalization</b>					
Recorded Book Value of Preferred Shares	\$ 178,175	\$ 178,175	\$ 178,175	\$ 200,625	\$ 200,625
Market Value of Common Shares/Units	1,207,144	1,332,079	1,159,792	1,061,244	995,064
<b>Total Equity Market Capitalization</b>	<b>\$ 1,385,319</b>	<b>\$ 1,510,254</b>	<b>\$ 1,337,967</b>	<b>\$ 1,261,869</b>	<b>\$ 1,195,689</b>
<b>Total Debt</b>	<b>\$ 1,091,688</b>	<b>\$ 1,022,688</b>	<b>\$ 947,332</b>	<b>\$ 820,344</b>	<b>\$ 829,755</b>
<b>Total Market Capitalization</b>	<b>\$ 2,477,007</b>	<b>\$ 2,532,942</b>	<b>\$ 2,285,299</b>	<b>\$ 2,082,213</b>	<b>\$ 2,025,444</b>
<b>Debt to Total Market Capitalization</b>	<b>44.1%</b>	<b>40.4%</b>	<b>41.5%</b>	<b>39.4%</b>	<b>41.0%</b>
<b>Debt to Total Assets</b>	<b>60.7%</b>	<b>59.0%</b>	<b>57.4%</b>	<b>55.0%</b>	<b>57.9%</b>
<b>Debt to Undepreciated Book Value of Real Estate Assets</b>	<b>59.5%</b>	<b>58.3%</b>	<b>70.6%</b>	<b>79.0%</b>	<b>57.1%</b>

- (1) On September 23, 2004, we issued 352,000 Series I convertible preferred units at a value of \$25.00 per unit.
- (2) On July 15, 2004, we redeemed 100% of the outstanding 1,250,000 Series B preferred shares and paid a prorated dividend of \$.1042 per share for the third quarter 2004.

**Quarterly Debt Analysis**  
(Dollars in thousands)

	2005		2004		
	March 31	December 31	September 30	June 30	March 31
<b>Debt Outstanding</b>					
Mortgage Loans	\$ 773,315	\$ 792,125	\$ 1,036,955	\$ 980,936	\$ 637,387
Construction Loans	48,773	26,963	31,977	23,408	18,368
Unsecured Revolving Credit Facility	269,600	203,600	121,600	184,000	174,000
	<u>\$ 1,091,688</u>	<u>\$ 1,022,688</u>	<u>\$ 1,190,532</u>	<u>\$ 1,188,344</u>	<u>\$ 829,755</u>
<b>Average Outstanding Balance</b>					
Mortgage Loans	\$ 778,021	\$ 792,876	\$ 644,324	\$ 635,134	\$ 687,012
Construction Loans	41,451	31,147	23,843	20,873	8,271
Revolving Credit Facility	-	-	-	-	14,429
Secured Revolving Credit Facility	-	-	-	-	22,609
Unsecured Revolving Credit Facility	226,307	155,422	202,573	175,494	34,681
	<u>\$ 1,045,779</u>	<u>\$ 979,445</u>	<u>\$ 870,740</u>	<u>\$ 831,501</u>	<u>\$ 767,002</u>
<b>Interest Rate Structure</b>					
Fixed	\$ 728,232	\$ 738,648	\$ 725,696	\$ 537,088	\$ 563,624
Variable	363,456	234,040	171,636	233,256	216,131
Variable Subject to Interest Rate Protection(1) (2)	-	50,000	50,000	50,000	50,000
	<u>\$ 1,091,688</u>	<u>\$ 1,022,688</u>	<u>\$ 947,332</u>	<u>\$ 820,344</u>	<u>\$ 829,755</u>
% of Fixed Rate Loans (3)	66.71%	77.12%	81.88%	71.57%	73.95%
% of Variable Rate Loans (2)	33.29%	22.88%	18.12%	28.43%	26.05%

### Average Interest Rates

Mortgage & Construction Loans	6.25%	6.10%	6.24%	6.23%	5.97%
Revolving Credit Facility	n/a	n/a	n/a	n/a	3.01%
Secured Revolving Credit Facility	n/a	n/a	n/a	n/a	5.54%
Unsecured Revolving Credit Facility	4.06%	3.48%	3.04%	2.92%	3.19%
Total Weighted Average	5.75%	5.85%	5.63%	5.53%	5.78%

### Coverage Ratios (excluding capitalized interest) -- All coverage computations include the effect of discontinued operations

Interest Coverage - Combined NOI	3.12x	3.28x	3.40x	3.73x	3.31x
Interest Coverage - EBITDA	2.95x	3.04x	3.20x	3.52x	3.13x
Debt Service Coverage - Combined NOI	2.01x	2.21x	2.22x	2.49x	2.01x
Debt Service Coverage - EBITDA	1.90x	2.05x	2.09x	2.35x	1.90x
Fixed Charge Coverage - Combined NOI	2.43x	2.52x	2.52x	2.63x	2.31x
Fixed Charge Coverage - EBITDA	2.29x	2.33x	2.37x	2.48x	2.18x

- (1) We had a \$50 million notional amount swap exchanging 30-day floating LIBOR for LIBOR of 2.308% which expired January 3, 2005.
- (2) On April 7, 2005, we executed into a \$73.4 million notional amount forward swap at a fixed rate of 5.0244%, which commences in July 2005 and expires in July 2015. Assuming the \$73.4 million swap was effective as of March 31, 2005 our percentage of variable rate loans would decrease from 33.29% to 26.57%.
- (3) Includes interest rate protection agreements.

### Quarterly Operating Ratios (Dollars in thousands except per share data and ratios)

	2005	2004			
	March 31	December 31	September 30	June 30	March 31
<b>OPERATING RATIOS -- All computations include the effect of discontinued operations</b>					
Net Income as a % of Combined Real Estate Revenues (Net Income / Combined Real Estate Revenues)	14.91%	16.12%	18.36%	16.41%	18.36%
Combined NOI as a % of Combined Real Estate Revenues (Combined NOI / Combined Real Estate Revenues)	68.80%	70.71%	69.49%	72.82%	69.29%
EBITDA as a % of Combined Real Estate Revenues (EBITDA / Combined Real Estate Revenues)	64.93%	65.58%	65.38%	68.69%	65.50%
G&A as a % of Net Income (G&A / Net Income)	36.24%	36.70%	27.67%	28.12%	25.42%
G&A as a % of Combined Real Estate Revenues					

(G&A / Combined Real Estate Revenues)	5.40%	5.91%	5.08%	4.61%	4.67%
<b>G&amp;A as a % of EBITDA</b>					
(G&A / EBITDA)	8.32%	9.02%	7.77%	6.72%	7.13%
Quarter end occupancy for operating portfolio	92.44%	93.98%	93.04%	92.92%	91.85%
Quarter end % leased for operating portfolio	93.19%	94.96%	94.87%	94.38%	93.76%
Recurring Capital Expenditures	\$4,734	\$4,695	\$4,679	\$4,997	\$3,023
Recurring Capital Expenditures per average square foot	\$0.40	\$0.40	\$0.42	\$0.47	\$0.29
Recurring Capital Expenditures as a % of NOI (Combined NOI)	11.35%	11.33%	12.68%	12.73%	8.91%

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### Quarterly Dividend Analysis

