

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

**FORM 8-K**

**CURRENT REPORT**

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

Date of report (Date of earliest event reported): **March 5, 2004**

**CORPORATE OFFICE PROPERTIES TRUST**

(Exact name of registrant as specified in its charter)

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

**0-20047**  
(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)

**Item 5. Other Events**

**400 Professional Drive**

On March 5, 2004, Corporate Office Properties Trust (the "Company"), through an affiliate of Corporate Office Properties, L.P. (the "Operating Partnership"), acquired a 129,030 square foot office building located in Gaithersburg, Maryland ("400 Professional Drive").

400 Professional Drive was acquired for an aggregate cost to the Company of \$23.2 million, including transaction costs and adjustments pertaining to the fair value of an assumed mortgage loan. The Company paid for this acquisition by assuming an existing mortgage loan with a fair value of approximately \$17.5 million (and a face value of \$16.8 million), borrowing \$5.0 million under the Company's revolving credit facility with Bankers Trust Company and using cash reserves for the balance.

The following schedule sets forth certain information relating to 400 Professional Drive as of March 31, 2004. In this schedule and the schedules that follow, the term annualized rental revenue is used; annualized rental revenue is computed by multiplying by 12 the sum of monthly contractual base rents and estimated monthly expense reimbursements under active leases in the acquired properties as of March 31, 2004.

Property	Year Built	Rentable Square Feet	Occupancy (1)	Annualized Rental Revenue	Annualized Rental Revenue per Occupied Square Foot (2)	Major Tenants (10% or more of Rentable Square Feet)
400 Professional Drive	2000	129,030	90.0%	\$ 3,034,414	\$ 26.12	Aurora Loan Services, Inc (21%); DRS Electronic Systems (17%); PMC – Sierra U.S., Inc. (12%); Donnally, Vujcic Associates, LLC (11%); U.S. Filter Wastewater Group (10%); The Jack Morton Company (10%)

(1) This percentage is based on all leases in effect as of March 31, 2004.

(2) This represents the property's annualized rental revenue divided by its occupied square feet as of March 31, 2004.

The following schedule sets forth annual lease expirations for 400 Professional Drive as of March 31, 2004 assuming that none of the tenants exercise renewal options:

Year of Lease Expiration	Number of Leases Expiring	Square Footage of Leases Expiring	Percentage of Total Occupied Square Feet	Annualized Rental Revenue of Expiring Office Leases (in thousands)	Percentage of Annualized Rental Revenue Expiring	Annualized Rental Revenue of Expiring Leases Per Occupied Square Foot
2007	1	12,645	10.9%	\$ 352	11.6%	\$ 27.81
2008	3	20,861	18.0%	594	19.6%	28.48
2009	4	50,662	43.6%	1,262	41.6%	24.91
2010	1	2,671	2.3%	63	2.1%	23.50
2011	1	15,650	13.5%	424	14.0%	27.13
2012	1	13,675	11.7%	339	11.1%	24.80

Total/Weighted Avg.	11	116,164	100.0%	\$ 3,034	100.0%	\$ 26.12
---------------------	----	---------	--------	----------	--------	----------

### Wildewood and Exploration /Expedition Office Parks

The Company acquired eight buildings totaling 430,869 square feet and two land parcels on March 24, 2004 and is under contract to acquire two additional buildings totaling 103,885 square feet in the Wildewood and Exploration/Expedition Office Parks (the "Wildewood Properties") in St. Mary's County, Maryland. The Company expects to complete the purchase of the remaining two buildings by May 2004. The aggregate purchase price and transaction costs are expected to total approximately \$66.6 million, including transaction costs and adjustments pertaining to the fair value of assumed mortgage loans. The Company expects to pay for these acquisitions by borrowing \$54.0 million under the Company's revolving credit facility with a group of lenders headed by Wachovia Bank, National Association, assuming existing mortgage loans with fair values totaling approximately \$11.7 million (and face values totaling \$10.5 million) and using cash reserves for the balance.

The following schedule sets forth certain information relating to the Wildewood Properties as of March 31, 2004.

Property	Year Built/ Renovated	Rentable Square Feet	Occupancy (1)	Annualized Rental Revenue	Annualized Rental Revenue per Occupied Square Foot (2)	Major Tenants (10% or More of Rentable Square Feet)
22309 Exploration Drive	1984/1997	98,860	100.0%	\$ 1,337,725	\$ 13.53	General Dynamics Corporation (100%)
46579 Expedition Drive	2002	61,156	88.2%	970,673	17.99	Raytheon Company (25%); RBC, Inc. (19%); CCI, Inc. (13%); VSE Corporation (13%)
22289 Exploration Drive	2000	60,659	96.2%	1,086,887	18.62	BearingPoint, Inc. (46%); AT&T Government Systems (13%); Universal Systems (12%)
44425 Pecan Court	1997	59,055	99.2%	1,023,015	17.46	Jorge Scientific Corporation (25%); Boeing-Strategic (25%); The Titan Corporation (11%); The Bionetics Corporation (10%)
22299 Exploration Drive	1998	58,509	80.4%	933,713	19.85	Science Applications International Corp. (27%); United States of America (23%); D.P. Associates, Inc. (14%)
44408 Pecan Court	1986	50,532	100.0%	520,274	10.30	BAE Systems (100%)
23535 Cottonwood Pkwy	1984	46,656	100.0%	468,543	10.04	BAE Systems (100%)
22300 Exploration Drive	1997	44,830	100.0%	644,745	14.38	General Dynamics Corporation (100%)
44417 Pecan Court	1989	29,053	100.0%	278,900	9.60	General Dynamics Corporation (100%)
44414 Pecan Court	1986	25,444	100.0%	228,996	9.00	BAE Systems (100%)
Total/Average		534,754	96.0%	\$ 7,493,471	\$ 14.60	

(1) This percentage is based on all leases in effect as of March 31, 2004.

(2) This represents the property's annualized rental revenue divided by that property's occupied square feet as of March 31, 2004.

