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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 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) **April 23, 2003**

**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)

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**Item 7. Financial Statements and Exhibits**

The information contained in the attached exhibit is unaudited and should be read in conjunction with the Registrant's annual and quarterly reports filed with the Securities and Exchange Commission.

Exhibit Number	Description
99.1	Supplemental information dated March 31, 2003 for Corporate Office Properties Trust.

**Item 9. Regulation FD Disclosure (including information provided under Item 12, "Results of Operations and Financial Condition")**

The following information is furnished to the Commission under both Item 9 and Item 12. The information required by Item 12 is being furnished pursuant to this Item 9 in accordance with the interim guidance provided by the Securities and Exchange Commission in "Filing Guidance Related To: Conditions for Use of Non-GAAP Financial Measures; and Insider Trades During Pension Fund Blackout Periods" (Release No., 33-8216, March 27, 2003).

In connection with its release of earnings on April 23, 2003, the Registrant is making available certain additional information pertaining to its properties and operations as of and for the period ended March 31, 2003. This information is filed herewith as Exhibit 99.1 and is incorporated herein by reference.

The Registrant intends to use non-GAAP financial measures in earnings press releases and information filed and furnished with 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"). A description of these measures and the reasons why the Registrant believes such measures are useful are set forth below.

*Funds from operations ("FFO")*

FFO means net income (loss) computed using GAAP, excluding gains (or losses) from debt restructuring and sales of real estate, plus real estate-related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures, although FFO includes gains from the sales of real estate to the extent such gains related to sales of non-operating properties and development services provided on operating properties. Accounting for real estate assets using historical cost accounting under GAAP assumes that the value of real estate assets diminishes predictably over time. The National Association of Real Estate Investment Trusts ("NAREIT") stated in its April 2002 White Paper on Funds from Operations "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." Since the Registrant agrees with the concept of FFO and appreciates the reasons surrounding its creation, it believes that FFO is an important supplemental measure of operating performance. In addition, since most equity REITs provide FFO information to the investment community, the Registrant believes FFO is a useful supplemental measure for comparing the Registrant's results to those of other equity REITs. The Registrant believes that net income is the most directly comparable GAAP measure to FFO.

*Adjusted funds from operations ("AFFO")*

AFFO is FFO, adjusted to eliminate the effects of noncash rental revenues (comprised of straight-line rental adjustments and the amortization of the value assigned to in-place operating leases of acquired properties in connection with Statement of Financial Accounting Standards No. 141, "Business Combinations") and recurring capital

expenditures (most capitalized fixed asset expenditures and leasing costs incurred for operating real estate properties). The Registrant believes that AFFO is an important supplemental measure of operating performance for an equity REIT because it provides investors with an indication of its ability to incur and service debt and to fund dividends and other cash

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needs. In addition, since most equity REITs provide AFFO information to the investment community, the Registrant believes AFFO is a useful supplemental measure for comparing the Registrant to other equity REITs. The Registrant believes that net income is the most directly comparable GAAP measure to AFFO.

#### *Net operating income ("NOI")*

NOI is total rental revenue associated with real estate operations adjusted for total property expenses from real estate operations; total property expenses, as used in this definition, does not include depreciation, amortization or interest expense associated with real estate operations. The Registrant believes that NOI is an important supplemental measure of operating performance for a REIT's operating real estate because it provides a measure of the core operations, rather than factoring in depreciation and amortization, as well as 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 the line entitled earnings from real estate operations before equity in income of unconsolidated real estate joint ventures on the Registrant's Consolidated Statements of Operations is the most directly comparable GAAP measure to NOI.

#### *Cash Net Operating Income ("Cash NOI")*

Cash NOI is total NOI (defined above) adjusted to eliminate the effects of noncash rental revenues (comprised of straight-line rental adjustments and the amortization of value assigned to in-place operating leases of acquired properties in connection with Statement of Financial Accounting Standards No. 141, "Business Combinations" ("SFAS 141")). 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 where rental concessions are provided for the tenant, the effect of accounting under GAAP is to move rental revenue to such periods. Under SFAS 141, 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 NOI for revenue that is not associated with cash to the Registrant. The measure is similarly useful to NOI 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 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 the line entitled earnings from real estate operations before equity in income of unconsolidated real estate joint ventures on the Registrant's Consolidated Statements of Operations is the most directly comparable GAAP measure to Cash NOI.

#### *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, gain on sales of real estate (excluding sales of non-operating properties and development services provided on operating properties) and minority interests. The Registrant believes that EBITDA is an important supplemental measure of performance for a REIT's operating real estate 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 the previously described non-GAAP measures do not provide. The Registrant believes that net income is the most directly comparable GAAP measure to EBITDA.

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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: April 23, 2003

#### **CORPORATE OFFICE PROPERTIES TRUST**

By: /s/ RANDALL M. GRIFFIN

Name: Randall M. Griffin  
Title: *President and Chief Operating Officer*

By: /s/ ROGER A. WAESCHE, JR.

Name: Roger A. Waesche, Jr.  
Title: *Chief Financial Officer*

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## **QuickLinks**

[Item 7. Financial Statements and Exhibits](#)

[Item 9. Regulation FD Disclosure \(including information provided under Item 12, "Results of Operations and Financial Condition"\)](#)

## **SIGNATURES**

Supplemental Information  
(Unaudited)

March 31, 2003



CORPORATE  
OFFICE  
PROPERTIES

Corporate Office Properties Trust  
Index to Supplemental Information (Unaudited)  
March 31, 2003

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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, filed with 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](mailto:maryellen.fowler@copt.com). Reconciliations between GAAP and non GAAP measurements along with definitions have been provided on pages 32 and 33 for certain terms used herein.

**Reporting Period Highlights — First Quarter 2003**

The information reported in our release of earnings reflects a change in the classification of revenues and expenses associated with our accounting for in-place operating leases of acquired properties under Statement of Financial Accounting Standards No. 141, "Business Combinations" ("SFAS 141") from the classification used in our previous filings with the SEC and earnings releases for the periods ending between January 1, 2002 and December 31, 2002. This change in classification does not change net income, earnings

per share, adjusted funds from operations, cash flow from operations and net cash flows previously reported by us for the periods ending between January 1, 2002 and December 31, 2002. However, our FFO, rental revenue and depreciation expense were increased as a result of this reclassification.

#### Financial Results

- Reported Net Income Available to Common Shareholders — diluted of \$5,454,000 or \$.22 per share for the first quarter of 2003 as compared to \$2,762,000 or \$.13 per share for the comparable 2002 period, representing an increase of 69.2% per share. We recognized \$3,415,000 of gains on the sales of real estate in the first quarter of 2003 as compared to \$946,000 of gains realized in the first quarter of 2002.
- Recorded SFAS 141 revenues of \$549,000 and \$226,000 in the first quarter of 2003 and 2002, respectively, which increased FFO.
- Reported FFO — diluted of \$13,621,000 or \$.37 per share/unit for the first quarter of 2003 as compared to \$11,557,000 or \$.33 per share/unit for the comparable 2002 period, as restated for the effects of SFAS 141, representing an increase of 12.1% per share/unit. FFO — diluted increased \$2,064,000, or 17.9%, over the comparable 2002 period.
- Reported AFFO — diluted of \$9,139,000 for the first quarter of 2003 as compared to \$9,499,000 for the comparable 2002 period, representing a decrease of (3.8)%. The relocation of Ameritrade Holding Corporation to 6940 Columbia Gateway and subsequent retenuing by Harris Corporation and the United States of America in the National Business Park represented \$1,033,000 of the \$2,756,000 of capital expenditures incurred in the first quarter 2003. Additionally, we realized \$514,000 of straight-line rent in the first quarter of 2003 associated with our lease with the United States of America at 9140 Route 108 which commenced in January 2003 but will not remit rent until July 2003.
- Our FFO payout ratio improved to 58.1% for the first quarter of 2003 as compared to 64.3% for the comparable 2002 period. However, our AFFO payout ratio increased to 86.5% as compared to 78.2% for the comparable 2002 period.

#### Financing and Capital Transactions

- During the quarter, we closed a \$25.0 million line of credit with Wachovia Bank, National Association which is secured by pledged membership interests for certain previously unencumbered properties. This line of credit matures in January 2005 and bears interest at varying LIBOR rates,

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depending upon corporate leverage levels. As of March 31, 2003, we have borrowed \$18.9 million under this line of credit.

- We executed a one-year interest rate swap agreement for the notional amount of \$50.0 million that fixes the one-month LIBOR rate at 1.52% per annum, commencing in January 2003.
- As of March 31, 2003, our debt to market capitalization is 53.2% and our debt to undepreciated book value of real estate assets is 61.6%. We achieved an EBITDA interest coverage ratio of 2.62x and an EBITDA fixed charge coverage ratio of 2.01x for this quarter.

#### Operations

- Overall occupancy was 90.8% and our portfolio was 92.8% leased as of March 31, 2003. Occupancy was adversely impacted by 1.7% for development square feet placed into service during this quarter and .5% for the space under construction to accommodate Ameritrade's relocation.
- We experienced unusually high snow and ice removal costs in the first quarter of 2003 of \$1,932,000 as compared to \$182,000 for the comparable 2002 period, resulting in \$1,750,000 of additional snow and ice removal costs. These costs were partially offset by higher tenant recoveries revenues.
- Our same property cash NOI decreased by (3.7)% as compared to the quarter ended March 31, 2002 for the 93 properties comprising our same property portfolio. Our average occupancy for this same property portfolio dropped from 92.4% for the first quarter 2002 to 91.9% for the first quarter 2003. Our same property portfolio represents 80.3% of our total square feet as of March 31, 2003.
- Weighted average lease term of our office portfolio is 4.5 years as of March 31, 2003, with an average contractual rental rate (including tenant reimbursements of operating costs) of \$19.12 per square foot.
- We renewed 37.4% of our office leases (based upon square footage) with an average capital cost of \$4.32 per square foot during the first quarter. For our renewed and retenued space, we realized changes in base rent and total rent on a straight-line basis of .1% and (1.4)%, respectively, as measured from the GAAP straight-line rent in effect preceding the renewal date. Base rent and total rent on a cash basis decreased (9.1)% and (10.0)%, respectively, on this same space.

#### Acquisitions / Dispositions

- In March 2003, we acquired a 155,000 square foot building located in Annapolis, Maryland for \$18.0 million, marking our entrance into the Annapolis submarket of the B/W Corridor. This property is 100% occupied by USinternetworking, Inc. and serves as their headquarters and operations center. Development potential exists on the 12 acre parcel but no immediate development is planned.
- We sold our 181,768 square foot building located in Southern Prince George's County and two development land parcels for \$21,288,000 and realized a total gain of \$3,388,000, of which \$566,000 is included in FFO. This disposition of the building and two land parcels provided \$8,288,000 of cash proceeds, after debt repayment, and eliminates our ownership in this non-core market.
- We contributed our previously wholly-owned property located at 695 Route 46 into a joint venture in exchange for \$19,960,000 and a 20% interest. The gain on this sale has been deferred due to our remaining investment. We considered this property a non-core asset and we realized cash proceeds, after debt repayment, of \$7,285,000.

#### Development

- In January 2003, we closed on the initial phase of a purchase agreement to acquire up to 108 acres of land adjacent to the National Business Park. This \$21.0 million purchase price for the initial phase was funded with \$2.6 million of cash and an \$18.4 million, five-year seller loan, with a fixed interest rate of 3.0%. This initial phase can accommodate 900,000 square feet of development. Closing of the second phase is contingent upon subdivision approval.

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- We signed a lease with The Titan Corporation for the entire 156,730 square foot building to be built at 2720 Technology Drive (known as 220 NBP) in our National Business Park. We anticipate groundbreaking for this development in the second quarter of 2003 and stabilization in the fourth quarter of 2004. We contributed this property into a joint venture in January 2003 in exchange for a 20% interest and \$4.0 million.
  - We placed 155,691 square feet of development space into service during the quarter, including 105,850 square feet held through joint venture interests. Although 36.2% of this space is already leased, this unoccupied square footage reduced our occupancy by 1.7% during this quarter.

#### Subsequent Events

- In April 2003, we executed a three-year lease with Northrop Grumman Systems Corporation for the entire building located at 921 Elkridge Landing Road, consisting of 54,175 square feet, in the BWI Airport submarket. This property was vacant the entire first quarter of 2003. Occupancy is anticipated in the second quarter of 2003.
- We signed a lease with General Dynamics to release 46,400 square feet scheduled to expire in April 2003. This lease represents the entire building at 1340 Ashton Road and reduces our exposure to leased square feet expiring in the second quarter of 2003 by 15.1%. Occupancy is anticipated to occur in May 2003.