	2005		2004			
	March 31	December 31	September 30	June 30	March 31	
<b>Common Share Dividends</b>						
Dividends per share/unit	\$ 0.255	\$ 0.255	\$ 0.255	\$ 0.235	\$ 0.235	
Increase over prior quarter	0.0%	0.0%	8.5%	0.0%	0.0%	
<b>Common Dividend Payout Ratios</b>						
Payout - Earnings	173.4%	160.4%	222.4%	178.7%	158.2%	
Payout - FFO - Diluted	54.5%	55.4%	65.9%	46.4%	56.9%	
Payout - AFFO - Diluted	78.1%	87.9%	97.3%	71.2%	76.0%	
Dividend Coverage - FFO - Diluted	1.84x	1.81x	1.52x	2.16x	1.76x	
Dividend Coverage - AFFO - Diluted	1.28x	1.14x	1.03x	1.40x	1.32x	
<b>Common Dividend Yields</b>						
Dividend Yield	3.85%	3.48%	3.98%	3.78%	3.76%	
<b>Series I Preferred Unit Distributions (1)</b>						
Preferred Unit Distributions Per Unit	\$ 0.46875	\$ 0.46875	\$ 0.46875	n/a	n/a	
Preferred Unit Distributions Yield	7.50%	7.50%	7.50%	n/a	n/a	
Quarter End Recorded Book Value	\$ 25.00	\$ 25.00	\$ 25.00	n/a	n/a	
<b>Series B Preferred Share Dividends (2)</b>						
Preferred Share Dividends Per Share	n/a	n/a	n/a	\$ 0.62500	\$ 0.62500	
Preferred Share Dividend Yield	n/a	n/a	n/a	10.00%	10.00%	
Quarter End Recorded Book Value	n/a	n/a	n/a	\$ 25.00	\$ 25.00	
<b>Series E Preferred Share Dividends</b>						
Preferred Share Dividends Per Share	\$ 0.64063	\$ 0.64063	\$ 0.64063	\$ 0.64063	\$ 0.64063	
Preferred Share Dividend Yield	10.25%	10.25%	10.25%	10.25%	10.25%	

Quarter End Recorded Book Value	\$	25.00	\$	25.00	\$	25.00	\$	25.00	\$	25.00
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#### Series F Preferred Share Dividends

Preferred Share Dividends Per Share	\$	0.61719	\$	0.61719	\$	0.61719	\$	0.61719	\$	0.61719
Preferred Share Dividend Yield		9.875%		9.875%		9.875%		9.875%		9.875%
Quarter End Recorded Book Value	\$	25.00	\$	25.00	\$	25.00	\$	25.00	\$	25.00

#### Series G Preferred Share Dividends

Preferred Share Dividends Per Share	\$	0.50000	\$	0.50000	\$	0.50000	\$	0.50000	\$	0.50000
Preferred Share Dividend Yield		8.000%		8.000%		8.000%		8.000%		8.000%
Quarter End Recorded Book Value	\$	25.00	\$	25.00	\$	25.00	\$	25.00	\$	25.00

#### Series H Preferred Share Dividends

Preferred Share Dividends Per Share	\$	0.46875	\$	0.46875	\$	0.46875	\$	0.46875	\$	0.46875
Preferred Share Dividend Yield		7.500%		7.500%		7.500%		7.500%		7.500%
Quarter End Recorded Book Value	\$	25.00	\$	25.00	\$	25.00	\$	25.00	\$	25.00

- On September 23, 2004, we issued 352,000 Series I convertible preferred units for \$8.8 million or \$50.00 per common share, on an as-if converted basis.
- On July 15, 2004, we redeemed 100% of the outstanding 1,250,000 Series B preferred shares and paid a prorated dividend of \$.1042 per share for the third quarter 2004.

### Investor Composition and Analyst Coverage (as of March 31, 2005)

SHAREHOLDER CLASSIFICATION	Common	Common	As if Converted	Total	Fully Diluted
	Shares	Units	Preferred Shares / Units		Ownership % of Total
Insiders	974,906	7,582,238	–	8,557,144	18.70%
Institutional Ownership	31,029,636	–	–	31,029,636	67.80%
Other / Retail	5,038,844	961,970	176,000	6,176,814	13.50%
	<u>37,043,386</u>	<u>8,544,208</u>	<u>176,000</u>	<u>45,763,594</u>	<u>100.00%</u>
RESEARCH COVERAGE	March 31, 2005	December 31, 2004	September 30, 2004	June 30, 2004	March 31, 2004
A. G. Edwards	x	x	x	x	x
Credit Suisse First Boston	x	x	x	n/a	n/a
Ferris, Baker Watts, Incorporated	x	n/a	n/a	n/a	x
Legg Mason Wood Walker, Inc.	x	x	x	x	x
Maxcor Financial Group, Inc.	x	x	x	x	x
McDonald Investments	x	x	x	x	x
Raymond James	x	x	x	x	x
Robert W. Baird & Co. Incorporated	x	x	n/a	n/a	n/a
Stifel, Nicolaus & Company, Incorporated	x	x	x	n/a	n/a
Wachovia Securities	x	x	x	x	x





Baltimore /Washington Corridor						
1	2730 Hercules Road	BWI Airport	NBP	1990	M	240,336
	304 Carina Road (304 NBP)	BWI Airport	NBP		M	162,498
	306 Carina Road (306 NBP)	BWI Airport	NBP		M	160,000
2	2720 Technology Drive (220 NBP)	BWI Airport	NBP	2004	M	156,730
3	2711 Technology Drive (211 NBP)	BWI Airport	NBP	2002	M	152,000
	322 Carina Road (322 NBP)	BWI Airport	NBP		M	125,847
	318 Carina Road (318 NBP)	BWI Airport	NBP		M	125,681
4	140 National Business Parkway	BWI Airport	NBP	2003	M	119,904
5	132 National Business Parkway	BWI Airport	NBP	2000	M	118,456
6	2721 Technology Drive (221 NBP)	BWI Airport	NBP	2000	M	118,093
7	2701 Technology Drive (201 NBP)	BWI Airport	NBP	2001	M	117,450
	2691 Technology Drive (191 NBP)	BWI Airport	NBP		M	103,683
8	134 National Business Parkway	BWI Airport	NBP	1999	M	93,482
9	133 National Business Parkway	BWI Airport	NBP	1997	M	88,666
10	141 National Business Parkway	BWI Airport	NBP	1990	M	87,318
11	135 National Business Parkway	BWI Airport	NBP	1998	M	86,863
12	131 National Business Parkway	BWI Airport	NBP	1990	M	69,039
13	114 National Business Parkway	BWI Airport	NBP	2002	M	9,908
						<b>1,458,245</b>
						<b>677,709</b>
1	1306 Concourse Drive	BWI Airport	APS	1990	M	114,046
2	870-880 Elkridge Landing Road	BWI Airport	APS	1981	M	105,151
3	1304 Concourse Drive	BWI Airport	APS	2002	M	102,964
4	900 Elkridge Landing Road	BWI Airport	APS	1982	M	97,261
5	1199 Winterson Road	BWI Airport	APS	1988	M	96,636
6	920 Elkridge Landing Road	BWI Airport	APS	1982	M	96,566
7	1302 Concourse Drive	BWI Airport	APS	1996	M	84,505
8	881 Elkridge Landing Road	BWI Airport	APS	1986	M	73,572
9	1099 Winterson Road	BWI Airport	APS	1988	M	71,076
10	1190 Winterson Road	BWI Airport	APS	1987	M	69,024
11	849 International Drive	BWI Airport	APS	1988	M	68,865
12	911 Elkridge Landing Road	BWI Airport	APS	1985	M	68,296
13	1201 Winterson Road	BWI Airport	APS	1985	M	67,903
14	999 Corporate Boulevard	BWI Airport	APS	2000	M	67,456
15	891 Elkridge Landing Road	BWI Airport	APS	1984	M	58,454
16	901 Elkridge Landing Road	BWI Airport	APS	1984	M	57,593
17	930 International Drive	BWI Airport	APS	1986	S	57,409
18	800 International Drive	BWI Airport	APS	1988	S	57,379
19	900 International Drive	BWI Airport	APS	1986	S	57,140
20	921 Elkridge Landing Road	BWI Airport	APS	1983	M	54,175
21	939 Elkridge Landing Road	BWI Airport	APS	1983	M	53,031
22	938 Elkridge Landing Road	BWI Airport	APS	1984	M	52,988
23	940 Elkridge Landing Road	BWI Airport	APS	1984	M	51,704
						<b>1,683,194</b>
1	7467 Ridge Road	BWI Airport	Comm./Pkwy.	1990	M	74,326
2	7240 Parkway Drive	BWI Airport	Comm./Pkwy.	1985	M	73,960
3	7318 Parkway Drive	BWI Airport	Comm./Pkwy.	1984	M	59,204
4	7320 Parkway Drive	BWI Airport	Comm./Pkwy.	1983	S	58,453