The following schedule sets forth annual lease expirations for the Wildewood Properties as of March 31, 2004 assuming that none of the tenants exercise renewal options:

Year of Lease Expiration	Number of Leases Expiring	Square Footage of Leases Expiring	Percentage of Total Occupied Square Feet	Annualized Rental Revenue of Expiring Office Leases (in thousands)	Percentage of Total Annualized Rental Revenue Expiring	Annualized Rental Revenue of Expiring Leases Per Occupied Square Foot (1)
2004	6	69,195	13.5%	\$ 946	12.6%	\$ 13.68
2005	7	39,508	7.7%	732	9.8%	18.52
2006	7	119,986	23.4%	1,423	19.0%	11.86
2007	7	41,424	8.1%	794	10.6%	19.17
2008	7	74,472	14.5%	1,148	15.3%	15.42
2009	3	25,034	4.9%	467	6.2%	18.67
2010	—	—	0.0%	—	0.0%	—
2011	—	—	0.0%	—	0.0%	—
2012	1	98,860	19.2%	1,338	17.9%	13.53
2013	1	44,830	8.7%	645	8.6%	14.38
Total/Weighted Avg.	39	513,309	100.0%	\$ 7,493	100.0%	\$ 15.00

### Item 7. Financial Statements, Pro Forma Financial Information and Exhibits

(a) Financial Statements of Businesses Acquired

The financial statements of 400 Professional Drive and the Wildewood and Exploration/Expedition Office Parks are included herein. See pages F-14 through F-21.

(b) Pro Forma Financial Information

The pro forma condensed consolidated financial statements of the Company are included herein. See pages F-1 through F-13.

(c) Exhibits

Exhibit Number	Description
23	Consent of Independent Accountants.
99.1.1	Purchase Agreement, dated November 24, 2003, among Thomas E. Robinson, Crown Point, LLC, Crown Point Manager, Inc., and COPT Acquisitions, Inc.
99.1.2	First Amendment to Purchase Agreement, dated January 8, 2004, among Thomas E. Robinson, Crown Point, LLC, Crown Point Manager, Inc., and COPT Acquisitions, Inc.

<u>Exhibit Number</u>	<u>Description</u>
99.2	Purchase and Sale Agreement, dated January 27, 2004, between Great Mills, LLC and COPT Acquisitions, Inc.
99.3	Credit Agreement, dated March 10, 2004, among the Company; the Operating Partnership; Wachovia Bank, National Association; Wachovia Capital Markets, LLC; KeyBank National Association; Fleet National Bank and Manufacturers and Traders Trust Company.

**SIGNATURES**

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

Dated: April 13, 2004

**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: Executive Vice President and Chief Financial Officer

**CORPORATE OFFICE PROPERTIES TRUST  
 INDEX TO FINANCIAL STATEMENTS**

I.	PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY	
	<a href="#">Pro Forma Condensed Consolidated Balance Sheet as of December 31, 2003 (unaudited)</a>	<a href="#">F-5</a>
	<a href="#">Pro Forma Condensed Consolidated Statement of Operations for the Year Ended December 31, 2003 (unaudited)</a>	<a href="#">F-6</a>
	<a href="#">Notes and Management's Assumptions to Pro Forma Condensed Consolidated Financial Information</a>	<a href="#">F-7</a>
II.	400 PROFESSIONAL DRIVE	
	<a href="#">Report of Independent Auditors</a>	<a href="#">F-14</a>
	<a href="#">Historical Summary of Revenue and Certain Expenses for the Year Ended December 31, 2003</a>	<a href="#">F-15</a>
	<a href="#">Notes to Historical Summary</a>	<a href="#">F-16</a>
III.	WILDEWOOD AND EXPLORATION/EXPEDITION OFFICE PARKS	
	<a href="#">Report of Independent Auditors</a>	<a href="#">F-18</a>
	<a href="#">Historical Summary of Revenue and Certain Expenses for the Year Ended December 31, 2003</a>	<a href="#">F-19</a>
	<a href="#">Notes to Historical Summary</a>	<a href="#">F-20</a>

**CORPORATE OFFICE PROPERTIES TRUST  
 PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

Set forth below are the unaudited pro forma condensed consolidated balance sheet as of December 31, 2003 and the unaudited pro forma condensed consolidated statement of operations for the year ended December 31, 2003 of Corporate Office Properties Trust and its consolidated affiliates, including Corporate Office Properties, L.P. (the "Operating Partnership"). Corporate Office Properties Trust and its consolidated affiliates, including the Operating Partnership, are collectively referred to herein as the "Company."

The pro forma condensed consolidated financial information is presented as if the following transactions had been consummated on the earlier of the actual date of consummation or December 31, 2003 for balance sheet purposes and January 1, 2003 for purposes of the statement of operations:

**2003 Transactions**

The transactions set forth below are collectively referred to herein as the "2003 Transactions."

- The contribution on March 14, 2003 of an office building located in Fairfield, New Jersey ("695 Route 46") into a real estate joint venture in return for \$19,960,000 in cash and a 20% ownership interest in the joint venture. The Company used \$17,000,000 of the proceeds to pay down the Company's revolving credit facility with Bankers Trust Company (the "Bankers Trust Revolving Credit Facility").

- The issuance of 5,290,000 common shares of beneficial interest (“common shares”) on May 27, 2003 for net proceeds of \$79,355,000 (the “Common Share Issuance”), of which \$63,904,000 was used to fund the acquisition of 13200 Woodland Park Drive discussed below and the balance used to pay down the Bankers Trust Revolving Credit Facility.
- The acquisition on June 2, 2003 of an office building in Herndon, Virginia (“13200 Woodland Park Drive”) for \$71,449,000 using \$63,904,000 of the proceeds from the Common Share Issuance and \$7,545,000 in cash escrowed from previous property sales.
- The repurchase of 1,016,662 Series C Preferred Units of the Operating Partnership (the “Series C Preferred Unit Repurchase”) on June 16, 2003 for \$36,068,000 using \$40,000,000 in borrowings under a new mortgage loan. The Bankers Trust Revolving Credit Facility was also paid down by \$3,411,000 using borrowings from this mortgage loan.
- The acquisition of five office buildings in Northern Virginia (the “Dulles Tech/Ridgeview Properties”) for \$75,572,000 on July 25, 2003 using \$45,000,000 in borrowings under a new mortgage loan carrying an interest rate of LIBOR plus 200 basis points, \$30,555,000 in borrowings under the Bankers Trust Revolving Credit Facility and cash reserves for the balance.
- The issuance of 2,200,000 Series G Preferred Shares of beneficial interest (the “Series G Preferred Share Issuance”) on August 11, 2003 for net proceeds of \$53,175,000, which was used to pay down the Bankers Trust Revolving Credit Facility.