	2003	2002				
	March 31	December 31	September 30	June 30	March 31	
Total Revenues from Real Estate Operations	\$ 42,412	\$ 42,367	\$ 39,031	\$ 38,160	\$ 34,725	
Net Operating Income from Real Estate Operations	28,410	29,987	26,670	27,808	24,532	
EBITDA	26,808	28,235	26,789	25,744	23,145	
Net Income before Preferred Dividends	7,987	5,960	6,162	5,884	5,295	
Preferred Dividends	(2,533)	(2,534)	(2,533)	(2,534)	(2,533)	
<b>Net Income Available to Common Shareholders</b>	<b>\$ 5,454</b>	<b>\$ 3,426</b>	<b>\$ 3,629</b>	<b>\$ 3,350</b>	<b>\$ 2,762</b>	
<b>Net Income Available to Common Shareholders — per diluted share</b>	<b>\$ 0.22</b>	<b>\$ 0.14</b>	<b>\$ 0.15</b>	<b>\$ 0.14</b>	<b>\$ 0.13</b>	
Funds From Operations (FFO) — Diluted	\$ 13,621	\$ 14,298	\$ 13,356	\$ 13,499	\$ 11,557	
<b>FFO per diluted share</b>	<b>\$ 0.37</b>	<b>\$ 0.39</b>	<b>\$ 0.36</b>	<b>\$ 0.37</b>	<b>\$ 0.33</b>	
FFO — Diluted, as previously reported	n/a	\$ 13,985	\$ 12,991	\$ 12,331	\$ 11,373	
FFO per diluted share, as previously reported	n/a	\$ 0.38	\$ 0.35	\$ 0.34	\$ 0.33	
Adjusted FFO — Diluted	\$ 9,139	\$ 11,565	\$ 10,474	\$ 9,802	\$ 9,499	
Payout Ratios:						
<b>FFO — Diluted <sup>(A)</sup></b>	<b>58.06%</b>	<b>55.06%</b>	<b>58.88%</b>	<b>55.26%</b>	<b>64.31%</b>	
<b>AFFO — Diluted <sup>(B)</sup></b>	<b>86.53%</b>	<b>68.08%</b>	<b>75.08%</b>	<b>76.11%</b>	<b>78.24%</b>	
<b>Total Dividends/Distributions</b>	<b>\$ 10.222</b>	<b>\$ 10.196</b>	<b>\$ 10.191</b>	<b>\$ 9.857</b>	<b>\$ 9.829</b>	

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

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

Investment in and advances to unconsolidated real estate joint ventures	9,679	7,999	8,656	11,508	10,740
Less: accumulated depreciation	(80,513)	(76,095)	(68,968)	(63,101)	(57,245)
<b>Net investment in real estate</b>	<b>1,068,407</b>	<b>1,059,129</b>	<b>1,061,245</b>	<b>995,311</b>	<b>942,461</b>
Cash and cash equivalents	6,282	5,991	7,664	4,256	4,250
Restricted cash	14,569	9,739	8,149	6,596	6,977
Accounts receivable, net	7,629	3,509	5,197	3,953	4,909
Investment in and advances to other unconsolidated entities	1,621	1,621	2,092	2,107	2,105
Deferred rent receivable	14,278	13,698	13,395	12,636	11,651
Deferred charges, net	21,250	19,848	19,944	19,877	18,175
Prepaid and other assets	12,246	11,260	9,878	4,821	10,991
Furniture, fixtures and equipment, net of accumulated depreciation	1,565	1,676	1,758	1,783	1,717
<b>Total assets</b>	<b>\$ 1,147,847</b>	<b>\$ 1,126,471</b>	<b>\$ 1,129,322</b>	<b>\$ 1,051,340</b>	<b>\$ 1,003,236</b>
<b>Liabilities and beneficiaries' equity</b>					
Liabilities:					
Mortgage loans payable	\$ 707,990	\$ 705,056	\$ 710,033	\$ 633,498	\$ 573,821
Accounts payable and accrued expenses	12,040	11,670	8,448	7,943	11,355
Rents received in advance and security deposits	9,168	8,253	7,467	5,514	6,805
Deferred revenue associated with acquired properties	11,147	—	—	—	—
Dividends/distributions payable	9,819	9,794	9,789	9,455	9,426
Fair value of derivatives	793	494	1,044	1,970	2,720
Other liabilities	6,157	1,821	1,673	873	7,171
<b>Total liabilities</b>	<b>757,114</b>	<b>737,088</b>	<b>738,454</b>	<b>659,253</b>	<b>611,298</b>
Minority interests:					
Preferred Units in the Operating Partnership	24,367	24,367	24,367	24,367	24,367
Common Units in the Operating Partnership	76,687	76,519	76,518	79,150	81,905
Other consolidated partnerships	—	—	—	229	286
<b>Total minority interests</b>	<b>101,054</b>	<b>100,886</b>	<b>100,885</b>	<b>103,746</b>	<b>106,558</b>
<b>Commitments and contingencies</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Beneficiaries' equity:					
Preferred Shares (\$0.01 par value; 10,000,000 authorized); 40,693 designated as Series A Convertible Preferred Shares of beneficial interest (no shares issued as of March 31, 2003)	—	—	—	—	—
1,725,000 designated as Series B Cumulative Redeemable Preferred Shares of beneficial interest (1,250,000 shares issued as of March 31, 2003)	13	13	13	13	13
544,000 designated as Series D Cumulative Convertible Redeemable Preferred Shares of beneficial interest (544,000 shares issued as of March 31, 2003)	5	5	5	5	5
1,265,000 designated as Series E Cumulative Redeemable Preferred Shares of beneficial interest (1,150,000 shares issued as of March 31, 2003)	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, 2003)	14	14	14	14	14
Common Shares of beneficial interest (\$0.01 par value; 45,000,000 authorized, 23,765,778 shares issued as of March 31, 2003)	239	238	237	234	229
Treasury Shares, at cost (166,600 shares as of March 31, 2003)	(1,415)	(1,415)	(1,415)	(1,415)	(1,415)
Additional paid-in capital	315,781	313,786	313,862	311,391	307,500
Cumulative dividends in excess of net income	(20,752)	(21,067)	(19,379)	(17,899)	(16,446)
Value of unearned restricted Common Share grants	(3,657)	(2,739)	(2,739)	(2,739)	(2,739)
Accumulated other comprehensive loss	(560)	(349)	(626)	(1,274)	(1,792)
<b>Total beneficiaries' equity</b>	<b>289,679</b>	<b>288,497</b>	<b>289,983</b>	<b>288,341</b>	<b>285,380</b>
<b>Total beneficiaries' equity and minority interests</b>	<b>390,733</b>	<b>389,383</b>	<b>390,868</b>	<b>392,087</b>	<b>391,938</b>
<b>Total liabilities and beneficiaries' equity</b>	<b>\$ 1,147,847</b>	<b>\$ 1,126,471</b>	<b>\$ 1,129,322</b>	<b>\$ 1,051,340</b>	<b>\$ 1,003,236</b>

**Quarterly Consolidated Statements of Net Income Available to Common Shareholders**  
(Dollars and units in thousands)

	2003	2002			
	March 31	December 31	September 30	June 30	March 31

**Real Estate Operations**

Revenues

Rental revenue	\$ 35,989	\$ 37,093	\$ 33,768	\$ 33,668	\$ 29,891
Tenant recoveries and other revenue	5,529	4,283	4,297	3,514	3,822
<b>Revenues from Real Estate Operations</b>	<b>41,518</b>	<b>41,376</b>	<b>38,065</b>	<b>37,182</b>	<b>33,713</b>
<b>Expenses</b>					
Property Operating	13,654	12,034	11,994	10,025	9,876
Interest	10,135	10,995	10,489	9,008	8,575
Depreciation and amortization	8,633	9,267	7,915	8,575	7,243
<b>Expenses from Real Estate Operations</b>	<b>32,422</b>	<b>32,656</b>	<b>30,398</b>	<b>27,608</b>	<b>25,694</b>
Earnings from real estate operations before equity in income of unconsolidated real estate joint-ventures	9,096	8,720	7,667	9,574	8,019
Equity in income of unconsolidated real estate joint ventures	(153)	35	138	(22)	18
<b>Earnings from real estate operations</b>	<b>8,943</b>	<b>8,755</b>	<b>7,805</b>	<b>9,552</b>	<b>8,037</b>
(Losses) income from service operations	(81)	(696)	15	(104)	(90)
General and administrative	(1,948)	(1,772)	(815)	(1,940)	(2,170)
Income before gain on sales of real estate, minority interests, income taxes and discontinued operations	6,914	6,287	7,005	7,508	5,777
Gains on sales of real estate	404	822	796	—	946
Income before minority interests, income taxes and discontinued operations	7,318	7,109	7,801	7,508	6,723
Minority interests	(1,787)	(1,752)	(1,898)	(1,934)	(1,771)
Income before income taxes and discontinued operations	5,531	5,357	5,903	5,574	4,952
Income tax benefit (expense), net	21	199	(9)	25	27
Income before discontinued operations	5,552	5,556	5,894	5,599	4,979
Discontinued operations, net	2,435	404	268	285	316
Net income	7,987	5,960	6,162	5,884	5,295
Preferred Share dividends	(2,533)	(2,534)	(2,533)	(2,534)	(2,533)
<b>Net Income Available to Common Shareholders</b>	<b>\$ 5,454</b>	<b>\$ 3,426</b>	<b>\$ 3,629</b>	<b>\$ 3,350</b>	<b>\$ 2,762</b>
For EPS Computations:					
Numerator:					
Net income Available to Common Shareholders	\$ 5,454	\$ 3,426	\$ 3,629	\$ 3,350	\$ 2,762
Dividends on convertible preferred shares	136	136	136	136	—
Expense on dilutive options	—	—	(6)	—	—
Numerator for Dilutive EPS Computation	\$ 5,590	\$ 3,562	\$ 3,759	\$ 3,486	\$ 2,762
Denominators					
Weighted Average Common Shares—Basic	23,323	23,234	23,029	22,704	20,889
Dilutive options	972	898	923	971	765
Preferred shares outstanding assuming conversion	1,197	1,197	1,197	1,197	—
Weighted Average Common Shares—Diluted	25,492	25,329	25,149	24,872	21,654
<b>Net Income Available Sommon Shareholders per diluted share</b>	<b>\$ 0.22</b>	<b>\$ 0.14</b>	<b>\$ 0.15</b>	<b>\$ 0.14</b>	<b>\$ 0.13</b>

**Quarterly Consolidated Statements of Operations and Funds From Operations (FFO)**  
(Dollars and shares in thousands)

	2003		2002			
	March 31	December 31	September 30	June 30	March 31	
<b>Revenues</b>						
Rental revenue	\$ 36,793	\$ 37,974	\$ 34,646	\$ 34,545	\$ 30,764	
Tenant recoveries and other revenue	5,619	4,393	4,385	3,615	3,961	
<b>Total Revenues from Real Estate Operations</b>	<b>42,412</b>	<b>42,367</b>	<b>39,031</b>	<b>38,160</b>	<b>34,725</b>	
<b>Expenses</b>						
Property operating	5,583	4,908	5,859	4,284	4,473	