5	1340 Ashton Road	BWI Airport	Comm./Pkwy.	1989	S	46,400	
6	7321 Parkway Drive	BWI Airport	Comm./Pkwy.	1984	S	39,822	
7	1334 Ashton Road	BWI Airport	Comm./Pkwy.	1989	S	37,565	
8	1331 Ashton Road	BWI Airport	Comm./Pkwy.	1989	S	29,936	
9	1350 Dorsey Road	BWI Airport	Comm./Pkwy.	1989	S	19,992	
10	1344 Ashton Road	BWI Airport	Comm./Pkwy.	1989	M	17,061	
11	1341 Ashton Road	BWI Airport	Comm./Pkwy.	1989	S	15,841	
12	1343 Ashton Road	BWI Airport	Comm./Pkwy.	1989	S	9,962	
13	1348 Ashton Road	BWI Airport	Comm./Pkwy.	1988	S	3,108	
						<b>485,630</b>	<b>-</b>
<b>49</b>	<b>Subtotal (continued on next page)</b>					<b>3,627,069</b>	<b>677,709</b>

The S or M notation indicates single story or multi-story building, respectively.

**Property Summary by Region - March 31, 2005 (continued)**

<u>Operating Property Count</u>	<u>Submarket</u>	<u>Business Park</u>	<u>Year Built or Renovated</u>	<u>S or M</u>	<u>Total Operational Square Feet</u>	<u>Total Square Feet Under Construction / Redevelopment</u>
49	Subtotal (continued from prior page)				3,627,069	677,709
1	2500 Riva Road	Annapolis	2000	M	155,000	
1	9140 Route 108	Howard Co. Perimeter	Oakland Ridge 1985	S	150,000	
1	7000 Columbia Gateway Drive	Howard Co. Perimeter	Columbia Gateway 1999	M	145,806	
	6711 Columbia Gateway Drive	Howard Co. Perimeter	Columbia Gateway	M		125,000
2	6731 Columbia Gateway Drive	Howard Co. Perimeter	Columbia Gateway 2002	M	123,760	
3	6940 Columbia Gateway Drive	Howard Co. Perimeter	Columbia Gateway 1999	M	108,909	
4	6950 Columbia Gateway Drive	Howard Co. Perimeter	Columbia Gateway 1998	M	107,778	
5	7067 Columbia Gateway Drive	Howard Co. Perimeter	Columbia Gateway 2001	M	82,953	
	8621 Alexander Bell Drive	Howard Co. Perimeter	Columbia Gateway	M		84,926
6	6750 Alexander Bell Drive	Howard Co. Perimeter	Columbia Gateway 2001	M	78,460	
7	6700 Alexander Bell Drive	Howard Co. Perimeter	Columbia Gateway 1988	M	74,852	

8	6740 Alexander Bell Drive	Howard Co.	Columbia Gateway					
		Perimeter		1992	M	61,957		
9	8671 Robert Fulton Drive	Howard Co.	Columbia Gateway					
		Perimeter		2002	S	56,350		
10	6716 Alexander Bell Drive	Howard Co.	Columbia Gateway					
		Perimeter		1990	M	52,002		
11	8661 Robert Fulton Drive	Howard Co.	Columbia Gateway					
		Perimeter		2002	S	49,500		
12	7065 Columbia Gateway Drive	Howard Co.	Columbia Gateway					
		Perimeter		2000	S	38,560		
13	7063 Columbia Gateway Drive	Howard Co.	Columbia Gateway					
		Perimeter		2000	S	36,936		
14	6760 Alexander Bell Drive	Howard Co.	Columbia Gateway					
		Perimeter		1991	M	36,325		
15	6708 Alexander Bell Drive	Howard Co.	Columbia Gateway					
		Perimeter		1988	M	35,040		
16	7061 Columbia Gateway Drive	Howard Co.	Columbia Gateway					
		Perimeter		2000	M	29,604		
17	6724 Alexander Bell Drive	Howard Co.	Columbia Gateway					
		Perimeter		2001	M	28,420		
						<b>1,147,212</b>	<b>209,926</b>	
1	7200 Riverwood Drive	Howard Co.	Rivers 95					
		Perimeter		1986	S	160,000		
2	9140 Guilford Road	Howard Co.	Rivers 95					
		Perimeter		1983	S	41,704		
3	9160 Guilford Road	Howard Co.	Rivers 95					
		Perimeter		1984	M	36,528		
4	9150 Guilford Road	Howard Co.	Rivers 95					
		Perimeter		1984	S	17,655		
5	9130 Guilford Road	Howard Co.	Rivers 95					
		Perimeter		1984	S	13,700		
						<b>269,587</b>	<b>-</b>	
<b>73</b>	<b>Total Baltimore / Washington</b>					<b>5,348,868</b>	<b>887,635</b>	
	<b>Corridor</b>							
	<u>Suburban Maryland</u>							
1	11800 Tech Road	North Silver	Montgomery					
		Spring	Industrial	1989	M	235,954		
2	400 Professional Drive	Gaithersburg	Crown Point	2000	M	129,030		
3	14502 Greenview Drive	Laurel		1988	M	72,392		
4	14504 Greenview Drive	Laurel		1985	M	69,334		
5	4230 Forbes Boulevard	Lanham	Forbes 50	2003	S	55,866		
	<b>Total Suburban Maryland</b>					<b>562,576</b>	<b>-</b>	
	<u>Other</u>							

1	10150 York Road	North Baltimore Co.	1985	M	176,689
2	9690 Deereco Road	North Baltimore Co.	1988	M	134,175
3	375 West Padonia Road	North Baltimore Co.	1986	M	110,328
4	1615 and 1629 Thames Street	Baltimore City	1989	M	104,214
<b>Total Other</b>					<b>525,406</b>

The S or M notation indicates single story or multi-story building, respectively.

**Property Summary by Region - March 31, 2005 (continued)**

<u>Operating Property Count</u>	<u>Submarket</u>	<u>Business Park</u>	<u>Year Built or Renovated</u>	<u>S or M</u>	<u>Total Operational Square Feet</u>	<u>Total Square Feet Under Construction / Redevelopment</u>
<u>St. Mary' s &amp; King George Counties</u>						
1	22309 Exploration Drive	St. Mary' s County	Exploration Park	1984	M	98,860
2	22289 Exploration Drive	St. Mary' s County	Exploration Park	2000	M	60,811
3	22299 Exploration Drive	St. Mary' s County	Exploration Park	1998	M	58,509
4	22300 Exploration Drive	St. Mary' s County	Exploration Park	1997	S	44,830
					<b>263,010</b>	<b>-</b>
<b>1</b>	46579 Expedition Drive	St. Mary' s County	Expedition Park	2002	M	61,156
	46591 Expedition Drive	St. Mary' s County	Expedition Park		M	60,000
					<b>61,156</b>	<b>60,000</b>
1	44425 Pecan Court	St. Mary' s County	Wildewood Tech Park	1997	M	59,055
2	44408 Pecan Court	St. Mary' s County	Wildewood Tech Park	1986	S	50,532
3	23535 Cottonwood Parkway	St. Mary' s County	Wildewood Tech Park	1984	M	46,656
4	44417 Pecan Court	St. Mary' s County	Wildewood Tech Park	1989	S	29,053
5	44414 Pecan Court	St. Mary' s County	Wildewood Tech Park	1986	S	25,444