F-2

- The acquisition of a joint venture partner’s 20% interest in Gateway 67, LLC (“Gateway 67”) for \$857,000 on December 30, 2003 using borrowings under the Bankers Trust Revolving Credit Facility. Through this acquisition, the Company acquired two office buildings and an adjacent land parcel located in Columbia, Maryland and assumed an \$8,353,000 mortgage loan. Prior to this acquisition, the Company accounted for its investment in the joint venture using the equity method of accounting. Upon completion of this acquisition, Gateway 67, LLC became a consolidated subsidiary of the Company.
- The acquisition of a joint venture partner’s 90% interest in NBP 140, LLC (“NBP 140”) for \$5,351,000 on December 31, 2003 primarily using borrowings under the Bankers Trust Revolving Credit Facility. Through this acquisition, the Company acquired a newly-constructed office building located in Annapolis Junction, Maryland and assumed an \$8,117,000 mortgage loan. Prior to this acquisition, the Company accounted for its investment in the joint venture using the equity method of accounting. Upon completion of this acquisition, this entity became a consolidated subsidiary of the Company. The building became operational on December 20, 2003.

#### 2004 Transactions

The transactions set forth below are collectively referred to herein as the “2004 Transactions.”

- The acquisition on March 5, 2004 of an office building in Gaithersburg, Maryland (“400 Professional Drive”) for \$23,182,000, plus \$91,000 in deferred financing costs, by assuming a mortgage loan with a fair value of \$17,494,000 (and a face value of \$16,757,000), borrowing \$5,000,000 under the Bankers Trust Revolving Credit Facility and using \$779,000 in cash reserves, including \$500,000 previously paid as a deposit in 2003.
- The acquisition of ten office buildings and two land parcels in St. Mary’s County, Maryland (the “Wildewood Properties”) for \$66,572,000, plus \$33,000 in deferred financing costs, by borrowing \$54,000,000 under the Company’s revolving credit facility with a group of lenders headed by Wachovia Bank, National Association (the “Wachovia Revolving Credit Facility”), assuming three mortgage loans with an aggregate fair value of \$11,729,000 (and an aggregate face value of \$10,481,000) and using \$876,000 in cash reserves. We acquired the two land parcels and eight of the office buildings on March 24, 2004 and expect to acquire the two remaining office buildings in May 2004.

This pro forma condensed consolidated financial information should be read in conjunction with the following historical financial statements and notes thereto:

- Corporate Office Properties Trust and its consolidated subsidiaries, included in the Company’s Annual Report filed on Form 10-K for the year ended December 31, 2003;
- 13200 Woodland Park Drive and the Dulles Tech/Ridgeview Properties, both of which are included in the Company’s Current Report on Form 8-K filed August 4, 2003; and
- 400 Professional Drive and the Wildewood Properties, both of which are included in this Current Report on Form 8-K.

In management’s opinion, all adjustments necessary to reflect the effects of the 2003 Transactions and the 2004 Transactions have been made. This pro forma condensed consolidated financial information is unaudited and is not necessarily indicative of what the Company’s actual financial position would have been at December 31, 2003 or what the results of operations would have been for the year ended

F-3

December 31, 2003. The pro forma condensed consolidated financial information also does not purport to represent the future financial position and results of operations of the Company.

F-4

**Corporate Office Properties Trust**  
**Pro Forma Condensed Consolidated Balance Sheet**  
**As of December 31, 2003**  
**(Unaudited)**  
**(Dollars in thousands)**

Historical Consolidated (A)	400 Professional Drive (B)	Wildewood Properties (C)	Pro Forma Consolidated
-----------------------------------	-------------------------------------	--------------------------------	---------------------------

<b>Assets</b>				
Net investments in real estate	\$ 1,189,258	\$ 21,059	\$ 61,631	\$ 1,271,948
Cash and cash equivalents	9,481	(279)	(876)	8,326
Other assets	133,337	1,754	5,032	140,123
<b>Total assets</b>	<b>\$ 1,332,076</b>	<b>\$ 22,534</b>	<b>\$ 65,787</b>	<b>\$ 1,420,397</b>
<b>Liabilities and shareholders' equity</b>				
<b>Liabilities</b>				
Mortgage loans payable	\$ 738,698	\$ 22,494	\$ 65,729	\$ 826,921
Other liabilities	63,201	40	58	63,299
<b>Total liabilities</b>	<b>801,899</b>	<b>22,534</b>	<b>65,787</b>	<b>890,220</b>
Minority interests	79,796	—	—	79,796
<b>Shareholders' equity</b>				
Preferred shares of beneficial interest	85	—	—	85
Common shares of beneficial interest	296	—	—	296
Additional paid-in capital	494,299	—	—	494,299
Other	(44,299)	—	—	(44,299)
<b>Total shareholders' equity</b>	<b>450,381</b>	<b>—</b>	<b>—</b>	<b>450,381</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,332,076</b>	<b>\$ 22,534</b>	<b>\$ 65,787</b>	<b>\$ 1,420,397</b>

See accompanying notes and management's assumptions to pro forma financial statements.

F-5

**Corporate Office Properties Trust**  
**Pro Forma Condensed Consolidated Statement of Operations**  
**For the Year Ended December 31, 2003**  
**(Unaudited)**  
**(Amounts in thousands, except per share data)**