Repairs and maintenance	5,918	5,009	4,054	4,007	3,721
Real estate taxes	2,501	2,463	2,448	2,061	1,999
<b>Total Property Expenses from Real Estate Operations</b>	<b>14,002</b>	<b>12,380</b>	<b>12,361</b>	<b>10,352</b>	<b>10,193</b>
<b>Net Operating Income from Real Estate Operations</b>	<b>28,410</b>	<b>29,987</b>	<b>26,670</b>	<b>27,808</b>	<b>24,532</b>
General and administrative	(1,948)	(1,772)	(815)	(1,940)	(2,170)
Equity in income of unconsol. real estate joint ventures	(153)	35	138	(22)	18
Earnings from service companies	(81)	(696)	15	(104)	(90)
Merchant sales and real estate services	580	681	781	2	855
<b>EBITDA</b>	<b>26,808</b>	<b>28,235</b>	<b>26,789</b>	<b>25,744</b>	<b>23,145</b>
Interest expense	(10,235)	(11,065)	(10,563)	(9,082)	(8,648)
Series B, E & F Preferred Share dividends	(2,397)	(2,398)	(2,398)	(2,397)	(2,397)
Amortization of deferred financing costs	(589)	(708)	(559)	(706)	(528)
Income tax (expense) benefit	29	282	(11)	36	40
Expense associated with options	6	8	3	12	14
Dividends on restricted shares	83	75	71	—	—
Depreciation on unconsolidated real estate entities	36	40	40	21	64
Minority interestholders' share of operations	—	—	104	(14)	(31)
Depreciation of corporate FF&E	(120)	(171)	(120)	(115)	(102)
<b>Funds From Operations (FFO) — Diluted</b>	<b>13,621</b>	<b>14,298</b>	<b>13,356</b>	<b>13,499</b>	<b>11,557</b>
Depreciation and other amortization	(7,944)	(8,765)	(7,384)	(7,918)	(6,765)
Gain on investment property sales	2,843	156	19	—	93
Expense associated with options	(6)	(8)	(3)	(12)	(14)
Dividends on restricted shares	(83)	(75)	(71)	—	—
Depreciation on unconsolidated real estate entities	(36)	(40)	(40)	(21)	(64)
Minority interestholders' share of operations	—	—	(104)	14	31
Series B, E & F Preferred Share dividends	2,397	2,398	2,398	2,397	2,397
<b>Income Before Minority Interests and Preferred Share Dividends</b>	<b>10,792</b>	<b>7,964</b>	<b>8,171</b>	<b>7,959</b>	<b>7,235</b>
<b>Minority Interests:</b>					
Preferred Units in Operating Partnership	(572)	(571)	(572)	(572)	(572)
Common Units in Operating Partnership	(2,233)	(1,433)	(1,541)	(1,489)	(1,337)
Other consolidated entities	—	—	104	(14)	(31)
Preferred Share dividends	(2,533)	(2,534)	(2,533)	(2,534)	(2,533)
<b>Net Income Available to Common Shareholders</b>	<b>\$ 5,454</b>	<b>\$ 3,426</b>	<b>\$ 3,629</b>	<b>\$ 3,350</b>	<b>\$ 2,762</b>
<b>Funds From Operations (FFO) — Diluted</b>	<b>\$ 13,621</b>	<b>\$ 14,298</b>	<b>\$ 13,356</b>	<b>\$ 13,499</b>	<b>\$ 11,557</b>
Straight line rents	(1,177)	(317)	(867)	(991)	(214)
Amortization of origination value of leases on acquired properties	(549)	(425)	(366)	(1,324)	(226)
Non-incremental capital expenditures	(2,756)	(1,991)	(1,649)	(1,382)	(1,618)
<b>Adjusted Funds from Operations — Diluted</b>	<b>\$ 9,139</b>	<b>\$ 11,565</b>	<b>\$ 10,474</b>	<b>\$ 9,802</b>	<b>\$ 9,499</b>
Preferred dividends/distributions <sup>(1)</sup>	3,105	3,105	3,105	3,105	3,105
Common dividends/distributions <sup>(2)</sup>	7,117	7,091	7,086	6,752	6,724
<b>Total Dividends/Distributions</b>	<b>\$ 10,222</b>	<b>\$ 10,196</b>	<b>\$ 10,191</b>	<b>\$ 9,857</b>	<b>\$ 9,829</b>

(1) Includes Series B, E and F Cumulative Redeemable Preferred Share dividends deducted for FFO/AFFO computations.

(2) Includes dividends on restricted shares for the 3rd and 4th quarters of 2002 and the 1st quarter of 2003.

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



	2003	2002				
	March 31	December 31	September 30	June 30	March 31	
<b>Revenues</b>						
Rental revenue	\$ 0.99	\$ 1.02	\$ 0.93	\$ 0.94	\$ 0.88	
Tenant recoveries and other revenue	0.15	0.12	0.12	0.10	0.11	
<b>Total Revenues from Real Estate Operations</b>	<b>1.14</b>	<b>1.14</b>	<b>1.05</b>	<b>1.04</b>	<b>0.99</b>	
<b>Expenses</b>						
Property operating	0.15	0.13	0.16	0.12	0.13	
Repairs and maintenance	0.16	0.13	0.11	0.11	0.11	
Real estate taxes	0.07	0.07	0.07	0.06	0.06	
<b>Total Property Expenses from Real Estate Operations</b>	<b>0.38</b>	<b>0.33</b>	<b>0.33</b>	<b>0.28</b>	<b>0.29</b>	
<b>Net Operating Income from Real Estate Operations</b>	<b>0.76</b>	<b>0.81</b>	<b>0.72</b>	<b>0.76</b>	<b>0.70</b>	
General and administrative	(0.05)	(0.05)	(0.02)	(0.05)	(0.06)	
Equity in income of unconsol. real estate joint ventures	(0.00)	0.00	0.00	(0.00)	0.00	
Earnings from service companies	(0.00)	(0.02)	0.00	(0.00)	(0.00)	
Merchant sales and real estate services	0.02	0.02	0.02	0.00	0.02	
<b>EBITDA</b>	<b>0.72</b>	<b>0.76</b>	<b>0.72</b>	<b>0.70</b>	<b>0.66</b>	
Interest expense	(0.27)	(0.30)	(0.28)	(0.25)	(0.25)	
Series B, E & F Preferred Share dividends	(0.06)	(0.06)	(0.06)	(0.07)	(0.07)	
Amortization of deferred financing costs	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	
Income tax (expense) benefit	0.00	0.01	(0.00)	0.00	0.00	
Expense associated with options	0.00	0.00	0.00	0.00	0.00	
Dividends on restricted shares	0.00	0.00	0.00	—	—	
Depreciation on unconsolidated real estate entities	0.00	0.00	0.00	0.00	0.00	
Minority interestholders' share of operations	—	—	0.00	(0.00)	(0.00)	
Depreciation of corporate FF&E	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	
<b>Funds From Operations (FFO) — Diluted</b>	<b>\$ 0.37</b>	<b>\$ 0.39</b>	<b>\$ 0.36</b>	<b>\$ 0.37</b>	<b>\$ 0.33</b>	
<b>Non-incremental capital expenditures</b>	<b>\$ 0.07</b>	<b>\$ 0.05</b>	<b>\$ 0.04</b>	<b>\$ 0.04</b>	<b>\$ 0.05</b>	
For FFO Computations:						
Weighted Average Converted Preferred Shares/Units	3,948	3,944	3,935	3,618	3,618	
Weighted Average Common Shares/Units Outstanding	33,328	33,168	33,156	33,135	31,324	
<b>Weighted Average Diluted Shares Outstanding</b>	<b>37,276</b>	<b>37,112</b>	<b>37,091</b>	<b>36,753</b>	<b>34,942</b>	

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

#### Quarterly Consolidated Statements of Operations and FFO as a Percentage of Total Revenues

	2003	2002				
	March 31	December 31	September 30	June 30	March 31	
<b>Revenues</b>						
Rental revenue	87%	90%	89%	91%	89%	
Tenant recoveries and other revenue	13%	10%	11%	9%	11%	
<b>Total Revenues from Real Estate Operations</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	
<b>Expenses</b>						
Property operating	13%	12%	15%	11%	13%	
Repairs and maintenance	14%	12%	10%	11%	11%	
Real estate taxes	6%	6%	6%	5%	6%	

<b>Total Property Expenses from Real Estate Operations</b>	<b>33%</b>	<b>29%</b>	<b>32%</b>	<b>27%</b>	<b>29%</b>
<b>Net Operating Income from Real Estate Operations</b>	<b>67%</b>	<b>71%</b>	<b>68%</b>	<b>73%</b>	<b>71%</b>
General and administrative	(5)%	(4)%	(2)%	(5)%	(6)%
Equity in income of unconsol. real estate joint ventures	(0)%	0%	0%	(0)%	0%
Earnings from service companies	(0)%	(2)%	0%	(0)%	(0)%
Merchant sales and real estate services	1%	2%	2%	0%	2%
<b>EBITDA</b>	<b>63%</b>	<b>67%</b>	<b>69%</b>	<b>67%</b>	<b>67%</b>
Interest expense	(24)%	(26)%	(27)%	(24)%	(25)%
Series B, E & F Preferred Share dividends	(6)%	(6)%	(6)%	(6)%	(7)%
Amortization of deferred financing costs	(1)%	(2)%	(1)%	(2)%	(2)%
Income tax (expense) benefit	0%	1%	(0)%	0%	0%
Expense associated with options	0%	0%	0%	0%	0%
Dividends on restricted shares	0%	0%	0%	0%	0%
Depreciation on unconsolidated real estate entities	0%	0%	0%	0%	0%
Minority interestholders' share of operations	0%	0%	0%	(0)%	(0)%
Depreciation of corporate FF&E	(0)%	(0)%	(0)%	(0)%	(0)%
<b>Funds From Operations (FFO) — Diluted</b>	<b>32%</b>	<b>34%</b>	<b>34%</b>	<b>35%</b>	<b>33%</b>
Depreciation and other amortization	(19)%	(21)%	(19)%	(21)%	(19)%
Gain on investment property sales	7%	0%	0%	0%	0%
Expense associated with options	(0)%	(0)%	(0)%	(0)%	(0)%
Dividends on restricted shares	(0)%	(0)%	(0)%	0%	0%
Depreciation on unconsolidated real estate entities	(0)%	(0)%	(0)%	(0)%	(0)%
Minority interestholders' share of operations	0%	0%	(0)%	0%	0%
Series B, E & F Preferred Share dividends	6%	6%	6%	6%	7%
<b>Income Before Minority Interests and Preferred Share Dividends</b>	<b>25%</b>	<b>19%</b>	<b>21%</b>	<b>21%</b>	<b>21%</b>
<b>Minority Interests:</b>					
Preferred Units in Operating Partnership	(1)%	(1)%	(1)%	(1)%	(2)%
Common Units in Operating Partnership	(5)%	(3)%	(4)%	(4)%	(4)%
Other consolidated entities	0%	0%	0%	(0)%	(0)%
Preferred Share dividends	(6)%	(6)%	(6)%	(7)%	(7)%
<b>Net Income Available to Common Shareholders</b>	<b>13%</b>	<b>8%</b>	<b>9%</b>	<b>9%</b>	<b>8%</b>
<b>Funds From Operations (FFO) — Diluted</b>	<b>32%</b>	<b>34%</b>	<b>34%</b>	<b>35%</b>	<b>33%</b>
Straight line rents	(3)%	(1)%	(2)%	(3)%	(1)%
Amortization of origination value of leases on acquired properties	(1)%	(1)%	(1)%	(3)%	(1)%
Non-incremental capital expenditures	(6)%	(5)%	(4)%	(4)%	(5)%
<b>Adjusted Funds from Operations — Diluted</b>	<b>22%</b>	<b>27%</b>	<b>27%</b>	<b>26%</b>	<b>27%</b>

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

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

	2003		2002		
	March 31	December 31	September 30	June 30	March 31
<b>Common Equity — End of Quarter</b>					
Common Shares <sup>(1)</sup>	23,766	23,606	23,583	23,236	22,772
Common Units	8,990	8,990	8,990	9,278	9,607
<b>Total</b>	<b>32,756</b>	<b>32,596</b>	<b>32,573</b>	<b>32,514</b>	<b>32,379</b>