6	44420 Pecan Court	St. Mary' s County	Wildewood Tech Park	1989	S	25,200	
						<b>235,940</b>	-
1	16480 Commerce Drive	King George County	Dahlgren Technology Center	2000	S	70,728	
2	16541 Commerce Drive	King George County	Dahlgren Technology Center	1996	S	36,053	
3	16539 Commerce Drive	King George County	Dahlgren Technology Center	1990	S	32,076	
4	16442 Commerce Drive	King George County	Dahlgren Technology Center	2002	S	25,518	
5	16501 Commerce Drive	King George County	Dahlgren Technology Center	2002	S	22,860	
6	16543 Commerce Drive	King George County	Dahlgren Technology Center	2002	S	17,370	
						<b>204,605</b>	-
<b>17</b>	<b>Total St. Mary' s &amp; King George Counties</b>					<b>764,711</b>	<b>60,000</b>

Northern Virginia

1	15000 Conference Center Drive	Dulles South	Westfields	1989	M	470,406	
	15010 Conference Center Drive	Dulles South	Westfields		M		213,091
2	15059 Conference Center Drive	Dulles South	Westfields	2000	M	145,192	
3	15049 Conference Center Drive	Dulles South	Westfields	1997	M	145,053	
4	14900 Conference Center Drive	Dulles South	Westfields	1999	M	127,572	
5	14280 Park Meadow Drive	Dulles South	Westfields	1999	M	114,126	
6	4851 Stonecroft Boulevard	Dulles South	Westfields	2004	M	88,094	
7	14850 Conference Center Drive	Dulles South	Westfields	2000	M	69,711	
8	14840 Conference Center Drive	Dulles South	Westfields	2000	M	69,710	
						<b>1,229,864</b>	<b>213,091</b>
1	13200 Woodland Park Road	Herndon	Woodlands	2002	M	404,665	-
						<b>404,665</b>	-
1	13454 Sunrise Valley Road	Herndon	Dulles Tech	1998	M	113,093	
2	13450 Sunrise Valley Road	Herndon	Dulles Tech	1998	M	53,728	
						<b>166,821</b>	-
1	1751 Pinnacle Drive	Tysons Corner		1989/1995	M	261,031	
2	1753 Pinnacle Drive	Tysons Corner		1976/2004	M	181,637	
						<b>442,668</b>	-
<b>13</b>	<b>Total Northern Virginia</b>					<b>2,244,018</b>	<b>213,091</b>

Greater Harrisburg

1	2605 Interstate Drive	East Shore	Commerce Park	1990	M	79,456	
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2	2601 Market Place	East Shore	Commerce Park	1989	M	65,411	-
						144,867	-
2	<b>Subtotal (continued on next page)</b>					144,867	-

The S or M notation indicates single story or multi-story building, respectively.

**Property Summary by Region - March 31, 2005 (continued)**

<u>Operating Property Count</u>		<u>Submarket</u>	<u>Business Park</u>	<u>Year Built or Renovated</u>	<u>S or M</u>	<u>Total Operational Square Feet</u>	<u>Total Square Feet Under Construction / Redevelopment</u>
2	<u>Subtotal (continued from prior page)</u>					144,867	-
1	6345 Flank Drive	East Shore	Gtwy Corp. Ctr.	1989	S	69,443	
2	6340 Flank Drive	East Shore	Gtwy Corp. Ctr.	1988	S	68,200	
3	6400 Flank Drive	East Shore	Gtwy Corp. Ctr.	1992	S	52,439	
4	6360 Flank Drive	East Shore	Gtwy Corp. Ctr.	1988	S	46,500	
5	6385 Flank Drive	East Shore	Gtwy Corp. Ctr.	1995	S	32,921	
6	6380 Flank Drive	East Shore	Gtwy Corp. Ctr.	1991	S	32,668	
7	6405 Flank Drive	East Shore	Gtwy Corp. Ctr.	1991	S	32,000	
8	95 Shannon Road	East Shore	Gtwy Corp. Ctr.	1999	S	21,976	
9	75 Shannon Road	East Shore	Gtwy Corp. Ctr.	1999	S	20,887	
10	6375 Flank Drive	East Shore	Gtwy Corp. Ctr.	2000	S	19,783	
11	85 Shannon Road	East Shore	Gtwy Corp. Ctr.	1999	S	12,863	
						409,680	-
1	5035 Ritter Road	West Shore	Rossmoyne Bus. Ctr.	1988	S	56,556	
2	5070 Ritter Road - Building A	West Shore	Rossmoyne Bus. Ctr.	1989	S	32,309	
3	5070 Ritter Road - Building B	West Shore	Rossmoyne Bus. Ctr.	1989	S	28,347	
						117,212	-
16	<b>Total Greater Harrisburg</b>					671,759	-
<u>Greater Philadelphia</u>							
1	753 Jolly Road	Blue Bell	Unisys campus	1992	M	419,472	
2	785 Jolly Road	Blue Bell	Unisys campus	1996	M	219,065	
3	760 Jolly Road	Blue Bell	Unisys campus	1994	M	208,854	
4	751 Jolly Road	Blue Bell	Unisys campus	1991	M	112,958	
	<b>Total Greater Philadelphia</b>					960,349	-

Northern/Central New Jersey

1	431 Ridge Road	Exit 8A -- Cranbury	Princeton Tech Cntr.	1998	S	170,000	
2	429 Ridge Road	Exit 8A -- Cranbury	Princeton Tech Cntr.	1996	M	142,385	
3	68 Culver Road	Exit 8A -- Cranbury	Princeton Tech Cntr.	2000	M	57,280	
4	437 Ridge Road	Exit 8A -- Cranbury	Princeton Tech Cntr.	1996	S	30,000	
						<b>399,665</b>	<b>-</b>
1	104 Interchange Plaza	Exit 8A -- Cranbury	Interchange Plaza	1990	M	47,677	
2	101 Interchange Plaza	Exit 8A -- Cranbury	Interchange Plaza	1985	M	43,621	
						<b>91,298</b>	<b>-</b>
1	47 Commerce	Exit 8A -- Cranbury	Centrepont North	1998	S	41,398	
						<b>41,398</b>	<b>-</b>
1	7 Centre Drive	Exit 8A -- Cranbury	Monroe Center	1986	S	19,468	
2	8 Centre Drive	Exit 8A -- Cranbury	Monroe Center	1989	S	16,199	
3	2 Centre Drive	Exit 8A -- Cranbury	Monroe Center	1989	S	16,132	
						<b>51,799</b>	<b>-</b>
1	4301 Route 1	Monmouth Junction	Princeton Exec. Campus	1986	M	61,433	
						<b>61,433</b>	<b>-</b>
1	695 Route 46	Wayne	Fairfield Corp. Cntr.	1990	M	157,394	
2	710 Route 46	Wayne	Fairfield Corp. Cntr.	1985	M	101,263	
						<b>258,657</b>	<b>-</b>
<b>13</b>	<b>Total Northern / Central New Jersey</b>					<b>904,250</b>	<b>-</b>
<u>San Antonio, Texas</u>							
	8611 Military Drive	San Antonio		1982 / 1985	M	-	468,994
	<b>Total San Antonio, Texas</b>					<b>-</b>	<b>468,994</b>
<b>145</b>	<b>TOTAL PORTFOLIO</b>					<b>11,981,937</b>	<b>1,629,720</b>

The S or M notation indicates single story or multi-story building, respectively.