	Historical Consolidated (A)	2003 Transactions (B)	400 Professional Drive (C)	Wildewood Properties (D)	Other Pro Forma Adjustments	Pro Forma Consolidated
<b>Revenues</b>						
Rental revenue	\$ 153,048	\$ 7,233	\$ 6,245	\$ 7,217	\$ —	\$ 173,743
Tenant recoveries and other revenue	21,375	1,027	74	44	—	22,520
Service operations revenue	31,740	—	—	—	—	31,740
<b>Total revenues</b>	<b>206,163</b>	<b>8,260</b>	<b>6,319</b>	<b>7,261</b>	<b>—</b>	<b>228,003</b>
<b>Expenses</b>						
Property operating	51,699	2,924	969	1,430	—	57,022
General and administrative	7,893	—	—	—	—	7,893
Interest and amortization of deferred financing costs	43,846	—	—	—	4,340(E)	48,186
Depreciation and other amortization	37,122	—	—	—	5,211(F)	42,333
Service operations expenses	30,933	—	—	—	—	30,933
<b>Total expenses</b>	<b>171,493</b>	<b>2,924</b>	<b>969</b>	<b>1,430</b>	<b>9,551</b>	<b>186,367</b>
Equity in (loss) income of unconsolidated real estate joint ventures	(98)	172	—	—	—	74
Gain on sales of real estate	472	—	—	—	—	472
Income (loss) before minority interests and income taxes	35,044	5,508	5,350	5,831	(9,551)	42,182
Minority interests						
Common units	(5,665)	—	—	—	(1,022)(G)	(6,687)
Preferred units	(1,049)	1,049	—	—	—	—
Income (loss) from continuing operations before income taxes	28,330	6,557	5,350	5,831	(10,573)	35,495
Income tax benefit, net	124	—	—	—	—	124
Net income (loss) from continuing operations	28,454	6,557	5,350	5,831	(10,573)	35,619
Preferred share dividends	(12,003)	(2,677)	—	—	—	(14,680)
Net income (loss) from continuing operations available to common shareholders before nonrecurring charges attributable to the Series C Preferred Unit repurchase	\$ 16,451	\$ 3,880	\$ 5,350	\$ 5,831	\$ (10,573)	\$ 20,939
Earnings per share: Basic	\$ 0.62					\$ 0.73 (B(ii)); (D)
Earnings per share: Diluted	\$ 0.58					\$ 0.68 (B(ii)); (D)
Weighted average number of shares:						
Basic	26,659				2,116(H)	28,775
Diluted	29,261				2,116(H)	31,377

See accompanying notes and management's assumptions to pro forma financial statements.

F-6

**CORPORATE OFFICE PROPERTIES TRUST**  
**NOTES AND MANAGEMENT'S ASSUMPTIONS TO**  
**PRO FORMA CONDENSED CONSOLIDATED**  
**FINANCIAL INFORMATION**  
**(Dollars in thousands, except per share amounts)**

**1. Basis of Presentation:**

Corporate Office Properties Trust and subsidiaries (the "Company") is a fully-integrated and self-managed Maryland real estate investment trust. As of December 31, 2003, the Company's portfolio included 119 office properties, including one owned through a joint venture.

These pro forma condensed consolidated financial statements should be read in conjunction with the historical consolidated financial statements and notes thereto of the Company, 13200 Woodland Park Drive, the Dulles Tech/Ridgeview Properties, 400 Professional Drive and the Wildewood Properties. In management's opinion, all adjustments necessary to reflect the effects of the 2003 Transactions and the 2004 Transactions have been made. This pro forma condensed consolidated financial

information is unaudited and is not necessarily indicative of what the Company's actual financial position would have been at December 31, 2003 or what the results of operations would have been for the year ended December 31, 2003, nor does it purport to represent the future financial position and results of operations of the Company.

The Company allocates the cost of property acquisitions to the components of those acquisitions based on their respective fair values. The Company's allocations of the acquisitions included in these consolidated financial statements, excluding deferred finance costs, are set forth below:

Acquisition	Land	Building and improvements	Deferred costs	Deferred revenue	Total
13200 Woodlands Park Drive	\$ 10,427	\$ 49,476	\$ 11,546	\$ —	\$ 71,449
Dulles Tech/Ridgeview Properties	10,931	49,203	15,438	—	75,572
Gateway 67	4,251	8,501	127	—	12,879
NBP 140	3,407	9,241	1,627	—	14,275
400 Professional Drive	3,670	17,389	2,163	(40)	23,182
Wildewood Properties	13,191	48,440	4,999	(58)	66,572

## 2. Adjustments to Pro Forma Condensed Consolidated Balance Sheet:

- (A) Reflects the historical consolidated balance sheet of the Company as of December 31, 2003.
- (B) Reflects the acquisition of 400 Professional Drive for \$23,182, plus \$91 in deferred financing costs, using an assumed mortgage loan with a fair market value of \$17,494, \$5,000 in borrowings under the Bankers Trust Revolving Credit Facility, the application of a \$500 deposit paid in 2003 and \$279 in cash reserves.

F-7

- (C) Reflects the acquisition of the Wildewood Properties for \$66,572, plus \$33 in deferred financing costs, using \$54,000 in borrowings under the Wachovia Revolving Credit Facility, assumed mortgage loans with an aggregate fair market value of \$11,729 and \$876 in cash reserves.

## 3. Adjustments to Pro Forma Condensed Consolidated Statements of Operations:

- (A) Reflects the historical consolidated operations of the Company for the period presented.
- (B) The pro forma adjustments associated with the 2003 Transactions are set forth in the table below. The acquisitions set forth below include (i) historical operations up to the date of acquisition by the Company, as reported in the historical financial statements for such acquisitions, (ii) amortization to rental revenue for the period presented of value associated with in-place operating leases to the extent that future cash flows under the contractual leases are above or below market at the time of the acquisitions and (iii) the effects on minority interests and preferred shares of the equity transactions.

	695 Route 46 (i)	Series C Preferred Unit Repurchase (ii)	13200 Woodland Park Drive (iii)	Series G Preferred Share Issuance (iv)	Dulles Tech/Ridgeview Properties (v)	Gateway 67 (vi)	NBP 140 (vii)	Total
Revenues								
Rental revenue	\$ (623)	\$ —	\$ 1,912	\$ —	\$ 5,426	\$ 467	\$ 51	\$ 7,233
Tenant recoveries and other revenue	(86)	—	627	—	383	84	19	1,027
Total revenues	(709)	—	2,539	—	5,809	551	70	8,260
Expenses								
Property operating	(318)	—	1,086	—	1,918	238	—	2,924
Total expenses	(318)	—	1,086	—	1,918	238	—	2,924
Equity in income (losses) of unconsolidated entities	17	—	—	—	—	155	—	172
(Loss) income from continuing operations before minority interests	(374)	—	1,453	—	3,891	468	70	5,508
Minority interests	—	1,049	—	—	—	—	—	1,049
Net (loss) income from continuing operations	(374)	1,049	1,453	—	3,891	468	70	6,557
Preferred share dividends	—	—	—	(2,677)	—	—	—	(2,677)
Net (loss) income from continuing operations available to common shareholders before nonrecurring charge attributable to the Series C Preferred Unit repurchase	\$ (374)	\$ 1,049	\$ 1,453	\$ (2,677)	\$ 3,891	\$ 468	\$ 70	\$ 3,880

- (i) Reflects the elimination of the historical operations of 695 Route 46 prior to its contribution into a real estate joint venture on March 14, 2003. Also reflects the Company's share of the joint venture's income prior to the contribution based on (1) the property's historical operations for the period presented, (2) the property's depreciation expense as derived from the joint venture's acquisition costs and (3) the interest expense of the joint venture as

F-8

derived from the terms of the mortgage loan used to acquire the property from the Company.