<b>Convertible Preferred Equity — End of Quarter</b>					
Convertible Series D Preferred Shares Outstanding	544	544	544	544	544
Conversion Ratio	2.2000	2.2000	2.2000	2.2000	2.2000
Common Shares Issued Assuming Conversion	1,197	1,197	1,197	1,197	1,197
Preferred Share Liquidation Preference	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00
Convertible Series C Preferred Units Outstanding	1,017	1,017	1,017	1,017	1,017
Conversion Ratio	2.3810	2.3810	2.3810	2.3810	2.3810
Common Units Issued Assuming Conversion	2,421	2,421	2,421	2,421	2,421
Preferred Share Liquidation Preference	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00
<b>Perpetual Preferred Equity — End of Quarter</b>					
Redeemable Series B Shares Outstanding	1,250	1,250	1,250	1,250	1,250
Preferred Share Liquidation Preference	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00
Redeemable Series E Shares Outstanding	1,150	1,150	1,150	1,150	1,150
Preferred Share Liquidation Preference	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00
Redeemable Series F Shares Outstanding	1,425	1,425	1,425	1,425	1,425
Preferred Share Liquidation Preference	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00
<b>Weighted Average Shares:</b>					
Common Shares Outstanding	23,323	23,234	23,029	22,704	20,889
Restricted Shares Outstanding	330	326	317	—	—
Preferred Shares Outstanding Assuming Conversion	1,197	1,197	1,197	1,197	1,197
Dilutive Options	1,015	944	978	1,040	828
Common Units	8,990	8,990	9,149	9,391	9,607
Preferred Units Assuming Conversion	2,421	2,421	2,421	2,421	2,421
<b>Weighted Avg. Shares/Units Outstanding Assuming Conversion of Preferred Shares/Units</b>	<b>37,276</b>	<b>37,112</b>	<b>37,091</b>	<b>36,753</b>	<b>34,942</b>
<b>Common Shares Trading Volume</b>					
Average Daily Volume (Shares)	73	70	95	76	116
Average Daily Volume (Dollars in thousands)	\$ 1,027.57	\$ 948.95	\$ 1,291.31	\$ 1,042.19	\$ 1,460.22
As a Percentage of Common Shares	0.3%	0.3%	0.4%	0.3%	0.6%
<b>Common Share Price Range</b>					
Quarterly High	\$ 15.07	\$ 14.16	\$ 14.50	\$ 14.69	\$ 13.20
Quarterly Low	\$ 13.50	\$ 11.60	\$ 11.97	\$ 12.95	\$ 11.62
Quarterly Average	\$ 14.00	\$ 13.49	\$ 13.56	\$ 13.78	\$ 12.54
End of Quarter	\$ 14.90	\$ 14.03	\$ 13.55	\$ 14.59	\$ 13.10
<b>Capitalization</b>					
Liquidation Value of Preferred Shares/Units	\$ 134,642	\$ 134,642	\$ 134,642	\$ 134,642	\$ 134,642
Market Value of Common Shares/Units	488,064	457,322	441,364	474,379	424,165
<b>Total Equity Market Capitalization</b>	<b>\$ 622,706</b>	<b>\$ 591,963</b>	<b>\$ 576,006</b>	<b>\$ 609,021</b>	<b>\$ 558,806</b>
<b>Total Debt</b>	<b>\$ 707,990</b>	<b>\$ 705,056</b>	<b>\$ 710,033</b>	<b>\$ 633,498</b>	<b>\$ 573,821</b>
<b>Total Market Capitalization</b>	<b>\$ 1,330,696</b>	<b>\$ 1,297,019</b>	<b>\$ 1,286,039</b>	<b>\$ 1,242,519</b>	<b>\$ 1,132,627</b>
<b>Debt to Total Market Capitalization</b>	<b>53.2%</b>	<b>54.4%</b>	<b>55.2%</b>	<b>51.0%</b>	<b>50.7%</b>
<b>Debt to Undepreciated Book Value of Real Estate Assets</b>	<b>61.6%</b>	<b>62.1%</b>	<b>62.8%</b>	<b>59.9%</b>	<b>57.4%</b>

(1) Net of 166,600 treasury shares as of March 31, 2003.

**Quarterly Valuation Analysis**  
(Dollars in thousands except per share data and ratios)

	2003	2002			
	March 31	December 31	September 30	June 30	March 31

Quarter End Common Stock Price	\$	14.90	\$	14.03	\$	13.55	\$	14.59	\$	13.10
NOI Multiple										
(Market value of Common Equity + Avg. Preferred Share/Units+ Avg. Total Debt) / Ann. NOI		11.85x		10.84x		11.78x		10.94x		11.60x
EBITDA Multiple										
(Market value of Common Equity + Avg. Preferred Share/Units + Avg. Total Debt) / Ann. EBITDA		12.56x		11.52x		11.73x		11.81x		12.29x
FFO Multiple										
(Quarter End Common Share Price / Ann. FFO — diluted)		10.19x		9.10x		9.41x		9.93x		9.90x
AFFO Multiple										
(Quarter End Common Share Price / Ann. AFFO — diluted)		15.19x		11.26x		12.00x		13.68x		12.05x
NOI Yield										
(Ann. NOI / (Market value of Common Equity + Avg. Preferred Share/Units + Avg. Debt))		8.44%		9.22%		8.49%		9.14%		8.62%
EBITDA Yield										
(Ann. EBITDA / (Market value of Common Equity + Avg. Preferred Share/Units + Avg. Debt))		7.96%		8.68%		8.53%		8.46%		8.14%
FFO Yield										
(Ann. FFO / Quarter End Common Share Price)		9.81%		10.98%		10.63%		10.07%		10.10%
AFFO Yield										
(Ann. AFFO / Quarter End Common Share Price)		6.58%		8.88%		8.34%		7.31%		8.30%
Total Market Capitalization Per Square Foot										
((Market Value of Common Stock + Preferred Share/Units + Total Debt) / GLA) <sup>(1)</sup>	\$	146.75	\$	145.06	\$	142.91	\$	147.84	\$	145.61
<b>RETURNS</b>										
Yield on Real Estate Owned — NOI										
(Ann. NOI / Avg. Adjusted Gross Real Estate Investment) <sup>(2)</sup>		10.41%		11.01%		10.18%		11.52%		10.75%
Yield on Real Estate Owned — EBITDA										
(Ann. EBITDA / Avg. Adjusted Gross Real Estate Investment) <sup>(2)</sup>		9.82%		10.37%		10.23%		10.67%		10.14%
Return on Book Value of Average Equity & Minority Interest										
(Ann. EBTDA / Avg. Equity & Minority Interest)		17.00%		17.60%		16.58%		17.00%		15.25%

(1) Excludes square footage of assets under development, under construction or held in a joint venture.

(2) Excludes land development, construction in progress and investment in development real estate joint ventures as these assets are not yet income generating.

### Quarterly Debt Analysis (Dollars in thousands)

	2003		2002				
	March 31		December 31	September 30	June 30	March 31	
<b>Debt Outstanding</b>							
Mortgage Loans	\$	577,380	\$	565,486	\$	564,522	\$ 489,145 \$ 462,287
Construction Loans		12,710		11,570		20,511	18,553 17,534
Revolving Credit Facility		18,900		—		—	—
Secured Revolving Credit Facility		99,000		128,000		125,000	125,800 94,000
	\$	707,990	\$	705,056	\$	710,033	\$ 633,498 \$ 573,821
<b>Average Outstanding Balance</b>							
Mortgage Loans	\$	575,078	\$	563,904	\$	537,954	\$ 467,885 \$ 452,987
Construction Loans		12,353		18,011		20,144	18,273 17,431
Revolving Credit Facility		9,574		—		—	—
Secured Revolving Credit Facility		127,052		126,645		122,685	121,403 108,581
	\$	724,057	\$	708,560	\$	680,783	\$ 607,561 \$ 578,999
<b>Interest Rate Structure</b>							
Fixed	\$	496,084	\$	481,121	\$	433,931	\$ 391,906 \$ 340,037
Variable		111,906		123,935		176,102	141,592 83,784
Variable Subject to Interest Rate Protection <sup>(1-4)</sup>		100,000		100,000		100,000	100,000 150,000
	\$	707,990	\$	705,056	\$	710,033	\$ 633,498 \$ 573,821
% of Fixed Rate Loans <sup>(5)</sup>		84.19%		82.42%		75.20%	77.65% 85.40%
% of Variable Rate Loans		15.81%		17.58%		24.80%	22.35% 14.60%

	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Average Interest Rates</b>					
Mortgage & Construction Loans	6.38%	6.36%	6.40%	6.40%	6.37%
Revolving Credit Facility	3.25%	n/a	n/a	n/a	n/a
Secured Revolving Credit Facility	3.58%	6.64%	6.79%	6.86%	7.21%
Total Weighted Average	5.90%	6.41%	6.51%	6.47%	6.52%
<b>Debt Ratios</b>					
Debt to Total Market Capitalization	53.2%	54.4%	55.2%	51.0%	50.7%
Debt to Undepreciated Book Value of Real Estate Assets	61.6%	62.1%	62.8%	59.9%	57.4%
<b>Coverage Ratios (excluding capitalized interest)</b>					
Interest Coverage — NOI (NOI / Interest)	2.78x	2.71x	2.52x	3.06x	2.84x
Interest Coverage — EBITDA (EBITDA / Interest)	2.62x	2.55x	2.54x	2.83x	2.68x
Interest Coverage — EBITDA — YTD (EBITDA / Interest — Year-to-date)	2.62x	2.64x	2.67x	2.76x	2.68x
Debt Service Coverage — NOI (NOI / (Interest + Principal Amortization))	2.30x	2.31x	2.02x	2.62x	2.45x
Debt Service Coverage — EBITDA (EBITDA / (Interest + Principal Amortization))	2.17x	2.18x	2.03x	2.42x	2.31x
Fixed Charge Coverage — NOI (NOI / (Interest + Preferred Distribution))	2.13x	2.12x	1.95x	2.28x	2.09x
Fixed Charge Coverage — EBITDA (EBITDA / (Interest + Preferred Distribution))	2.01x	1.99x	1.96x	2.11x	1.97x

- (1) We purchased a \$50 million 2-year cap on LIBOR at a rate of 7.0% which expired May 31, 2002.
- (2) We executed a \$100 million notional amount swap exchanging 30-day floating LIBOR for LIBOR of 5.76% which expired January 2, 2003.
- (3) We executed a \$50 million notional amount swap exchanging 30-day floating LIBOR for LIBOR of 2.308% which expires January 3, 2005.
- (4) We executed a \$50 million notional amount swap exchanging 30-day floating LIBOR for LIBOR of 1.52% which expires January 7, 2004.
- (5) Includes interest rate protection agreements.

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

	2003		2002		
	March 31	December 31	September 30	June 30	March 31
<b>OPERATING RATIOS</b>					
NOI as a % of Real Estate Revenues (NOI / (Rental Revenue + Oper. Expense Reimb.))	66.99%	70.78%	68.33%	72.87%	70.65%
EBITDA as a % of Real Estate Revenues (EBITDA / (Rental Revenue + Oper. Expense Reimb.))	63.21%	66.64%	68.64%	67.46%	66.65%
G&A as a % of Real Estate Revenues (G&A / (Rental Revenue + Oper. Expense Reimb.))	4.59%	4.18%	2.09%	5.08%	6.25%
G&A as a % of EBITDA (G&A / EBITDA)	7.27%	6.28%	3.04%	7.54%	9.38%
Quarter end occupancy for operating portfolio	90.85%	93.05%	93.98%	94.10%	93.92%
Quarter end % leased for operating portfolio	92.77%	93.75%	94.37%	95.07%	94.70%
Non-Incremental Capital Expenditures	\$ 2,756	\$ 1,991	\$ 1,649	\$ 1,382	\$ 1,618
Non-Incremental Capital Expenditures per average square foot	\$ 0.31	\$ 0.22	\$ 0.19	\$ 0.17	\$ 0.21
Non-Incremental Capital Expenditures as a % of NOI	9.70%	6.64%	6.18%	4.97%	6.60%

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**Quarterly Dividend Analysis**

	2003		2002		
	March 31	December 31	September 30	June 30	March 31
<b>Common Share Dividends</b>					
Dividends per share/unit	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.21	\$ 0.21

Increase over prior quarter	0.0%	0.0%	4.8%	0.0%	0.0%
Increase over prior year	4.8%	4.8%	4.8%	5.0%	5.0%
<b>Common Dividend Payout Ratios</b>					
Payout — FFO — Diluted	58.1%	55.1%	58.9%	55.3%	64.3%
((Dividend + Distributions)/FFO)					
Payout — AFFO — Diluted	86.5%	68.1%	75.1%	76.1%	78.2%
(Dividend /FAD)					
Dividend Coverage — FFO — Diluted	1.72x	1.82x	1.70x	1.81x	1.56x
(FFO /dividends)					
Dividend Coverage — AFFO — Diluted	1.16x	1.47x	1.33x	1.31x	1.28x
(AFFO /dividends)					
<b>Common Dividend Yields</b>					
Dividend Yield	5.91%	6.27%	6.49%	5.76%	6.41%
<b>Series C Preferred Unit Distributions</b>					
Preferred Unit Distributions Per Share	\$ 0.56250	\$ 0.56250	\$ 0.56250	\$ 0.56250	\$ 0.56250
Preferred Unit Distributions Yield	9.00%	9.00%	9.00%	9.00%	9.00%
Quarter End Liquidation Preference	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00
<b>Series B Preferred Share Dividends</b>					
Preferred Share Dividends Per Share	\$ 0.62500	\$ 0.62500	\$ 0.62500	\$ 0.62500	\$ 0.62500
Preferred Share Dividend Yield	10.00%	10.00%	10.00%	10.00%	10.00%
Quarter End Liquidation Preference	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00
<b>Series D Preferred Share Dividends</b>					
Preferred Share Dividends Per Share	\$ 0.25000	\$ 0.25000	\$ 0.25000	\$ 0.25000	\$ 0.25000
Preferred Share Dividend Yield	4.00%	4.00%	4.00%	4.00%	4.00%
Quarter End Liquidation Preference	\$ 25.00	\$ 25.00	\$ 25.00	\$ 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 Liquidation Preference	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00
<b>Series F Preferred Share Dividends</b>					
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 Liquidation Preference	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00

**Investor Composition and Analyst Coverage**  
(as of March 31, 2003)

	Common Shares	Common Units	As if Converted Preferred Shares/Units	Total	Fully Diluted Ownership % of Total
<b>SHAREHOLDER CLASSIFICATION</b>					
Insiders	894,407	7,734,558	—	8,628,965	23.72%
Institutional Ownership	14,816,220	—	3,617,472	18,433,692	50.68%
Other / Retail	8,055,151	1,255,291	—	9,310,442	25.60%
	23,765,778	8,989,849	3,617,472	36,373,099	100.00%
	March 31, 2003	December 31, 2002	September 30, 2002	June 30, 2002	March 31, 2002

**RESEARCH COVERAGE**

A. G. Edwards	x	x	x	x	x
BB&T Capital Markets	n/a	x	x	x	x
Credit Suisse First Boston	x	x	x	x	x
Deutsche Banc Alex. Brown	x	x	x	x	x
Ferris, Baker Watts, Incorporated	x	x	x	x	x
Legg Mason Wood Walker, Inc.	x	x	x	x	x
McDonald Investments	x	x	x	x	x
Mercury Partners, LLC	x	x	x	x	n/a

Raymond James	x	x	n/a	n/a	n/a
Wachovia Securities	x	x	n/a	n/a	n/a

Source: Institutional ownership was obtained from filed Forms 13(f) as of December 31, 2002 per Vickers Stock Research Corporation.