### Property Occupancy Rates by Region by Quarter

	<u>Baltimore / Washington Corridor</u>	<u>Northern Virginia</u>	<u>Northern / Central New Jersey</u>	<u>Greater Philadelphia</u>	<u>Greater Harrisburg</u>	<u>Suburban Maryland</u>	<u>Other</u>	<u>St. Mary's &amp; King George Counties</u>	<u>Total Portfolio</u>
<b><u>March 31, 2005</u></b>									
Number of Buildings	73	13	13	4	16	5	4	17	145
Rentable Square Feet	5,348,868	2,244,018	904,250	960,349	671,759	562,576	525,406	764,711	11,981,937
Percent Occupied	94.44%	93.37%	74.41%	100.00%	86.75%	81.52%	97.62%	97.06%	92.44%
<b><u>December 31, 2004</u></b>									
Number of Buildings	73	13	13	4	16	5	4	17	145
Rentable Square Feet	5,347,828	2,241,452	904,250	960,349	671,759	562,577	525,327	764,711	11,978,253
Percent Occupied	95.64%	94.49%	91.25%	100.00%	85.37%	79.38%	90.98%	96.87%	93.98%
<b><u>September 30, 2004</u></b>									
Number of Buildings	73	12	13	4	16	5	4	9	136
Rentable Square Feet	5,347,301	2,153,358	904,250	960,349	672,572	561,979	527,168	489,924	11,616,901
Percent Occupied	94.93%	94.21%	91.09%	100.00%	83.69%	81.03%	82.86%	94.76%	93.04%
<b><u>June 30, 2004</u></b>									
Number of Buildings	72	9	13	4	16	5	4	9	132
Rentable Square Feet	5,190,429	1,599,130	904,174	960,349	672,264	532,915	523,944	489,924	10,873,129
Percent Occupied	93.96%	94.93%	89.48%	100.00%	85.08%	83.77%	87.31%	94.50%	92.92%
<b><u>March 31, 2004</u></b>									
Number of Buildings	72	9	13	4	16	4	3	8	129
Rentable Square Feet	5,190,826	1,599,137	904,174	960,349	672,264	506,104	335,985	430,869	10,599,708
Percent Occupied	91.68%	94.25%	88.50%	100.00%	86.10%	81.38%	91.91%	95.13%	91.85%

### Top Twenty Office Tenants as of March 31, 2005 (Dollars and square feet in thousands)

<u>Tenant</u>	<u>Number of Leases</u>	<u>Total Occupied Square Feet</u>	<u>Percentage of Total Occupied Square Feet</u>	<u>Total Annualized Rental Revenue (1)</u>	<u>Percentage of Total Annualized Rental Revenue</u>	<u>Weighted Average Remaining Lease Term (2)</u>
United States of America (3)	30	1,338,315	12.1%	\$ 30,495	13.3%	4.8

Booz Allen Hamilton, Inc.	10	471,067	4.3%	11,473	5.0%	7.4
Computer Sciences Corporation (4)	5	485,527	4.4%	11,372	5.0%	5.8
General Dynamics Corporation	11	440,913	4.0%	8,870	3.9%	4.6
The Titan Corporation (4)	5	232,136	2.1%	8,438	3.7%	8.4
Northrop Grumman Corporation	9	396,607	3.6%	8,293	3.6%	3.1
Unisys (5)	3	741,284	6.7%	7,901	3.4%	4.3
AT&T Corporation (4)	7	316,148	2.9%	6,716	2.9%	3.4
The Aerospace Corporation	3	222,366	2.0%	5,724	2.5%	9.7
Wachovia Bank	3	176,470	1.6%	5,324	2.3%	13.7
VeriSign, Inc.	2	162,841	1.5%	4,596	2.0%	9.3
The Boeing Company (4)	8	162,699	1.5%	4,101	1.8%	3.8
Ciena Corporation	3	221,609	2.0%	3,293	1.4%	3.1
Commonwealth of Pennsylvania (4)	6	205,386	1.9%	3,008	1.3%	4.3
Magellan Health Services, Inc.	2	142,199	1.3%	2,778	1.2%	6.3
PricewaterhouseCoopers	1	97,638	0.9%	2,720	1.2%	0.9
Johns Hopkins University (4)	7	106,473	1.0%	2,545	1.1%	2.4
Merck & Co., Inc. (Unisys) (5)	1	219,065	2.0%	2,372	1.0%	4.3
Carefirst, Inc. and Subsidiaries (4)	3	94,223	0.9%	2,277	1.0%	2.8
BAE Systems	7	199,212	1.8%	2,229	1.0%	1.7
<b>Subtotal Top 20 Office Tenants</b>	<b>126</b>	<b>6,432,178</b>	<b>58.1%</b>	<b>134,525</b>	<b>58.7%</b>	<b>5.6</b>
All remaining tenants	495	4,644,315	41.9%	94,575	41.3%	4.0
Total/Weighted Average	621	11,076,493	100.0%	\$ 229,100	100.0%	4.9

- (1) Total Annualized Rental Revenue is the monthly contractual base rent as of March 31, 2005 multiplied by 12 plus the estimated annualized expense reimbursements under existing office leases.
- (2) The weighting of the lease term was computed using Total Rental Revenue.
- (3) Many of our government leases are subject to early termination provisions which are customary to government leases. The weighted average remaining lease term was computed assuming no exercise of such early termination rights.
- (4) Includes affiliated organizations or agencies.
- (5) Merck & Co., Inc. subleases 219,065 rentable square feet from Unisys' 960,349 leased rentable square feet.

**Combined Real Estate Revenue by Geographic Region by Quarter  
(Dollars in thousands)**

	2005		2004		
	March 31	December 31	September 30	June 30	March 31
<b>Office Properties:</b>					
Baltimore/Washington Corridor	\$ 29,679	\$ 28,725	\$ 26,924	\$ 25,018	\$ 25,278
Northern Virginia	14,419	14,405	10,120	13,290	10,886
Northern/Central New Jersey	3,871	4,757	4,696	4,661	4,679
Greater Philadelphia	2,506	2,506	2,506	2,506	2,506
Greater Harrisburg	2,244	2,172	2,272	2,168	2,243
St. Mary's and King George Counties	2,878	1,948	1,750	1,662	124
Suburban Maryland	2,454	2,389	2,622	2,358	1,555
Other	2,662	2,403	2,173	2,181	1,649
Subtotal	60,713	59,305	53,063	53,844	48,920

Eliminations / other	(86)	(691)	33	48	51
<b>Combined Real Estate Revenues</b>	<b>\$ 60,627</b>	<b>\$ 58,614</b>	<b>\$ 53,096</b>	<b>\$ 53,892</b>	<b>\$ 48,971</b>

**Combined Net Operating Income by Geographic Region by Quarter**  
(Dollars in thousands)

	2005		2004		
	March 31	December 31	September 30	June 30	March 31
<b>Office Properties:</b>					
Baltimore/Washington Corridor	\$ 20,270	\$ 19,873	\$ 18,266	\$ 17,406	\$ 17,153
Northern Virginia	9,404	9,634	6,955	10,216	7,574
Northern/Central New Jersey	2,361	3,508	3,309	3,420	3,193
Greater Philadelphia	2,471	2,459	2,467	2,467	2,467
Greater Harrisburg	1,500	1,489	1,582	1,409	1,500
St. Mary' s and King George Counties	2,172	1,388	1,374	1,304	91
Suburban Maryland	1,365	1,321	1,695	1,573	957
Other	1,490	1,377	1,216	1,402	946
Subtotal	41,033	41,049	36,864	39,197	33,881
Eliminations / other	676	395	35	48	51
<b>Combined NOI</b>	<b>\$ 41,709</b>	<b>\$ 41,444</b>	<b>\$ 36,899</b>	<b>\$ 39,245</b>	<b>\$ 33,932</b>

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**Same Office Property Cash Net Operating Income by Quarter**  
(Dollars in thousands)

	2005		2004		
	March 31	December 31	September 30	June 30	March 31
<b>Office Properties:(1)</b>					
Baltimore/Washington Corridor	\$ 18,004	\$ 17,653	\$ 17,171	\$ 16,624	\$ 16,237
Northern Virginia	6,130	5,058	5,006	8,915	7,274
Northern/Central New Jersey	2,393	3,503	3,247	3,437	3,217
Greater Philadelphia	2,534	2,523	2,530	2,479	2,478
Greater Harrisburg	1,473	1,504	1,568	1,384	1,707
Suburban Maryland	765	814	997	879	783
Other	931	951	894	1,029	931
<b>Total Office Properties</b>	<b>\$ 32,230</b>	<b>\$ 32,006</b>	<b>\$ 31,413</b>	<b>\$ 34,747</b>	<b>\$ 32,627</b>