- (ii) Reflects the effects of the Series C Preferred Unit Repurchase for the period prior to the repurchase on June 16, 2003. Upon completion of the repurchase, the Company recognized a nonrecurring \$11,224 reduction to net income available to common shareholders associated with the excess of the repurchase price over the sum of the recorded book value of the units and the accrued and unpaid return to the unitholder at the time of the repurchase. This reduction to net income available to common shareholders, in turn, decreased the Company's earnings per share basic and earnings per share diluted. The pro forma condensed consolidated statements of operations, including the historical and pro forma earnings per share basic and earnings per share diluted, do not reflect the effect of this reduction to net income available to common shareholders because the reduction is nonrecurring.
- (iii) 13200 Woodland Park Drive is a newly-constructed building. The building was 47.2% operational from December 2002 through May 2003 and 100% operational thereafter. The pro forma adjustments reflect the effects of the (1) historical operations of 13200 Woodland Park Drive for the portion of the building that was operational for the period prior to its acquisition and (2) amortization to rental revenue for the period prior to its acquisition of value associated with in-place operating leases to the extent that future cash flows under the contractual leases were above or below market at the time of the acquisitions.
- (iv) Reflects dividends on the Series G Preferred Shares prior to their issuance on August 11, 2003. The shares have an aggregate liquidation preference of \$55,000 and pay dividends at a yearly rate of 8% of such liquidation preference.
- (v) Reflects the effects of the (1) historical operations of the Dulles Tech/Ridgeview Properties prior to their acquisition and (2) amortization to rental revenue for the period prior to the acquisition of value associated with in-place operating leases to the extent that future cash flows under the contractual leases were above or below market at the time of acquisition.
- (vi) Reflects the effects of the (1) historical operations of Gateway 67 prior to the acquisition of the joint venture partner's interest and (2) reversal of the Company's share of the losses recorded under the equity method of accounting prior to the acquisition of the joint venture partner's interest.

(vii) NBP 140 is a newly constructed building that was placed into service in late December 2003. The pro forma adjustments reflect the effects of the historical operations of the building prior to the acquisition of the joint venture partner's interest. No income was recorded under the equity method of accounting prior to the acquisition of the joint venture partner's interest since all income was allocable to the joint venture partner under the terms of the joint venture's operating agreement.

(C) Reflects the effects of the (i) historical operations of 400 Professional Drive for the period presented, (ii) increase of \$155 to reflect pro forma straight-line rental revenue adjustments and (iii) decrease of \$31 to rental revenue for the amortization for the period presented of value associated with in-place operating leases to the extent that future cash flows under the contractual leases are above or below market at the time of the acquisition. The property's rental revenue for 2003 includes \$3,119 in revenue from the early termination of a lease. Since it is not unusual for owners of real estate to earn such revenue, it is considered to be recurring in nature. The inclusion of this revenue significantly increased pro forma consolidated net income from continuing operations available to common shareholders and pro forma diluted earnings per common share.

F-9

(D) Reflects the effects of the (i) historical operations of the Wildewood Properties for the period presented, (ii) increase of \$23 to reflect pro forma straight-line rental revenue adjustments and (iii) decrease of \$65 to rental revenue for the amortization for the period presented of value associated with in-place operating leases to the extent that future cash flows under the contractual leases are above or below market at the time of the acquisition. ..

(E) Pro forma adjustments for additional interest expense resulting from property acquisitions and the Series C Preferred Unit Repurchase are set forth below. Pro forma adjustments are also set forth below for decreases in historical interest expense resulting from property dispositions and other transactions reported herein involving debt repayment. The pro forma adjustments below associated with the Bankers Trust Revolving Credit Facility (carrying interest at a variable rate of LIBOR plus 175 basis points), the Wachovia Revolving Credit Facility (carrying interest at a variable rate of LIBOR plus 140 basis points) and other variable rate loans were computed using the weighted average of the rates in effect for the applicable pro forma periods. Pro forma deferred financing cost amortization adjustments are reflected assuming such costs are amortized over the lives of the related loans.

<b>Adjustment to interest expense, net of related historical amounts, as a result of:</b>	<b>For the Year Ended December 31, 2003</b>
Debt repaid in connection with the sale of 695 Route 46 consisting of \$17,000 under the Bankers Trust Revolving Credit Facility	(106)
Debt repaid in connection with the Common Share Issuance consisting of \$15,451 under the Bankers Trust Revolving Credit Facility	(193)
Borrowing from debt in connection with the Series C Preferred Unit Repurchase consisting of a \$40,000 mortgage loan bearing interest at a rate of LIBOR plus 185 basis points; \$3,411 of the mortgage loan proceeds was also used to pay down the Bankers Trust Revolving Credit Facility	539
Borrowing from debt in connection with the acquisition of the Dulles Tech/Ridgeview Properties consisting of \$45,000 under a mortgage loan bearing interest at a rate of LIBOR plus 200 basis points and \$30,555 in borrowings under the Bankers Trust Revolving Credit Facility	1,377
Debt repaid in connection with the Series G Preferred Share Issuance consisting of \$53,175 under the Bankers Trust Revolving Credit Facility	(1,001)
Gateway 67 related interest pertaining to the following: (1) debt assumed in the amount of \$8,353 bearing interest at a rate of LIBOR plus 185 basis points; and (2) \$856 in borrowings under the Bankers Trust Revolving Credit Facility	253
NBP 140 related interest from December 20, 2003 to December 30, 2003 (the period that the building was operational prior to the acquisition) pertaining to the following: (1) debt assumed in the amount of \$8,117 bearing interest at a rate of LIBOR plus 175 basis points; and (2) \$5,344 in borrowings under the Bankers Trust Revolving Credit Facility	12
Borrowings from debt in connection with the acquisition of 400 Professional Drive consisting of the following: (1) assumed mortgage loan with a fair value of \$17,494 bearing interest at an imputed rate of 5.67%; and (2) \$5,000 in borrowings under the Bankers Trust Revolving Credit Facility	1,161
Borrowings from debt in connection with the acquisition of the Wildewood Properties consisting of the following: (1) \$54,000 in borrowings under the Wachovia Revolving Credit Facility; and (2) assumed mortgage loans with an aggregate fair value of \$11,729 bearing interest at imputed rates ranging from 4.48% to 4.71%	2,116
<b>Amortization of deferred financing costs related to:</b>	
Borrowing for Series C Preferred Unit Repurchase and \$3,411 pay down of the Bankers Trust Revolving Credit Facility	168
Borrowing for 400 Professional Drive	9
Borrowings for Wildewood Properties	5
	<u>\$ 4,340</u>