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**Debt Maturity Schedule — March 31, 2003**  
(Dollars in thousands)

Year of Maturity	Mortgages <sup>(1)</sup>		Construction Loan <sup>(2)</sup>		\$25,000 Revolving Credit Facility <sup>(3)</sup>	\$150,000 Secured Revolving Credit Facility <sup>(4)</sup>	Total Scheduled Payments
	Annual Amortization of Monthly Payments	Due on Maturity	Annual Amortization of Monthly Payments	Due on Maturity			
April - December 2003	\$ 7,441	\$ 6,360	\$ —	\$ 12,710	\$ —	\$ —	\$ 26,511
2004	14,279	73,154	—	—	18,900	—	106,333
2005	13,576	41,567	—	—	—	99,000	154,143
2006	13,322	59,975	—	—	—	—	73,297
2007	14,333	51,346	—	—	—	—	65,679
2008	6,536	142,837	—	—	—	—	149,373
2009	3,095	52,056	—	—	—	—	55,151
2010	2,148	12,461	—	—	—	—	14,609
2011	2,226	—	—	—	—	—	2,226
2012	2,006	21,586	—	—	—	—	23,592
2013	—	37,076	—	—	—	—	37,076
	<u>\$ 78,962</u>	<u>\$ 498,418</u>	<u>\$ —</u>	<u>\$ 12,710</u>	<u>\$ 18,900</u>	<u>\$ 99,000</u>	<u>\$ 707,990</u>

Notes:

- (1) Certain mortgages contain extension options, generally either for a period of six months or one year, subject to certain conditions. The above table reflects these maturities as if the mortgages have already been extended.
- (2) The construction loan balance as of March 31, 2003 represents the outstanding balance as of that date.
- (3) The Revolving Credit Facility matures January 23, 2005. However, each individual draw matures one year from the date of the advance.
- (4) We have the right to extend the Secured Revolving Credit Facility for a one-year period, subject to certain conditions, upon maturity in March 2004. The extended maturity date has been presented above.

We have the following interest rate protection agreements in place:

\$50 million notional amount swap of one-month LIBOR at 2.3075%, commencing in January 2003 and expiring in January 2005.

\$50 million notional amount swap of one-month LIBOR at 1.52%, commencing in January 2003 and expiring in January 2004.

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**Property Summary by Region — March 31, 2003**

Operating Property Count		Owned or Joint Venture (JV)	Submarket	State	Year Built or Renovated	Single Story (S) or Multi-story (M)	Total Operational Square Feet	Total Square Feet Under Development
<b>Office Properties</b>								
<b>Baltimore /Washington Corridor</b>								
1	2730 Hercules Road	Owned	BWI Airport	MD	1990	M	240,336	
2	2500 Riva Road	Owned	BWI Airport	MD	2000	M	155,000	
3	2711 Technology Drive (211 NBP)	Owned	BWI Airport	MD	2002	M	152,000	
	140 National Business Parkway	JV	BWI Airport	MD		M		119,904
4	132 National Business Parkway	Owned	BWI Airport	MD	2000	M	118,456	
5	2721 Technology Drive (221 NBP)	Owned	BWI Airport	MD	2000	M	118,093	
6	2701 Technology Drive (201 NBP)	Owned	BWI Airport	MD	2001	M	117,450	
7	1306 Concourse Drive	Owned	BWI Airport	MD	1990	M	114,046	
8	1304 Concourse Drive	Owned	BWI Airport	MD	2002	M	102,964	
9	870-880 Elkridge Landing Road	Owned	BWI Airport	MD	1981	M	101,785	
10	900 Elkridge Landing Road	Owned	BWI Airport	MD	1982	M	97,261	
11	1199 Winterson Road	Owned	BWI Airport	MD	1988	M	96,636	
12	920 Elkridge Landing Road	Owned	BWI Airport	MD	1982	M	96,566	
13	134 National Business Parkway	Owned	BWI Airport	MD	1999	M	93,482	
14	133 National Business Parkway	Owned	BWI Airport	MD	1997	M	88,666	
15	141 National Business Parkway	Owned	BWI Airport	MD	1990	M	87,318	
16	135 National Business Parkway	Owned	BWI Airport	MD	1998	M	86,863	

17	1302 Concourse Drive	Owned	BWI Airport	MD	1996	M	84,607	
18	7467 Ridge Road	Owned	BWI Airport	MD	1990	M	74,273	
19	7240 Parkway Drive	Owned	BWI Airport	MD	1985	M	74,162	
20	881 Elkridge Landing Road	Owned	BWI Airport	MD	1986	M	73,572	
21	1099 Winterson Road	Owned	BWI Airport	MD	1988	M	71,076	
22	131 National Business Parkway	Owned	BWI Airport	MD	1990	M	69,039	
23	849 International Drive	Owned	BWI Airport	MD	1988	M	68,758	
24	1190 Winterson Road	Owned	BWI Airport	MD	1987	M	68,567	
25	911 Elkridge Landing Road	Owned	BWI Airport	MD	1985	M	68,296	
26	1201 Winterson Road	Owned	BWI Airport	MD	1985	M	67,903	
27	999 Corporate Boulevard	Owned	BWI Airport	MD	2000	M	67,351	
28	7318 Parkway Drive	Owned	BWI Airport	MD	1984	M	59,204	
29	901 Elkridge Landing Road	Owned	BWI Airport	MD	1984	M	57,308	
30	7320 Parkway Drive	Owned	BWI Airport	MD	1983	S	57,176	
31	900 International Drive	Owned	BWI Airport	MD	1986	S	57,140	
32	930 International Drive	Owned	BWI Airport	MD	1986	S	57,140	
33	891 Elkridge Landing Road	Owned	BWI Airport	MD	1984	M	56,489	
34	921 Elkridge Landing Road	Owned	BWI Airport	MD	1983	M	54,175	
35	939 Elkridge Landing Road	Owned	BWI Airport	MD	1983	M	53,031	
36	938 Elkridge Landing Road	Owned	BWI Airport	MD	1984	M	52,988	
37	940 Elkridge Landing Road	Owned	BWI Airport	MD	1984	M	51,704	
38	800 International Drive	Owned	BWI Airport	MD	1988	S	50,979	
39	1340 Ashton Road	Owned	BWI Airport	MD	1989	S	46,400	
40	7321 Parkway Drive	Owned	BWI Airport	MD	1984	S	39,822	
41	1334 Ashton Road	Owned	BWI Airport	MD	1989	S	37,565	
42	1331 Ashton Road	Owned	BWI Airport	MD	1989	S	29,936	
43	1350 Dorsey Road	Owned	BWI Airport	MD	1989	S	19,992	
44	1344 Ashton Road	Owned	BWI Airport	MD	1989	M	17,061	
45	1341 Ashton Road	Owned	BWI Airport	MD	1989	S	15,841	
46	1343 Ashton Road	Owned	BWI Airport	MD	1989	S	9,962	
47	114 National Business Parkway	Owned	BWI Airport	MD	2002	S	9,717	
Subtotal (continued on next page)							3,488,156	119,904

## Property Summary by Region — March 31, 2003

Operating Property Count		Owned or Joint Venture (JV)	Submarket	State	Year Built or Renovated	Single Story (S) or Multi-story (M)	Total Operational Square Feet	Total Square Feet Under Development
Subtotal (continued from prior page)							3,488,156	119,904
48	7200 Riverwood Drive	Owned	Howard Co. Perimeter	MD	1986	S	160,000	
49	9140 Route 108	Owned	Howard Co. Perimeter	MD	1985	S	150,000	
50	7000 Columbia Gateway Drive	Owned	Howard Co. Perimeter	MD	1999	M	145,806	
51	6731 Columbia Gateway Drive	Owned	Howard Co. Perimeter	MD	2002	M	123,743	
52	6940 Columbia Gateway Drive	Owned	Howard Co. Perimeter	MD	1999	M	108,847	
53	6950 Columbia Gateway Drive	Owned	Howard Co. Perimeter	MD	1998	M	107,778	
54	7067 Columbia Gateway Drive	Owned	Howard Co. Perimeter	MD	2001	M	82,953	
55	6750 Alexander Bell Drive	Owned	Howard Co. Perimeter	MD	2001	M	78,460	
56	6700 Alexander Bell Drive	Owned	Howard Co. Perimeter	MD	1988	M	75,650	
57	6740 Alexander Bell Drive	Owned	Howard Co. Perimeter	MD	1992	M	61,957	
58	8671 Robert Fulton Drive	JV	Howard Co. Perimeter	MD	2002	M	56,350	
59	6716 Alexander Bell Drive	Owned	Howard Co. Perimeter	MD	1990	M	52,002	
60	8661 Robert Fulton Drive	JV	Howard Co. Perimeter	MD	2002	M	49,500	
61	9140 Guilford Road	Owned	Howard Co. Perimeter	MD	1983	S	41,704	
62	7065 Columbia Gateway Drive	Owned	Howard Co. Perimeter	MD	2000	S	38,560	
63	7063 Columbia Gateway Drive	Owned	Howard Co. Perimeter	MD	2000	S	36,936	
64	9160 Guilford Road	Owned	Howard Co. Perimeter	MD	1984	M	36,528	
65	6760 Alexander Bell Drive	Owned	Howard Co. Perimeter	MD	1991	M	36,309	
66	6708 Alexander Bell Drive	Owned	Howard Co. Perimeter	MD	1988	M	35,040	
67	7061 Columbia Gateway Drive	Owned	Howard Co. Perimeter	MD	2000	M	29,604	
68	6724 Alexander Bell Drive	Owned	Howard Co. Perimeter	MD	2002	M	28,420	
69	9150 Guilford Road	Owned	Howard Co. Perimeter	MD	1984	S	17,655	
70	9130 Guilford Road	Owned	Howard Co. Perimeter	MD	1984	S	13,700	—
Total Baltimore / Washington Corridor							5,055,658	119,904
Suburban Maryland								
1	11800 Tech Road	Owned	North Silver Spring	MD	1989	M	235,866	
2	14502 Greenview Drive	Owned	Laurel	MD	1988	M	71,926	
3	14504 Greenview Drive	Owned	Laurel	MD	1985	M	69,194	
	Forbes Boulevard — Phase II	JV	Lanham	MD		M	—	55,757
Total Suburban Maryland							376,986	55,757
Northern Virginia								
1	15000 Conference Center Drive	Owned	Chantilly	VA	1989	M	470,406	
2	15059 Conference Center Drive	Owned	Chantilly	VA	2000	M	145,192	
3	15049 Conference Center Drive	Owned	Chantilly	VA	1997	M	145,053	—
Total Northern Virginia							760,651	—
Other								
1	9690 Deereco Road	Owned	North Baltimore Co.	MD	1988	M	133,737	
2	375 West Padonia Road	Owned	North Baltimore Co.	MD	1986	M	101,133	
3	1615 and 1629 Thames Street	Owned	Baltimore City	MD	1989	M	101,115	