**Same Office Property GAAP Net Operating Income by Quarter**  
(Dollars in thousands)

	2005	2004
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	<u>March 31</u>	<u>December 31</u>	<u>September 30</u>	<u>June 30</u>	<u>March 31</u>
<b>Office Properties:(1)</b>					
Baltimore/Washington Corridor	\$ 18,645	\$ 18,327	\$ 18,073	\$ 17,454	\$ 17,167
Northern Virginia	6,338	6,655	6,684	10,239	7,628
Northern/Central New Jersey	2,368	3,515	3,309	3,423	3,193
Greater Philadelphia	2,472	2,461	2,468	2,467	2,467
Greater Harrisburg	1,500	1,489	1,582	1,409	1,500
Suburban Maryland	802	845	1,034	925	801
Other	1,008	1,031	894	1,024	946
<b>Total Office Properties</b>	<b>\$ 33,133</b>	<b>\$ 34,323</b>	<b>\$ 34,044</b>	<b>\$ 36,941</b>	<b>\$ 33,702</b>

(1) Same office properties include buildings owned for a minimum of five reporting quarters. Amounts reported do not include the effects of eliminations.

### Average Occupancy Rates by Region for Same Office Properties (1)

	<u>Baltimore / Washington Corridor</u>	<u>Northern Virginia</u>	<u>Northern / Central New Jersey</u>	<u>Greater Philadelphia</u>	<u>Greater Harrisburg</u>	<u>Suburban Maryland</u>	<u>Other</u>	<u>Total Office</u>
<b><u>1st Quarter 2005 Average</u></b>								
Number of Buildings	72	9	12	4	16	3	3	119
Rentable Square Feet	5,191,942	1,599,130	746,856	960,349	671,759	377,680	348,691	9,896,407
Percent Occupied	94.27%	93.81%	79.06%	100.00%	86.52%	81.54%	96.82%	92.68%
<b><u>4th Quarter 2004 Average</u></b>								
Number of Buildings	72	9	12	4	16	3	3	119
Rentable Square Feet	5,191,006	1,599,130	746,856	960,349	672,301	377,523	348,638	9,895,803
Percent Occupied	94.82%	95.52%	92.68%	100.00%	84.01%	80.49%	93.47%	93.94%
<b><u>3rd Quarter 2004 Average</u></b>								
Number of Buildings	72	9	12	4	16	3	3	119
Rentable Square Feet	5,190,524	1,599,130	746,856	960,349	672,367	377,082	348,656	9,894,964
Percent Occupied	94.29%	95.22%	93.13%	100.00%	83.40%	82.82%	85.60%	93.43%
<b><u>2nd Quarter 2004 Average</u></b>								
Number of Buildings	72	9	12	4	16	3	3	119
Rentable Square Feet	5,190,429	1,599,132	746,856	960,349	672,264	377,077	339,050	9,885,157
Percent Occupied	92.67%	94.72%	90.59%	100.00%	86.19%	79.11%	92.09%	92.58%
<b><u>1st Quarter 2004 Average</u></b>								

Number of Buildings	72	9	12	4	16	3	3	119
Rentable Square Feet	5,187,921	1,599,137	746,815	960,349	672,264	377,074	335,985	9,879,545
Percent Occupied	91.15%	94.30%	90.43%	100.00%	86.64%	78.58%	91.29%	91.68%

(1) Same office properties include buildings owned for a minimum of five reporting quarters.

### Office Lease Expiration Analysis by Year

Year of Lease Expiration (1)	Number of Leases Expiring	Square Footage of Leases Expiring	Percentage of Total Occupied Square Feet	Total Annualized Rental Revenue of Expiring Leases (2)	Percentage of Total Annualized Rental Revenue Expiring	Total Annual Rental Revenue of Expiring Leases per Occupied Square Foot
(000s)						
April - June	26	208,439	1.9%	\$ 4,464	1.9%	\$ 21.42
July - September	21	189,212	1.7%	4,052	1.8%	21.41
October - December	24	156,462	1.4%	3,555	1.6%	22.72
<b>Total 2005</b>	<b>71</b>	<b>554,113</b>	<b>5.0%</b>	<b>12,071</b>	<b>5.3%</b>	<b>21.78</b>
January - March	22	287,645	2.6%	6,709	2.9%	23.32
April - June	23	190,338	1.7%	3,910	1.7%	20.54
July - September	16	229,627	2.1%	3,481	1.5%	15.16
October - December	26	298,475	2.7%	6,741	2.9%	22.58
<b>Total 2006</b>	<b>87</b>	<b>1,006,085</b>	<b>9.1%</b>	<b>20,841</b>	<b>9.1%</b>	<b>20.71</b>
<b>2007</b>	<b>120</b>	<b>1,652,228</b>	<b>14.9%</b>	<b>32,971</b>	<b>14.4%</b>	<b>19.96</b>
<b>2008</b>	<b>89</b>	<b>1,249,346</b>	<b>11.3%</b>	<b>26,651</b>	<b>11.6%</b>	<b>21.33</b>
<b>2009</b>	<b>113</b>	<b>2,371,070</b>	<b>21.4%</b>	<b>38,915</b>	<b>17.0%</b>	<b>16.41</b>
<b>2010</b>	<b>58</b>	<b>1,282,584</b>	<b>11.6%</b>	<b>28,900</b>	<b>12.6%</b>	<b>22.53</b>
<b>2011</b>	<b>17</b>	<b>493,033</b>	<b>4.5%</b>	<b>8,572</b>	<b>3.7%</b>	<b>17.39</b>
<b>2012</b>	<b>13</b>	<b>558,048</b>	<b>5.0%</b>	<b>12,022</b>	<b>5.2%</b>	<b>21.54</b>
<b>2013</b>	<b>6</b>	<b>386,290</b>	<b>3.5%</b>	<b>11,226</b>	<b>4.9%</b>	<b>29.06</b>
<b>2014</b>	<b>14</b>	<b>688,976</b>	<b>6.2%</b>	<b>19,708</b>	<b>8.6%</b>	<b>28.60</b>
<b>2015</b>	<b>5</b>	<b>316,875</b>	<b>2.9%</b>	<b>7,769</b>	<b>3.4%</b>	<b>24.52</b>
<b>2016</b>	<b>–</b>	<b>–</b>	<b>0.0%</b>	<b>–</b>	<b>0.0%</b>	<b>0.00</b>
<b>2017</b>	<b>–</b>	<b>–</b>	<b>0.0%</b>	<b>–</b>	<b>0.0%</b>	<b>0.00</b>
<b>2018</b>	<b>3</b>	<b>328,944</b>	<b>3.0%</b>	<b>7,204</b>	<b>3.1%</b>	<b>21.90</b>
Other (3)	25	188,901	1.7%	2,250	1.0%	11.91
<b>Total / Average</b>	<b>621</b>	<b>11,076,493</b>	<b>100.0%</b>	<b>\$ 229,100</b>	<b>100.0%</b>	<b>\$ 20.68</b>

NOTE: As of March 31, 2005, the weighted average lease term is 4.9 years.

- (1) Many of our government leases are subject to certain early termination provisions which are customary to government leases. The year of lease expiration was computed assuming no exercise of such early termination rights.
- (2) Total Annualized Rental Revenue is the monthly contractual base rent as of March 31, 2005 multiplied by 12 plus the estimated annualized expense reimbursements under existing office leases.
- (3) Other consists primarily of amenities, including cafeterias, concierge offices and property management space. In addition, month-to-month leases and leases which have expired but the tenant remains in holdover are included in this line item as the exact expiration date is unknown.