F-10

The pro forma adjustments above reflect an aggregate increase to interest expense. The aggregate pro forma increase to interest expense would increase by an additional \$123 for the year ended December 31, 2003 if interest rates on variable-rate debt were 1/8<sup>th</sup> of a percentage point higher.

The pro forma adjustments resulting from acquisition activity were computed primarily using the effects of initial debt incurred for such acquisitions; such adjustments

do not reflect the effect of subsequent changes to the Company's debt, including activity to refinance initially incurred debt. If the pro forma adjustments reflected subsequent refinancings with debt secured by the properties acquired above, the aggregate pro forma interest expense would increase by an additional \$509 for the year ended December 31, 2003. In addition, if the pro forma adjustments reflected the effects of other changes to the Company's debt, the aggregate increase to interest expense could be higher.

- (F) Pro forma depreciation expense adjustments are reflected on acquisitions based on (i) the portion of the acquisition costs attributable to the building depreciated over a useful life of 40 years and (ii) the value of tenant improvements associated with in-place operating leases depreciated over the remaining lives of the leases. Pro forma amortization expense adjustments are reflected on

F-11

acquisitions based on (i) the value of leasing costs associated with the remaining term of in-place operating leases amortized over the remaining lives of the leases and (ii) the tenant value associated with acquiring a built-in revenue stream on leased buildings amortized over the estimated amount of time that the associated tenants are expected to remain in the buildings. Pro forma depreciation and amortization expense adjustments on dispositions are reflected based on historical amounts.

<u>Adjustment to depreciation and other amortization expense, net of related historical amounts, as a result of:</u>	<u>For the Year Ended December 31, 2003</u>
<b>Depreciation expense:</b>	
695 Route 46	\$ (178)
13200 Woodland Park Drive	408
Dulles Tech/Ridgeview Properties	1,108
Gateway 67	202
NBP 140	10
400 Professional Drive	839
Wildewood Properties	1,649
<b>Amortization of deferred lease costs related to:</b>	
695 Route 46	(40)
13200 Woodland Park Drive	30
Dulles Tech/Ridgeview Properties	69
Gateway 67	—
NBP 140	—
400 Professional Drive	52
Wildewood Properties	123
<b>Amortization of tenant value related to:</b>	
13200 Woodland Park Drive	156
Dulles Tech/Ridgeview Properties	395
Gateway 67	7
NBP 140	—
400 Professional Drive	104
Wildewood Properties	277
	<u>\$ 5,211</u>

F-12

- (G) Adjustment for minority interests' share of pro forma adjustments made to the Operating Partnership.
- (H) Adjustment for the additional common shares outstanding in connection with the Common Share Issuance.

F-13

### Report of Independent Auditors

To the Board of Trustees and Shareholders of Corporate Office Properties Trust

We have audited the accompanying historical summary of revenue and certain expenses of 400 Professional Drive (the "Property") for the year ended December 31, 2003.



This historical summary is the responsibility of the Property's management; our responsibility is to express an opinion on this historical summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the historical summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the historical summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the historical summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying historical summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission (for inclusion on Form 8-K of Corporate Office Properties Trust) as described in Note 2, and is not intended to be a complete presentation of the Property's revenue and expenses.

In our opinion, the historical summary referred to above presents fairly, in all material respects, the revenue and certain expenses described in Note 2 of the Property for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

/s/ PricewaterhouseCoopers, LLP

Baltimore, MD  
March 29, 2004

F-14

**400 Professional Drive  
Historical Summary of Revenue and Certain Expenses  
For the year ended December 31, 2003**

<b>Revenue</b>	
Base rents	\$ 3,001,827
Tenant reimbursements	74,193
Termination Fees	3,119,318
Total revenue	<u>6,195,338</u>
<b>Certain expenses</b>	
Property operating expenses	
Property taxes and insurance	213,907
Utilities	274,964
Management fee	51,609
Other operating expenses	317,431
Repairs and maintenance	111,477
Total certain expenses	<u>969,388</u>
Revenue in excess of certain expenses	<u>\$ 5,225,950</u>

The accompanying notes are an integral part of these financial statements.

F-15

**400 Professional Drive  
Notes to Historical Summary  
December 31, 2003**

**1. Business**

The accompanying historical summary of revenue and certain expenses relates to the operations of 400 Professional Drive (the "Property"), consisting of the revenue and certain expenses of one office building totaling 129,030 rentable square feet located in Gaithersburg, Maryland.

**2. Summary of Significant Accounting Policies**

**Basis of Presentation**

The accompanying historical summary of revenue and certain expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission in contemplation of Corporate Office Properties Trust acquiring the Property. The historical summary is not representative of the actual operations of the Property for the period presented nor indicative of future operations as certain expenses, primarily depreciation, amortization, and interest expense, which may not be comparable to the expenses expected to be incurred by Corporate Office Properties Trust in future operations of the Property, have been excluded.

**Revenue and Expense Recognition**

Revenue is recognized on a straight-line basis over the terms of the related lease. Expenses are recognized in the period in which they are incurred.