Total Other

335,985

## Property Summary by Region — March 31, 2003

Operating Property Count		Owned or Joint Venture (JV)	Submarket	State	Year Built or Renovated	Single Story (S) or Multi-story (M)	Total Operational Square Feet	Total Square Feet Under Development
<b>Greater Philadelphia</b>								
1	753 Jolly Road	Owned	Blue Bell	PA	1992	M	419,472	
2	785 Jolly Road	Owned	Blue Bell	PA	1996	M	219,065	
3	760 Jolly Road	Owned	Blue Bell	PA	1994	M	208,854	
4	751 Jolly Road	Owned	Blue Bell	PA	1991	M	112,958	
<b>Total Greater Philadelphia</b>							<b>960,349</b>	
<b>Greater Harrisburg</b>								
1	2605 Interstate Drive	Owned	East Shore	PA	1990	M	81,187	
2	6345 Flank Drive	Owned	East Shore	PA	1989	S	69,443	
3	6340 Flank Drive	Owned	East Shore	PA	1988	S	68,200	
4	2601 Market Place	Owned	East Shore	PA	1989	M	66,224	
5	6400 Flank Drive	Owned	East Shore	PA	1992	S	52,439	
6	6360 Flank Drive	Owned	East Shore	PA	1988	S	46,500	
7	6385 Flank Drive	Owned	East Shore	PA	1995	S	32,921	
8	6380 Flank Drive	Owned	East Shore	PA	1991	S	32,613	
9	6405 Flank Drive	Owned	East Shore	PA	1991	S	32,000	
10	95 Shannon Road	Owned	East Shore	PA	1999	S	21,976	
11	75 Shannon Road	Owned	East Shore	PA	1999	S	20,887	
12	6375 Flank Drive	Owned	East Shore	PA	2000	S	19,783	
13	85 Shannon Road	Owned	East Shore	PA	1999	S	12,863	
14	5035 Ritter Road	Owned	West Shore	PA	1988	S	56,556	
15	5070 Ritter Road — Building A	Owned	West Shore	PA	1989	S	32,309	
16	5070 Ritter Road — Building B	Owned	West Shore	PA	1989	S	28,039	
<b>Total Greater Harrisburg</b>							<b>673,940</b>	
<b>Northern/Central New Jersey</b>								
1	431 Ridge Road	Owned	Exit 8A — Cranbury	NJ	1998	S	170,000	
2	429 Ridge Road	Owned	Exit 8A — Cranbury	NJ	1996	M	142,385	
3	68 Culver Road	Owned	Exit 8A — Cranbury	NJ	2000	M	57,280	
4	104 Interchange Plaza	Owned	Exit 8A — Cranbury	NJ	1990	M	47,677	
5	101 Interchange Plaza	Owned	Exit 8A — Cranbury	NJ	1985	M	43,621	
6	47 Commerce	Owned	Exit 8A — Cranbury	NJ	1998	S	41,398	
7	437 Ridge Road	Owned	Exit 8A — Cranbury	NJ	1996	S	30,000	
8	7 Centre Drive	Owned	Exit 8A — Cranbury	NJ	1986	S	19,468	
9	8 Centre Drive	Owned	Exit 8A — Cranbury	NJ	1989	S	16,199	
10	2 Centre Drive	Owned	Exit 8A — Cranbury	NJ	1989	S	16,132	
11	4301 Route 1	Owned	Monmouth Junction	NJ	1986	M	61,311	
12	695 Route 46	JV	Wayne	NJ	1990	M	157,394	
13	710 Route 46	Owned	Wayne	NJ	1985	M	101,263	
<b>Total Northern / Central New Jersey</b>							<b>904,128</b>	
112	<b>TOTAL PORTFOLIO</b>						<b>9,067,697</b>	<b>175,661</b>

## Property Occupancy Rates by Region by Quarter

	Greater Philadelphia	Baltimore/ Washington Corridor	Northern/ Central New Jersey	Greater Harrisburg	Northern Virginia	Suburban Maryland	Other	Total Portfolio
<b>March 31, 2003</b>								
Number of Buildings	4	70	13	16	3	3	3	112
Rentable Square Feet	960,349	5,055,658	904,128	673,940	760,651	376,986	335,985	9,067,697
Percent Occupied	100.00%	87.47%	93.02%	91.14%	99.12%	89.14%	92.45%	90.85%
<b>December 31, 2002</b>								
Number of Buildings	4	67	13	16	3	4	3	110
Rentable Square Feet	960,349	4,744,691	904,142	673,940	760,651	558,754	338,985	8,941,512
Percent Occupied	100.00%	91.30%	93.67%	90.65%	98.32%	93.24%	88.75%	93.05%

**September 30, 2002**

Number of Buildings	4	68	13	16	3	4	3	111
Rentable Square Feet	960,349	4,800,253	903,972	675,338	760,651	559,329	338,985	8,998,877
Percent Occupied	100.00%	92.60%	95.38%	91.46%	98.32%	93.53%	88.75%	93.98%

**June 30, 2002**

Number of Buildings	4	68	13	16	1	3	3	108
Rentable Square Feet	960,349	4,732,483	903,972	675,338	470,406	322,888	338,985	8,404,421
Percent Occupied	100.00%	93.30%	94.82%	90.31%	99.56%	92.03%	88.45%	94.10%

**March 31, 2002**

Number of Buildings	4	59	13	16	1	3	3	99
Rentable Square Feet	960,349	4,107,811	903,972	674,686	470,406	322,835	338,224	7,778,283
Percent Occupied	100.00%	92.78%	93.88%	89.83%	99.56%	94.06%	90.73%	93.92%

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**Top Twenty Office Tenants as of March 31, 2003**  
(Dollars and square feet in thousands)

Tenant		Number of Leases	Total Occupied Square Feet	Percentage of Total Occupied Square Feet	Total Rental Revenue <sup>(1)</sup>	Percentage of Total Rental Revenue	Weighted Average Remaining Lease Term <sup>(2)</sup>
United States of America	(3)	25	1,092,529	13.3%	\$ 20,550	13.6%	4.9
Computer Sciences Corporation	(4)	3	427,147	5.2%	9,871	6.5%	7.9
AT&T Local Services	(4)	7	451,498	5.5%	9,028	6.0%	5.3
Unisys	(5)	3	741,284	9.0%	7,593	5.0%	6.3
General Dynamics Government Corp.		4	181,097	2.2%	4,385	2.9%	5.8
Booz Allen Hamilton		6	185,776	2.3%	3,961	2.6%	2.6
Ciena Corporation	(6)	4	278,749	3.4%	3,874	2.6%	3.2
The Aerospace Corporation		1	133,691	1.6%	3,298	2.2%	9.3
Northrop Grumman Corporation		3	138,031	1.7%	3,290	2.2%	4.9
Magellan Health Services, Inc.		2	150,622	1.8%	3,282	2.2%	0.8
The Boeing Company	(4)	6	129,300	1.6%	3,185	2.1%	6.1
Commonwealth of Pennsylvania	(4)	9	185,290	2.2%	2,661	1.8%	5.4
Merck & Co., Inc.		1	219,065	2.7%	2,281	1.5%	6.3
Johns Hopkins University	(4)	5	96,152	1.2%	2,137	1.4%	4.4
CareFirst, Inc. and Subsidiaries	(4)	3	94,223	1.1%	2,040	1.3%	4.8
USinternetworking, Inc.		1	155,000	1.9%	1,935	1.3%	15.0
Comcast Corporation		1	98,897	1.2%	1,577	1.0%	6.5
Sun Microsystems, Inc.		2	60,730	0.7%	1,559	1.0%	2.8
Lockheed Martin Corporation		2	75,829	0.9%	1,448	1.0%	1.9
First American Credit Management Solutions		1	70,982	0.9%	1,416	0.9%	5.7
<b>Subtotal Top 20 Office Tenants</b>		<b>89</b>	<b>4,965,892</b>	<b>60.3%</b>	<b>89,372</b>	<b>58.9%</b>	<b>5.5</b>
All remaining tenants		369	3,272,425	39.7%	62,239	41.1%	3.2
<b>Total/Weighted Average</b>		<b>458</b>	<b>8,238,317</b>	<b>100.0%</b>	<b>\$ 151,611</b>	<b>100.0%</b>	<b>4.5</b>

(1) Total Rental Revenue is the monthly contractual base rent as of March 31, 2003 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.

(6) In addition to the 278,749 square feet directly leased, Ciena Corporation also subleases 44,890 rentable square feet from various tenants in our portfolio over different lease terms.

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**Total Rental Revenue by Geographic Region by Quarter <sup>(1)</sup>**  
(Dollars in thousands)

	2003		2002			
	March 31	December 31	September 30	June 30	March 31	
<b>Office Properties:</b>						
Baltimore/Washington Corridor	\$ 22,848	\$ 23,973	\$ 21,152	\$ 22,721	\$ 18,984	
Northern Virginia	5,860	4,964	3,777	2,741	2,768	
Northern/Central New Jersey	4,522	4,286	5,175	4,604	4,921	
Greater Philadelphia	2,506	2,506	2,506	2,506	2,506	
Greater Harrisburg	2,493	2,349	2,406	2,390	2,407	
Suburban Maryland	2,482	2,586	2,339	1,563	1,506	
Other	1,604	1,624	1,563	1,534	1,552	
<b>Total Regional Rental Revenue</b>	<b>\$ 42,315</b>	<b>\$ 42,288</b>	<b>\$ 38,918</b>	<b>\$ 38,059</b>	<b>\$ 34,644</b>	

(1) Rental revenue represents GAAP revenue including operating expense reimbursements, straight line rent adjustments, SFAS 141 revenues and tenant services income.

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

	2003		2002			
	March 31	December 31	September 30	June 30	March 31	
<b>Office Properties:</b>						
Baltimore/Washington Corridor	\$ 14,821	\$ 17,216	\$ 14,382	\$ 17,038	\$ 13,471	
Northern Virginia	3,977	3,175	2,304	1,630	1,678	
Northern/Central New Jersey	2,893	2,774	3,145	2,930	3,213	
Greater Philadelphia	2,472	2,468	2,468	2,473	2,466	
Greater Harrisburg	1,746	1,640	1,802	1,738	1,810	
Suburban Maryland	1,458	1,621	1,425	885	870	
Other	945	1,017	1,032	1,010	944	
<b>Total Regional NOI</b>	<b>\$ 28,312</b>	<b>\$ 29,911</b>	<b>\$ 26,558</b>	<b>\$ 27,704</b>	<b>\$ 24,452</b>	
Other income / expenses, net	98	76	112	104	80	
<b>Total NOI</b>	<b>\$ 28,410</b>	<b>\$ 29,987</b>	<b>\$ 26,670</b>	<b>\$ 27,808</b>	<b>\$ 24,532</b>	

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

	2003		2002			
	March 31	December 31	September 30	June 30	March 31	
<b>Office Properties: <sup>(1)</sup></b>						
Greater Philadelphia	\$ 2,434	\$ 2,430	\$ 2,430	\$ 2,387	\$ 2,380	
Baltimore/Washington Corridor	10,987	14,504	11,370	13,430	12,697	
Northern/Central New Jersey	2,454	2,208	2,629	2,418	2,690	
Greater Harrisburg	1,731	1,638	1,788	1,709	1,748	
Suburban Maryland	217	207	374	315	224	
Northern Virginia	2,696	1,701	1,542	1,538	1,583	
Other	933	1,005	1,011	988	961	
<b>Total Office Properties</b>	<b>\$ 21,452</b>	<b>\$ 23,693</b>	<b>\$ 21,144</b>	<b>\$ 22,785</b>	<b>\$ 22,283</b>	

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

	2003		2002			
	March 31	December 31	September 30	June 30	March 31	
<b>Office Properties: <sup>(1)</sup></b>						
Greater Philadelphia	\$ 2,472	\$ 2,468	\$ 2,468	\$ 2,473	\$ 2,466	
Baltimore/Washington Corridor	11,810	14,373	11,471	15,022	12,801	
Northern/Central New Jersey	2,495	2,250	2,671	2,438	2,706	
Greater Harrisburg	1,745	1,639	1,801	1,741	1,809	
Suburban Maryland	218	203	369	320	229	
Northern Virginia	2,851	1,762	1,604	1,630	1,678	
Other	945	1,017	1,032	1,010	944	
<b>Total Office Properties</b>	<b>\$ 22,536</b>	<b>\$ 23,712</b>	<b>\$ 21,416</b>	<b>\$ 24,634</b>	<b>\$ 22,633</b>	