### Quarterly Office Renewal Analysis as of March 31, 2005

	<u>Baltimore/ Washington Corridor</u>	<u>Northern Virginia</u>	<u>Northern/ Central New Jersey</u>	<u>Greater Harrisburg</u>	<u>Suburban Maryland</u>	<u>St. Mary' s &amp; King George Counties</u>	<u>Other</u>	<u>Total Office</u>
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#### Quarter Ended March 31, 2005:

Expiring Square Feet	391,209	–	4,390	26,038	10,976	7,810	9,502	449,925
Vacated Square Feet	75,904	–	–	4,943	–	2,030	5,749	88,626
Renewed Square Feet	315,305	–	4,390	21,095	10,976	5,780	3,753	361,299
Retention Rate (% based upon square feet)	80.60%	0.00%	100.00%	81.02%	100.00%	74.01%	39.50%	80.30%

#### Renewed Space Only:

Average Committed Cost per Square Foot	\$ 1.57	\$ –	\$ 3.09	\$ 0.89	\$ 2.60	\$ 16.80	\$ –	\$ 1.80
Weighted Average Lease Term in years	4.0	9.1	2.6	3.9	1.0	3.8	2.0	3.9

Change in Total Rent - GAAP	11.17%	0.00%	3.09%	-13.90%	6.53%	4.34%	3.05%	8.58%
Change in Total Rent - Cash	3.80%	0.00%	2.40%	-18.20%	1.99%	-2.48%	3.05%	1.81%

#### Renewed & Retenanted Space:

Average Committed Cost per Square Foot	\$ 4.08	\$ 49.86	\$ 7.09	\$ 3.82	\$ 2.60	\$ 15.44	\$ –	\$ 5.66
Weighted Average Lease Term in years	4.1	9.1	5.1	3.9	1.0	3.8	2.5	4.2

Change in Total Rent - GAAP	8.49%	-5.14%	-9.14%	-11.09%	6.53%	6.07%	6.40%	5.01%
Change in Total Rent - Cash	1.32%	-14.90%	-17.90%	-14.77%	1.99%	-0.67%	3.15%	-1.93%

Notes: No renewal or retenanting activity transpired in our Greater Philadelphia region.  
Activity is exclusive of owner occupied space and leases with less than a one year term.  
Expiring square feet includes early renewals and excludes early terminations.

**Year to Date Acquisition Summary as of March 31, 2005 (1)**  
(Dollars in thousands)

	<u>Submarket</u>	<u>Acquisition Date</u>	<u>Square Feet</u>	<u>Occupancy Percentage at Acquisition</u>	<u>Contractual Purchase Price</u>	<u>Investment (2)</u>
<b>Individual Property:</b>						
8611 Military Drive (3) (4)	San Antonio	3/30/2005	468,994	100.0%	\$ 30,500	\$ 30,674
<b>Total</b>			<b>468,994</b>	<b>100.0%</b>	<b>\$ 30,500</b>	<b>\$ 30,674</b>

(1) Excludes land only acquisitions.

(2) Initial accounting investment recorded by property as of March 31, 2005.

(3) This property is under redevelopment as of March 31, 2005.

(4) Contractual purchase price as of March 31, 2005 excludes \$3.0 million purchase of adjacent land parcel.

**Development Summary as of March 31, 2005**  
(Dollars in thousands)

<u>Property and Location</u>	<u>Submarket</u>	<u>Wholly Owned or Joint Venture (JV)</u>	<u>Total Rentable Square Feet</u>	<u>Percentage Leased or Committed</u>	<u>Anticipated Total Cost</u>	<u>Cost to date</u>	<u>Outstanding Loan as of 3/31/2005</u>	<u>Anticipated Date of Operations</u>
<b>Under Construction</b>								
2691 Technology Drive (191 NBP) Annapolis Junction, Maryland (1)	BWI Airport	Owned	103,683	100.00%	\$ 19,950	\$ 16,481	\$ 10,895	Construction 3Q 05
318 Carina Road (318 NBP) Annapolis Junction, Maryland (2)	BWI Airport	Owned	125,681	100.00%	21,639	17,403	11,512	Construction 4Q 05
8621 Robert Fulton Drive (Phase I) Columbia, Maryland	Howard Co. Perimeter	JV	84,926	76.71%	12,848	4,395	-	Construction 4Q 05
304 Carina Road (304 NBP) Annapolis Junction, Maryland (3)	BWI Airport	Owned	162,498	100.00%	28,577	16,797	8,308	Construction 1Q 06

46591 Expedition Drive (Expedition 6)	St. Mary' s								Construction
Lexington Park, Maryland	County	Owned	60,000	0.00%	7,946	4,301	-		1Q 06
322 Carina Road (322 NBP)									Construction
Annapolis Junction, Maryland	BWI Airport	Owned	125,847	0.00%	21,381	7,458	-		2Q 06
15010 Conference Center Drive (WTP II)									Construction
Chantilly, Virginia (4)	Dulles South	Owned	213,091	0.00%	38,566	19,630	6,031		3Q 06
306 Carina Road (306 NBP)									Construction
Annapolis Junction, Maryland	BWI Airport	Owned	160,000	0.00%	26,746	11,605	-		3Q 06
6711 Columbia Gateway Drive	Howard Co.								Construction
Columbia, Maryland	Perimeter	Owned	125,000	0.00%	24,278	7,881	-		4Q 06
<b>Total Under Construction</b>			<b>1,160,726</b>	<b>39.37%</b>	<b>201,931</b>	<b>105,951</b>	<b>36,746</b>		

#### Redevelopment

8611 Military Drive									Redevelopment
San Antonio, Texas	San Antonio	Owned	468,994	100.00%	7,500	-	-		4Q 05
<b>Total Redevelopment</b>			<b>468,994</b>	<b>100.00%</b>	<b>7,500</b>	<b>-</b>	<b>-</b>		

#### Under Development

320 Carina Road (320 NBP)									Development
Annapolis Junction, Maryland	BWI Airport	Owned	125,760	0.00%	22,370	3,360	-		4Q 06
302 Carina Road (302 NBP)									Development
Annapolis Junction, Maryland	BWI Airport	Owned	160,000	0.00%	30,947	4,319	-		2007
<b>Total Under Development</b>			<b>285,760</b>	<b>0.00%</b>	<b>53,317</b>	<b>7,679</b>	<b>-</b>		

- (1) Total loan commitment is \$16.6 million.
- (2) Total loan commitment is \$19.3 million.
- (3) Total loan commitment is \$27.1 million.
- (4) Total loan commitment is \$32.0 million.

### Land Inventory as of March 31, 2005

Location	Submarket	Status	Acres	Developable Square Feet
Westfields Corporate Center	Dulles South	owned	19	246,800
Westfields Corporate Center	Dulles South	owned	17	377,300



Westfields Corporate Center	Dulles South	owned	32	674,200
Woodland Park	Herndon	owned	5	225,000
<b>Total Northern Virginia</b>			<b>73</b>	<b>1,523,300</b>
National Business Park	BWI Airport	owned	34	500,000
Columbia Gateway Exchange III	Howard Co. Perimeter	leased	4	126,200
Columbia Gateway Parcel T-11	Howard Co. Perimeter	owned	14	215,000
Columbia Gateway Parcel N-10	Howard Co. Perimeter	JV	4	49,400
Columbia Gateway Parcel N-11	Howard Co. Perimeter	owned	3	28,500
MOR Montpelier 3	Howard Co. Perimeter	JV	2	19,000
<b>Total Baltimore / Washington Corridor</b>			<b>61</b>	<b>938,100</b>
Unisys Campus	Blue Bell	owned	45	600,000
Unisys Campus	Blue Bell	option	27	354,000
<b>Total Greater Philadelphia</b>			<b>72</b>	<b>954,000</b>
Princeton Technology Center	Exit 8A - Cranbury	owned	19	250,000
<b>Total Northern / Central New Jersey</b>			<b>19</b>	<b>250,000</b>
Dahlgren Technology Center	King George County	owned	39	120,000
Expedition Park	St. Mary' s	owned	6	60,000
<b>Total St. Mary' s &amp; King George Counties</b>			<b>45</b>	<b>180,000</b>
Commerce Court	Commerce Park	option	6	68,000
<b>Total Harrisburg</b>			<b>6</b>	<b>68,000</b>
<b>TOTAL</b>			<b>276</b>	<b>3,913,400</b>

This land inventory schedule excludes all properties listed as under construction, redevelopment or under development as detailed on page 27.