Lease termination fees from the early termination of lease agreements are recorded when earned.

**Use of Estimates**

The preparation of this historical summary in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

**Major Tenants**

During 2003, 77% of the Property's base rents was earned from five major tenants (each tenant's base rent exceeded 10% of the total base rents). Base rents earned from these tenants for the year ended December 31, 2003 were approximately \$2,313,000.

**3. Rentals**

The Property has entered into non-cancelable tenant leases, with expiration dates ranging from 2006 to 2012. The leases provide that tenants will share in operating

expenses and real estate taxes on a pro rata basis, as defined in the leases. Future minimum rentals as of December 31, 2003 to be received under these tenant leases are as follows:

2004	\$ 2,814,000
2005	3,089,000
2006	3,176,000
2007	3,202,000
2008	2,478,000
Thereafter	3,665,000
	<u>\$ 18,424,000</u>

F-16

#### 4. Management Fee Agreement

Certain management services for the twelve months ending December 31, 2003 were performed by the owner of the Property at the rate of \$3,000 per month, plus 1.25% of total rental receipts for accounting services. Per the management agreements, gross rents include fixed rents, percentage rents, common area charges, real estate taxes and other charges of any kind and nature collected by the manager. During the year ended December 31, 2003, the Property paid \$51,609 in management fees.

F-17

### Report of Independent Auditors

To the Board of Trustees and Shareholders of Corporate Office Properties Trust

We have audited the accompanying historical summary of revenue and certain expenses of Wildewood and Exploration/Expedition Office Parks (the "Properties") for the year ended December 31, 2003. This historical summary is the responsibility of the Properties' management; our responsibility is to express an opinion on this historical summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the historical summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the historical summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the historical summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying historical summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission (for inclusion on Form 8-K of Corporate Office Properties Trust) as described in Note 2, and is not intended to be a complete presentation of the Properties' revenue and expenses.

In our opinion, the historical summary referred to above presents fairly, in all material respects, the revenue and certain expenses described in Note 2 of the Properties for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

/s/ PricewaterhouseCoopers, LLP

Baltimore, MD  
March 16, 2004

F-18

#### Wildewood and Exploration/Expedition Office Parks Historical Summary of Revenue and Certain Expenses For the year ended December 31, 2003

<b>Revenue</b>	
Base rents	\$ 7,259,239
Tenant reimbursements	44,467
Total revenue	<u>7,303,706</u>
<b>Certain expenses</b>	
Property operating expenses	
Property taxes and insurance	300,008
Utilities	294,835
Management fee	171,550
Other operating expenses	605,875
Repairs and maintenance	57,970
Total certain expenses	<u>1,430,238</u>
Revenue in excess of certain expenses	<u>\$ 5,873,468</u>

The accompanying notes are an integral part of these financial statements.

F-19

#### Wildewood and Exploration/Expedition Office Parks Notes to Historical Summary December 31, 2003

##### 1. Business

The accompanying historical summary of revenue and certain expenses relates to the operations of Wildewood and Exploration/Expedition Office Parks (the "Properties"), consisting of the revenue and certain expenses of two parcels of land and ten office buildings totaling 534,754 rentable square feet located in California, Maryland.

## 2. Summary of Significant Accounting Policies

### Basis of Presentation

The accompanying historical summary of revenue and certain expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission in contemplation of Corporate Office Properties Trust acquiring the Properties. The historical summary is not representative of the actual operations of the Properties for the period presented nor indicative of future operations as certain expenses, primarily depreciation, amortization, and interest expense, which may not be comparable to the expenses expected to be incurred by Corporate Office Properties Trust in future operations of the Properties, have been excluded.

### Revenue and Expense Recognition

Revenue is recognized on a straight-line basis over the terms of the related lease. Expenses are recognized in the period in which they are incurred.

### Operating Expenses

Certain of the leases discussed in Note 3 require the tenant to pay directly substantially all of the respective Properties' operating expenses. These expenses are not included in the accompanying historical summary, including approximately \$205,000 in property taxes that Corporate Office Properties Trust will be required to pay if the tenant fails to pay them.

### Use of Estimates

The preparation of this historical summary in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

### Major Tenants

During 2003, 20% of the Properties' base rents was earned from one major tenant. Base rents earned from this tenant for the year ended December 31, 2003 were approximately \$1,429,000.

F-20

---

## 3. Rentals

The Properties have entered into non-cancelable tenant leases, with expiration dates ranging from 2004 to 2013. Certain of the leases provide that tenants will share in operating expenses and real estate taxes on a pro rata basis, as defined in the leases. Future minimum rentals as of December 31, 2003 to be received under these tenant leases are as follows:

2004	\$	6,515,854
2005		5,585,768
2006		4,674,154
2007		3,529,513
2008		2,456,175
Thereafter		9,495,502
	\$	<u>32,256,966</u>

## 4. Management Fee Agreement

Certain management services for the twelve months ending December 31, 2003 were performed by the owner of the Properties at the rate of 2.75% of gross rental receipts for full service tenants and 1.5% of gross rental receipts for net lease tenants. Per the management agreements gross rents include rental income, tenant reimbursement income, and other sums actually collected by the manager on a monthly basis. During the year ended December 31, 2003, the Properties paid \$171,550 in management fees.

F-21

---

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-36740, No. 333-59766, No. 333-71807, No. 333-60379, No. 333-85210, No. 333-108785), Form S-3MEF (No. 333-107652) and Form S-8 (No. 333-87384, No. 333-88711 and No. 333-111736) of Corporate Office Properties Trust of our reports dated March 16, 2004 and March 29, 2004, relating to the historical summaries of revenue and certain expenses of 400 Professional Drive and Wildewood and Exploration/Expedition Office Parks, respectively, which appear in this Form 8-K.

/s/ PricewaterhouseCoopers LLP

---

Baltimore, MD  
April 13, 2004

---

## PURCHASE AGREEMENT

Dated as of November 24, 2003

By and Among

THOMAS E. ROBINSON,

CROWN POINT, L.L.C.,

CROWN POINT MANAGER, INC.,

and COPT ACQUISITIONS, INC.