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

Average Occupancy Rates by Region for Same Office Properties <sup>(1)</sup>

	Greater Philadelphia	Baltimore/ Washington Corridor	Northern/ Central New Jersey	Greater Harrisburg	Suburban Maryland	Northern Virginia	Other	Total Office
<b>1st Quarter 2003 Average</b>								
Number of Buildings	4	55	12	16	2	1	3	93
Rentable Square Feet	960,349	3,948,284	746,734	673,940	141,120	470,406	336,985	7,277,818
Percent Occupied	100.00%	89.88%	93.04%	90.52%	71.74%	99.56%	90.08%	91.88%
<b>4th Quarter 2002 Average</b>								
Number of Buildings	4	55	12	16	2	1	3	93
Rentable Square Feet	960,349	3,947,744	746,700	674,446	141,120	470,406	338,985	7,279,750
Percent Occupied	100.00%	91.24%	93.84%	90.21%	73.25%	99.56%	88.75%	90.77%
<b>3rd Quarter 2002 Average</b>								
Number of Buildings	4	55	12	16	2	1	3	93
Rentable Square Feet	960,349	3,948,341	746,578	675,338	141,120	470,406	338,985	7,281,117
Percent Occupied	100.00%	90.27%	95.19%	90.69%	83.24%	99.56%	89.27%	90.64%
<b>2nd Quarter 2002 Average</b>								
Number of Buildings	4	55	12	16	2	1	3	93
Rentable Square Feet	960,349	3,945,271	746,578	674,916	141,085	470,406	338,697	7,277,302
Percent Occupied	100.00%	92.15%	93.98%	89.96%	85.35%	99.56%	88.50%	91.47%
<b>1st Quarter 2002 Average</b>								
Number of Buildings	4	55	12	16	2	1	3	93
Rentable Square Feet	960,349	3,941,564	746,578	674,686	141,067	470,406	338,224	7,272,874
Percent Occupied	100.00%	93.33%	94.20%	90.48%	85.15%	99.56%	93.77%	92.43%

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

## Office Lease Expiration Analysis by Year

Year of Lease Expiration <sup>(1)</sup>	Number of Leases Expiring	Square Footage of Leases Expiring	Percentage of Total Occupied Square Feet	Total Rental Revenue of Expiring Leases <sup>(2)</sup>	Percentage of Total Rental Revenue Expiring	Total Rental Revenue of Expiring Leases per Occupied Square Foot
(000s)						
April - December 2003	81	687,017	8.3%	\$ 13,645	9.0%	\$ 19.86
2004	75	849,463	10.3%	16,246	10.7%	19.13
2005	83	812,321	9.9%	15,465	10.2%	19.04
2006	61	860,902	10.4%	15,470	10.2%	17.97
2007	70	1,273,266	15.5%	25,200	16.6%	19.79
2008	29	804,770	9.8%	17,394	11.5%	21.61
2009	17	1,366,183	16.6%	17,024	11.2%	12.46
2010	14	714,859	8.7%	15,755	10.4%	22.04
2011	3	71,501	0.9%	1,762	1.2%	24.64
2012	7	428,474	5.2%	9,622	6.3%	22.46
2013	3	159,169	1.9%	2,040	1.3%	12.81
2014	—	—	0.0%	—	0.0%	0.00
2015	—	—	0.0%	—	0.0%	0.00
2016	—	—	0.0%	—	0.0%	0.00
2017	—	—	0.0%	—	0.0%	0.00
2018	1	155,000	1.9%	1,935	1.3%	12.48
Other <sup>(3)</sup>	14	55,392	0.7%	53	0.0%	0.95
<b>Total/Weighted Average</b>	<b>458</b>	<b>8,238,317</b>	<b>100.0%</b>	<b>\$ 151,611</b>	<b>100.0%</b>	<b>\$ 19.12</b>

NOTE: As of March 31, 2003, the weighted average lease term is 4.5 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 Rental Revenue is the monthly contractual base rent as of March 31, 2003 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 are included in this line item as the exact expiration date is unknown.

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### Quarterly Office Renewal Analysis

	Baltimore/ Washington Corridor	Northern/ Central New Jersey	Greater Harrisburg	Suburban Maryland	Other	Northern Virginia	Total Office
<b>Quarter Ended March 31, 2003:</b>							
Expiring Square Feet	63,755	13,259	13,824	11,926	10,320	—	113,084
Vacated Square Feet	46,462	9,927	2,501	11,926	—	—	70,816
Renewed Square Feet	17,293	3,332	11,323	—	10,320	—	42,268
Retention Rate (% based upon square feet)	27.12%	25.13%	81.91%	0.00%	100.00%	0.00%	37.38%
<i>Renewed Space Only:</i>							
Change in Base Rent — Straight-line	7.89%	14.22%	-5.67%	0.00%	-2.39%	0.00%	2.71%
Change in Total Rent — Straight-line	2.61%	9.08%	-4.96%	0.00%	-2.39%	0.00%	0.08%
Change in Base Rent — Cash	1.03%	3.71%	-6.10%	0.00%	-9.33%	0.00%	-3.35%
Change in Total Rent — Cash	-3.64%	-0.74%	-5.29%	0.00%	-9.33%	0.00%	-5.50%
Average Capital Cost per Square Foot	\$ 2.22	\$ 6.99	\$ 0.17	\$ —	\$ 11.51	\$ —	\$ 4.32
<i>Renewed &amp; Retenanted Space:</i>							
Change in Base Rent — Straight-line	4.60%	14.22%	-15.98%	0.00%	-4.91%	0.00%	0.09%
Change in Total Rent — Straight-line	2.01%	9.08%	-15.22%	0.00%	-2.51%	0.00%	-1.42%
Change in Base Rent — Cash	-7.77%	3.71%	-17.19%	0.00%	-9.81%	0.00%	-9.12%
Change in Total Rent — Cash	-9.95%	-0.74%	-16.21%	0.00%	-6.97%	0.00%	-10.02%
Average Capital Cost per Square Foot	\$ 12.68	\$ 6.99	\$ 5.78	\$ —	\$ 11.23	\$ —	\$ 10.76
<b>Quarter Ended December 31, 2002:</b>							
Expiring Square Feet	417,227	19,099	103,860	n/a	n/a	—	540,186
Vacated Square Feet	123,656	10,825	39,606	n/a	n/a	—	174,087
Renewed Square Feet	293,571	8,274	64,254	n/a	n/a	—	366,099
Retention Rate (% based upon square feet)	70.36%	43.32%	61.87%	n/a	n/a	0.00%	67.77%
<i>Renewed &amp; Retenanted Space:</i>							
Change in Base Rent — Straight-line	93.33%	94.20%	-4.53%	n/a	n/a	0.00%	5.00%
Change in Total Rent — Straight-line	4.53%	0.13%	-5.79%	n/a	n/a	0.00%	3.25%
Change in Base Rent — Cash	2.27%	-1.17%	-7.63%	n/a	n/a	0.00%	1.14%
Change in Total Rent — Cash	0.94%	-2.55%	-8.34%	n/a	n/a	0.00%	-0.20%
Average Capital Cost per Square Foot	\$ 4.43	\$ 13.69	\$ 2.27	n/a	n/a	\$ —	\$ 4.49

Note: No renewal or retenanting activity transpired in our Greater Philadelphia region. Prior to January 1, 2003, our Suburban Maryland and Other regions were grouped within the Baltimore / Washington Corridor. Historically, this data has not been separately reported.

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	Baltimore/ Washington Corridor	Northern/ Central New Jersey	Greater Harrisburg	Northern Virginia	Total Office
<b>Quarter Ended September 30, 2002:</b>					
Expiring Square Feet	211,614	49,489	80,037	—	341,140
Vacated Square Feet	82,267	26,028	—	—	108,295
Renewed Square Feet	129,347	23,461	80,037	—	232,845
Retention Rate (% based upon square feet)	61.12%	47.41%	100.00%	0.00%	68.25%
<i>Renewed &amp; Retenanted Space:</i>					
Change in Base Rent — Straight-line	24.90%	18.23%	0.34%	0.00%	19.34%
Change in Total Rent — Straight-line	15.67%	9.58%	-0.25%	0.00%	11.92%
Change in Base Rent — Cash	20.66%	19.09%	-1.17%	0.00%	16.11%
Change in Total Rent — Cash	12.16%	10.39%	-1.51%	0.00%	9.23%
Average Capital Cost per Square Foot	\$ 8.48	\$ 11.41	\$ 1.96	\$ —	\$ 7.23
<b>Quarter Ended June 30, 2002:</b>					

Expiring Square Feet	269,958	11,136	5,953	—	287,047
Vacated Square Feet	96,131	2,376	3,566	—	102,073
Renewed Square Feet	173,827	8,760	2,387	—	184,974
Retention Rate (% based upon square feet)	64.39%	78.66%	40.10%	0.00%	64.44%
<b>Renewed &amp; Retenanted Space:</b>					
Change in Base Rent — Straight-line	2.04%	25.04%	-8.86%	29.72%	5.60%
Change in Total Rent — Straight-line	8.25%	20.24%	-5.35%	29.72%	10.39%
Change in Base Rent — Cash	-1.50%	21.74%	-8.86%	30.11%	2.34%
Change in Total Rent — Cash	4.79%	17.19%	-6.75%	30.11%	7.23%
Average Capital Cost per Square Foot	\$ 3.20	\$ 22.94	\$ 2.25	\$ 0.09	\$ 4.35
<b>Quarter Ended March 31, 2002:</b>					
Expiring Square Feet	42,032	11,961	53,200	—	107,193
Vacated Square Feet	21,125	9,992	15,280	—	46,397
Renewed Square Feet	20,907	1,969	37,920	—	60,796
Retention Rate (% based upon square feet)	49.74%	16.46%	71.28%	0.00%	56.72%
<b>Renewed &amp; Retenanted Space:</b>					
Change in Base Rent — Straight-line	-4.35%	-2.70%	29.35%	0.00%	3.21%
Change in Total Rent — Straight-line	0.55%	-12.76%	-2.02%	0.00%	-1.53%
Change in Base Rent — Cash	-3.11%	-7.51%	20.16%	0.00%	1.71%
Change in Total Rent — Cash	2.04%	-16.86%	-9.06%	0.00%	-3.05%
Average Capital Cost per Square Foot	\$ 5.01	\$ 5.67	\$ 0.04	\$ —	\$ 3.08

Note: No renewal or retreating activity transpired in our Greater Philadelphia region. Prior to January 1, 2003, our Suburban Maryland and Other regions were grouped within the Baltimore /Washington Corridor. Historically, this data has not been separately reported.

**Year to Date Acquisition Summary as of March 31, 2003**  
(Dollars in thousands)

	Submarket	Acquisition Date	Square Feet	Occupancy Percentage at Acquisition	March 31, 2003 Occupancy Percentage	Investment <sup>(1)</sup>
<b>Individual Property:</b>						
2500 Riva Road	BWI Airport	3/4/2003	155,000	100.0%	100.0%	\$ 18,036
Total			155,000	100.0%	100.0%	\$ 18,036

<sup>(1)</sup> Initial investment recorded by property as of March 31, 2003 for asset purchase.

NOTE: COPT classifies its acquisitions by type — entity, portfolio or individual acquisitions. Entity acquisitions are defined as mergers of significant portfolios of \$100 + million with strong management organizations and a regional presence.

**Year to Date Disposition Summary as of March 31, 2003**  
(Dollars in thousands)

	Submarket	Disposition Date	Square Feet	Gross Sales Proceeds	Debt Assumption or Repayment	Cash Proceeds After Debt Repayment
<b>Individual Property:</b>						
695 Route 46 <sup>(1)</sup>	Wayne	3/14/2003	157,394	\$ 19,960	\$ 12,675	\$ 7,285
6009 - 6011 Oxon Hill Road <sup>(2)</sup>	Southern Prince George's County	3/30/2003	181,768	20,188	13,000	7,188
Total			339,162	\$ 40,148	\$ 25,675	\$ 14,473

<sup>(1)</sup> This property was contributed to a joint venture in exchange for \$19,960 and a 20% joint venture interest. Refer to joint venture summary. The gain on this disposition has been deferred due to our retained 20% interest in this property.

(2) In addition, we sold two adjacent land parcels for \$1,100 and realized a gain of \$3,388 on the total sale proceeds of \$21,288.