**Joint Venture Summary as of March 31, 2005**  
(Dollars in thousands)

**Consolidated Properties**

Property and Location	Joint Venture		Square			Consolidated		Recourse to COPT	Option to Acquire Partner' s Interest
	Interest Held By	Status	Feet	Acres	Total Assets	Debt as of 3/31/05			
4230 Forbes Boulevard Lanham, Maryland	50%	Operating	55,867	5 acres	\$ 4,642	\$ 3,674	Yes, up to \$4.5 million	Yes	
MOR Montpelier 3 LLC Laurel, Maryland	50%	Development	19,000	2 acres	948	-	N/A	Yes	
8621 Robert Fulton Drive Columbia, Maryland	80%	Construction	84,926	7 acres	4,395	-	N/A	Yes	

8601 Robert Fulton Drive								
Columbia, Maryland	80%	Development	49,400	4 acres	1,279	—	N/A	Yes
TOTAL					\$ 11,264	\$ 3,674		

### Unconsolidated Properties

Property and Location	Joint Venture	Status	Square Feet	Acreage	COPT Investment	Off-Balance Sheet Debt as of 3/31/05	Recourse to COPT	Option to
	Interest Held By							Partner's Interest
	COPT							
695 Route 46								
Wayne, New Jersey	20%	Operating	157,394	13 acres	\$ 1,209	\$ 13,989	No	No
TOTAL					\$ 1,209	\$ 13,989		

### Reconciliations of Non GAAP Measurements (Dollars in thousands)

	2005		2004		
	March 31	December 31	September 30	June 30	March 31
<b>Total Assets or Denominator for Debt to Total Assets</b>					
<b>Assets</b>	\$ 1,798,920	\$ 1,732,026	\$ 1,650,726	\$ 1,490,701	\$ 1,432,010
Accumulated depreciation	153,127	141,716	131,018	121,630	110,155
Intangible assets on real estate acquisitions, net	64,965	67,560	67,083	53,874	55,577
Assets other than assets included in investment in real estate	(181,644)	(187,525)	(163,557)	(161,591)	(145,229)
<b>Denominator for Debt to Undepreciated Book Value of Real Estate Assets</b>	\$ 1,835,368	\$ 1,753,777	\$ 1,685,270	\$ 1,504,614	\$ 1,452,513
<b>GAAP Revenues from Real Estate Operations</b>	\$ 60,627	\$ 58,613	\$ 53,097	\$ 53,892	\$ 48,971
Revenues from discontinued operations	—	—	—	—	—
Other income/(expense)	—	1	(1)	—	—
<b>Combined Real Estate Revenues</b>	\$ 60,627	\$ 58,614	\$ 53,096	\$ 53,892	\$ 48,971
<b>GAAP Revenues from Real Estate Operations</b>	\$ 60,627	\$ 58,613	\$ 53,097	\$ 53,892	\$ 48,971
Property operating	(18,918)	(17,170)	(16,197)	(14,647)	(15,039)
Revenues from discontinued operations	—	—	—	—	—
Property operating from discontinued operations	—	—	—	—	—
Other revenue	—	1	(1)	—	—
<b>Combined Net Operating Income</b>	\$ 41,709	\$ 41,444	\$ 36,899	\$ 39,245	\$ 33,932
<b>GAAP Net Operating Income for Same Office Properties</b>	\$ 33,133	\$ 34,323	\$ 34,044	\$ 36,941	\$ 33,702

Less: Straight line rent adjustments	(746)	(2,085)	(2,365)	(1,930)	(762)
Less: Amortization of deferred market rental revenue	(157)	(232)	(266)	(264)	(313)
<b>Cash Net Operating Income for Same Office</b>					
<b>Properties</b>	<b>\$ 32,230</b>	<b>\$ 32,006</b>	<b>\$ 31,413</b>	<b>\$ 34,747</b>	<b>\$ 32,627</b>
<b>Depreciation and amortization</b>	<b>\$ 14,666</b>	<b>\$ 13,859</b>	<b>\$ 11,802</b>	<b>\$ 15,884</b>	<b>\$ 10,359</b>
Depreciation of furniture, fixtures and equipment	(161)	(234)	(101)	(99)	(98)
Depreciation and amortization from discontinued operations	—	—	(1)	—	—
<b>Combined real estate related depreciation and other amortization</b>	<b>\$ 14,505</b>	<b>\$ 13,625</b>	<b>\$ 11,700</b>	<b>\$ 15,785</b>	<b>\$ 10,261</b>
<b>Total tenant improvements and incentives on operating properties</b>	<b>\$ 13,163</b>	<b>\$ 3,455</b>	<b>\$ 3,924</b>	<b>\$ 4,420</b>	<b>\$ 2,268</b>
Total capital improvements on operating properties	2,105	4,121	3,669	1,723	836
Total leasing costs for operating properties	668	2,761	2,598	5,793	566
Less: Nonrecurring tenant improvements and incentives on operating properties	(9,551)	(772)	(1,454)	(1,655)	(112)
Less: Nonrecurring capital improvements on operating properties	(1,630)	(2,834)	(2,920)	(841)	(505)
Less: Nonrecurring leasing costs for operating properties	(21)	(2,036)	(1,138)	(4,443)	(30)
<b>Recurring capital expenditures</b>	<b>\$ 4,734</b>	<b>\$ 4,695</b>	<b>\$ 4,679</b>	<b>\$ 4,997</b>	<b>\$ 3,023</b>

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**Reconciliations of Non GAAP Measurements (continued)**  
(Dollars in thousands)

	2005		2004		
	March 31	December 31	September 30	June 30	March 31
<b>Interest expense from continuing operations</b>	<b>\$ 13,358</b>	<b>\$ 12,648</b>	<b>\$ 10,839</b>	<b>\$ 10,514</b>	<b>\$ 10,262</b>
Interest expense from discontinued operations	—	—	—	—	—
<b>Combined interest expense or denominator for interest coverage</b>	<b>\$ 13,358</b>	<b>\$ 12,648</b>	<b>\$ 10,839</b>	<b>\$ 10,514</b>	<b>\$ 10,262</b>
Scheduled principal amortization	7,394	6,093	5,775	5,271	6,618
<b>Denominator for Debt Service Coverage</b>	<b>\$ 20,752</b>	<b>\$ 18,741</b>	<b>\$ 16,614</b>	<b>\$ 15,785</b>	<b>\$ 16,880</b>
Scheduled principal amortization	(7,394)	(6,093)	(5,775)	(5,271)	(6,618)
Preferred dividends - redeemable non-convertible	3,654	3,654	3,784	4,435	4,435
Preferred dividends - redeemable convertible	—	—	—	—	21
Preferred distributions	165	165	14	—	—
<b>Denominator for Fixed Charge Coverage</b>	<b>\$ 17,177</b>	<b>\$ 16,467</b>	<b>\$ 14,637</b>	<b>\$ 14,949</b>	<b>\$ 14,718</b>
<b>Common dividends for Earnings Payout Ratio</b>	<b>\$ 9,339</b>	<b>\$ 9,288</b>	<b>\$ 9,235</b>	<b>\$ 7,878</b>	<b>\$ 7,178</b>
Common distributions	2,179	2,179	2,202	2,057	2,074
Restricted shares	—	98	—	—	—
Convertible preferred dividends	—	—	—	—	21
<b>Dividends and distributions for FFO and AFFO Payout Ratio</b>	<b>\$ 11,518</b>	<b>\$ 11,565</b>	<b>\$ 11,437</b>	<b>\$ 9,935</b>	<b>\$ 9,273</b>