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**Development Summary as of March 31, 2003**  
(Dollars in thousands except square feet)

Property and Location	Submarket	Owned or Joint Venture (JV)	Total Rentable Square Feet	Square Feet Under Construction	Percentage Leased or Committed	Anticipated Total Cost	Cost to date	Outstanding Loan as of 3/31/2003	Anticipated Stabilization/Delivery
<b>Under Construction</b>									
140 National Business Parkway Annapolis Junction, Maryland <sup>(1)</sup>	BWI Airport	JV	119,904	119,904	0.00%	\$ 17,399	\$ 10,566	\$ 4,968	Construction November 2003
4230 Forbes Boulevard Lanham, Maryland <sup>(2)</sup>	Lanham	JV	55,757	55,757	0.00%	6,124	2,954	2,259	Construction June 2004
<b>Total Under Construction</b>			<b>175,661</b>	<b>175,661</b>	<b>0.00%</b>	<b>\$ 23,523</b>	<b>\$ 13,520</b>	<b>\$ 7,227</b>	
<b>Under Development</b>									
2720 Technology Drive (220 NBP) Annapolis Junction, Maryland <sup>(3)</sup>	BWI Airport	JV	156,730	n/a	100.00%	\$ 26,187	\$ 4,329	\$ —	Development December 2004
<b>Total Under Development</b>			<b>156,730</b>		<b>100.00%</b>	<b>\$ 26,187</b>	<b>\$ 4,329</b>	<b>\$ —</b>	

(1) Total loan commitment for this property is \$14,100.

(2) Total loan commitment for this property is \$4,700.

(3) We contributed this property into a joint venture on January 31, 2003 in exchange for \$4.0 million and a 20% joint venture interest.

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**Year To Date Development Placed into Service**  
For the period January 1, 2003 through March 31, 2003

Property and Location	Owned or Joint Venture (JV)	Total Square Feet	Year 2002	Year 2003	Percentage Leased as of 3/31/03
			Development Square Feet Placed into Service	Development Square Feet Placed into Service	
6731 Columbia Gateway Drive	Owned	123,743	73,902	49,841	63.45%
8661 Robert Fulton Drive	JV	49,500	—	49,500	46.54%
8671 Robert Fulton Drive	JV	56,350	—	56,350	50.92%
<b>TOTAL/AVERAGE</b>		<b>229,593</b>	<b>73,902</b>	<b>155,691</b>	<b>56.28%</b>

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**Joint Venture Summary as of March 31, 2003**  
(Dollars in thousands except acreage and square feet)

Property and Location	Joint Venture Interest Held By COPT	Status	Square Feet	Acreage	COPT Investment	Off-Balance Sheet Debt as of 3/31/03	Recourse to COPT	Option to Acquire Partner's Interest
4230 Forbes Boulevard Lanham, Maryland	80%	Construction	55,757	5 acres	\$ 730	\$ 2,259	Yes, 50%	Yes

Robert Fulton Drive (Phase I) Columbia, Maryland <sup>(1)</sup>	80%	Operating	105,850	4 acres	4,017	6,984	Yes, 80%	Yes
MOR Montpelier 3 LLC Laurel, Maryland	50%	Development		2 acres	455	—	N/A	Yes
Gateway 70 Columbia, Maryland	80%	Development		12 acres	2,443	—	N/A	Yes
140 NBP Annapolis Junction, Maryland	10%	Construction	119,904	13 acres	1,156	4,968	Yes, 100%	Yes
220 NBP Annapolis Junction, Maryland <sup>(2)</sup>	20%	Development	156,730	11 acres	—	—	N/A	Yes
695 Route 46 Wayne, New Jersey <sup>(3)</sup>	20%	Operating	157,394	13 acres	878	14,500	No	No
TOTAL					\$ 9,679	\$ 28,711		

(1) The off-balance sheet debt covers phases I and II of these properties.

(2) Upon formation of this joint venture in January 2003, we contributed land and have recorded our investment as land, construction in progress and buildings and improvements on our balance sheet. In addition, we have obtained an option to purchase the joint venture partner's interest for a pre-determined price. Accordingly, we have recorded a liability and have been accreting towards the pre-determined purchase price over the respective time period.

(3) Effective March 14, 2003, we contributed our wholly-owned property into a joint venture in exchange for a 20% joint venture interest and a cash payment of \$19,960. The joint venture borrowed a \$14,500, ten-year, 5.97% fixed interest rate loan from Allstate Life Insurance Company.

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

	2003		2002				
	March 31	December 31	September 30	June 30	March 31		
<b>Net Income Available to Common Shareholders</b>	<b>\$ 5,454</b>	<b>\$ 3,426</b>	<b>\$ 3,629</b>	<b>\$ 3,350</b>	<b>\$ 2,762</b>		
Depreciation and other amortization	7,980	8,805	7,424	7,939	6,829		
Preferred Share Dividends	2,533	2,534	2,533	2,534	2,533		
Preferred Units in Operating Partnership	572	571	572	572	572		
Common Units in Operating Partnership	2,233	1,433	1,541	1,489	1,337		
Gain on investment property sales	(2,843)	(156)	(19)	—	(93)		
Series B, E & F Preferred Share dividends	(2,397)	(2,398)	(2,398)	(2,397)	(2,397)		
Expense associated with options	6	8	3	12	14		
Dividends on restricted shares	83	75	71	—	—		
<b>Funds from Operations (FFO)—diluted</b>	<b>\$ 13,621</b>	<b>\$ 14,298</b>	<b>\$ 13,356</b>	<b>\$ 13,499</b>	<b>\$ 11,557</b>		
<b>Net Income Available to Common Shareholders</b>	<b>\$ 5,454</b>	<b>\$ 3,426</b>	<b>\$ 3,629</b>	<b>\$ 3,350</b>	<b>\$ 2,762</b>		
Interest expense	10,235	11,065	10,563	9,082	8,648		
Amortization of deferred financing costs	589	708	559	706	528		
Income tax (expense) benefit	(29)	(282)	11	(36)	(40)		
Depreciation of corporate FF&E	120	171	120	115	102		
Depreciation and other amortization	7,944	8,765	7,384	7,918	6,765		
Gain on investment property sales	(2,843)	(156)	(19)	—	(93)		
Preferred Units in Operating Partnership	572	571	572	572	572		
Common Units in Operating Partnership	2,233	1,433	1,541	1,489	1,337		
Other consolidated entities	—	—	(104)	14	31		
Preferred Share Dividends	2,533	2,534	2,533	2,534	2,533		
<b>Earnings Before Interest, Income Taxes, Depreciation and Amortization (EBITDA)</b>	<b>\$ 26,808</b>	<b>\$ 28,235</b>	<b>\$ 26,789</b>	<b>\$ 25,744</b>	<b>\$ 23,145</b>		
<b>Net investment in real estate</b>	<b>\$ 1,068,407</b>	<b>\$ 1,059,129</b>	<b>\$ 1,061,245</b>	<b>\$ 995,311</b>	<b>\$ 942,461</b>		
Addback: accumulated depreciation	80,513	76,095	68,968	63,101	57,245		
<b>Gross investment in real estate</b>	<b>\$ 1,148,920</b>	<b>\$ 1,135,224</b>	<b>\$ 1,130,213</b>	<b>\$ 1,058,412</b>	<b>\$ 999,706</b>		
<b>GAAP Revenues from Real Estate Operations</b>	<b>\$ 41,518</b>	<b>\$ 41,376</b>	<b>\$ 38,065</b>	<b>\$ 37,182</b>	<b>\$ 33,713</b>		
Revenues from discontinued operations	902	1,008	971	976	1,015		
Other income (expense)	(8)	(17)	(5)	2	(3)		
<b>Revenues from Real Estate Operations</b>	<b>\$ 42,412</b>	<b>\$ 42,367</b>	<b>\$ 39,031</b>	<b>\$ 38,160</b>	<b>\$ 34,725</b>		
Interest income	(97)	(79)	(113)	(101)	(81)		



<b>Total Regional Rental Revenue</b>	<b>\$</b>	<b>42,315</b>	<b>\$</b>	<b>42,288</b>	<b>\$</b>	<b>38,918</b>	<b>\$</b>	<b>38,059</b>	<b>\$</b>	<b>34,644</b>
<b>GAAP Property Operating</b>	<b>\$</b>	<b>13,654</b>	<b>\$</b>	<b>12,034</b>	<b>\$</b>	<b>11,994</b>	<b>\$</b>	<b>10,025</b>	<b>\$</b>	<b>9,876</b>
Property operating from discontinued operations		348		346		367		327		317
<b>Property Operating Expenses from Real Estate Operations</b>	<b>\$</b>	<b>14,002</b>	<b>\$</b>	<b>12,380</b>	<b>\$</b>	<b>12,361</b>	<b>\$</b>	<b>10,352</b>	<b>\$</b>	<b>10,193</b>
<b>GAAP Revenues from Real Estate Operations</b>	<b>\$</b>	<b>41,518</b>	<b>\$</b>	<b>41,376</b>	<b>\$</b>	<b>38,065</b>	<b>\$</b>	<b>37,182</b>	<b>\$</b>	<b>33,713</b>
Property operating		(13,654)		(12,034)		(11,994)		(10,025)		(9,876)
Revenues from discontinued operations		902		1,008		971		976		1,015
Property operating from discontinued operations		(348)		(346)		(367)		(327)		(317)
Other revenue		(8)		(17)		(5)		2		(3)
<b>Net Operating Income from Real Estate Operations</b>	<b>\$</b>	<b>28,410</b>	<b>\$</b>	<b>29,987</b>	<b>\$</b>	<b>26,670</b>	<b>\$</b>	<b>27,808</b>	<b>\$</b>	<b>24,532</b>
Interest income and other income (expense), net		(98)		(76)		(112)		(104)		(80)
<b>Regional Net Operating Income</b>	<b>\$</b>	<b>28,312</b>	<b>\$</b>	<b>29,911</b>	<b>\$</b>	<b>26,558</b>	<b>\$</b>	<b>27,704</b>	<b>\$</b>	<b>24,452</b>

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## Definitions

<b>Funds from Operations (FFO)</b>	Under the National Association of Real Estate Investment Trusts' ("NAREIT") definition, FFO means net income (loss) computed using GAAP, excluding gains (or losses) from debt restructuring and sales of real estate, plus real estate-related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures, although FFO includes gains from the sales of real estate to the extent such gains related to sales of non-operating properties and development services provided on operating properties. The FFO we present may not be comparable to the FFO of other REITs since they may interpret the current NAREIT definition of FFO differently or they may not use the current NAREIT definition of FFO.
<b>Adjusted Funds from Operations (AFFO)</b>	FFO adjusted for the following: straight-line rents, SFAS 141 revenues, and recurring capital expenditures.
<b>Net Operating Income (NOI)</b>	Total revenues from real estate operations less total property expenses from real estate operations.
<b>Cash Net Operating Income</b>	Net Operating Income adjusted to remove the effect of straight-line rents and SFAS 141 revenues, which are non-cash revenue item.
<b>Earnings Before Interest, Income Taxes and Depreciation and Amortization (EBITDA)</b>	Net Operating Income adjusted for the following: general and administrative expenses, equity in income of unconsolidated real estate joint ventures, earnings from service company and merchant sales and real estate services revenues.
<b>NAREIT</b>	National Association of Real Estate Investment Trusts.
<b>GAAP</b>	Generally accepted accounting principles.
<b>FFO Payout Ratio</b>	Total dividends/distributions, exclusive of dividends for perpetual preferred equity which are deducted to calculate FFO and inclusive of dividends on restricted shares for certain periods, divided by FFO.
<b>AFFO Payout Ratio</b>	Total dividends/distributions, exclusive of dividends for perpetual preferred equity which are deducted to calculate AFFO and inclusive of dividends on restricted shares for certain periods, divided by AFFO.
<b>Debt to Undepreciated Book Value of Real Estate Assets</b>	Mortgage loans payable divided by gross investment in real estate as computed by adding accumulated depreciation to the net investment in real estate as presented on our balance sheet.
<b>Base rent—straight-line</b>	Contractual minimum rent under leases recorded into rental revenue using the average contractual rent over the lease term in accordance with GAAP.
<b>Total rent—straight-line</b>	Contractual minimum rent under leases plus estimated operating expense reimbursements, or total rent, recorded into total revenue using the average contractual rent over the lease term in accordance with GAAP.
<b>Base rent—cash</b>	Contractual minimum rent under leases remitted by the tenant at lease commencement or expiration.
<b>Total rent—cash</b>	Contractual minimum rent under leases plus estimated operating expense reimbursements, or total rent, as remitted by the tenant at lease commencement or expiration.

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