## TABLE OF CONTENTS

<b><u>ARTICLE I</u></b>	<b><u>AGREEMENT TO SELL AND PURCHASE PROPERTY</u></b>	<b><u>1</u></b>
Section 1.1.	Definitions	1
Section 1.2.	The Property	2
Section 1.3.	Purchase Price, Pass-Throughs	3
Section 1.4.	Indivisible Economic Package	4
<b><u>ARTICLE II</u></b>	<b><u>REPRESENTATIONS AND WARRANTIES</u></b>	<b><u>4</u></b>
Section 2.1.	Representations and Warranties of Seller	4
Section 2.2.	Representations and Warranties of Purchaser	8
<b><u>ARTICLE III</u></b>	<b><u>CONDITIONS TO THE PARTIES' OBLIGATIONS</u></b>	<b><u>8</u></b>
Section 3.1.	Study Period	8
Section 3.2.	Conditions to Purchaser's Obligations	13
Section 3.3.	Conditions to Seller's Obligations	14
<b><u>ARTICLE IV</u></b>	<b><u>CLOSING</u></b>	<b><u>14</u></b>
Section 4.1.	Date and Place of Closing, Extensions of Closing	14
Section 4.2.	Deliveries at Closing.	14
Section 4.3.	Prorations and Closing Costs	16
Section 4.4.	Risk of Loss: Possession	18
Section 4.5.	"As-Is" Purchase	18
<b><u>ARTICLE V</u></b>	<b><u>SPECIAL PROVISIONS</u></b>	<b><u>19</u></b>
Section 5.1.	Real Estate Commissions	19
Section 5.2.	Eminent Domain	19
Section 5.3.	Interim Operating Covenants	19
<b><u>ARTICLE VI</u></b>	<b><u>DEFAULT</u></b>	<b><u>20</u></b>
Section 6.1.	Default by Seller	20
Section 6.2.	Default by Purchaser/Liquidated Damages	21
Section 6.3.	Notice of Default	21
Section 6.4.	Seller's Indemnification	21
Section 6.5.	Purchaser's Indemnification	21
Section 6.6.	Defense of Third Party Claims	21

Section 6.7.	<u>Survival, Limit</u>	<u>22</u>
<b>ARTICLE VII</b>	<b><u>MISCELLANEOUS</u></b>	<b><u>22</u></b>
Section 7.1.	<u>Assignment/Successors and Assigns</u>	<u>22</u>
Section 7.2.	<u>Notices</u>	<u>22</u>
Section 7.3.	<u>Governing Law</u>	<u>24</u>
Section 7.4.	<u>Merger</u>	<u>24</u>
Section 7.5.	<u>1031 Exchange</u>	<u>24</u>
Section 7.6.	<u>Counterparts</u>	<u>25</u>
Section 7.7.	<u>Severability</u>	<u>25</u>
Section 7.8.	<u>Interpretation</u>	<u>25</u>
Section 7.9.	<u>Recordation</u>	<u>25</u>
Section 7.10.	<u>Attorney's Fees</u>	<u>26</u>
Section 7.11.	<u>Authority</u>	<u>26</u>
Section 7.12.	<u>Calculation of Time Periods</u>	<u>26</u>
Section 7.13.	<u>SEC Reporting Requirements</u>	<u>26</u>
Section 7.14.	<u>Confidentiality</u>	<u>26</u>

**PURCHASE AGREEMENT**

**THIS PURCHASE AGREEMENT** (this "Agreement") is made as of the \_\_\_\_\_ day of November, 2003, (the "Effective Date") by and among **THOMAS E. ROBINSON** ("Robinson"), **CROWN POINT, L.L.C.**, a Delaware limited liability company (the "Company"), **CROWN POINT MANAGER, INC.**, a Maryland corporation ("CPM" and, collectively with Robinson, the "Seller") and **COPT ACQUISITIONS, INC.**, a Delaware corporation, or its permitted assigns (collectively the "Purchaser").

RECITALS

- A. Robinson & CPM are the owners of 100% of the membership interests in the Company. (All of the membership interests in the Company are defined as the "Interests.")
- B. The Company owns the Property (as defined below).
- C. Robinson & CPM desire to sell the Interests and Purchaser desires to purchase the Interests, subject to and upon the terms and conditions hereinafter set forth.

In consideration of the mutual covenants hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

**ARTICLE I**

**AGREEMENT TO SELL AND PURCHASE INTERESTS**

**Section 1.1. Definitions.** For purposes of this Agreement, the following capitalized terms have the meanings set forth in this Section 1.1:

"**Certificate of Formation**" means that certain Certificate of Formation of Crown Point L.L.C., as amended, and filed with the Delaware Office of the Secretary of State.

"**Operating Agreement**" means that certain Second Restatement of Limited Liability Company Agreement dated November 7, 2002, a true and correct certified copy of which is attached hereto along with other Organizational Documents as Exhibit A.

"**Tenant Deposits**" means all security deposits, paid or deposited by the Tenants to the Company, as landlord, or any other person on the Company's behalf pursuant to the Tenant Leases (together with any interest which has accrued thereon, but only to the extent such interest has accrued for account of the respective Tenants).

"**Tenant Leases**" means (i) all leases, rental agreements or occupancy agreements, and all renewals, amendments, modifications and supplements thereto, together with (ii) any renewals and modifications thereof and any new leases entered into after the Effective Date. Tenant Leases include subleases, franchise agreements or similar occupancy agreements entered into by Tenants which, by their nature, are subject to Tenant Leases.

"**Tenants**" means all persons or entities leasing, renting or occupying space within the Improvements pursuant to the Tenant Leases, including any subtenants, licenses, concessionaires, franchisees or other persons or entities whose occupancy is derived through Tenants.

**Section 1.2. The Property.** Subject to the terms and conditions of this Agreement, Seller agrees to sell to the Purchaser and the Purchaser agrees to purchase

from the Seller the Interests. Seller represents that the Company owns all of the following (hereinafter known as the "Property"):

- (a) the parcel of land in the County of Montgomery, Maryland, known as Crown Point, located at 400 Professional Drive, Gaithersburg, Maryland 20879 and more particularly described in **Exhibit B** attached hereto as a part hereof (the "Land");
- (b) all buildings (including but not limited to the office building that is on the Land as of the date hereof) [the "Building"], structures, equipment and other improvements on the Land (the "Improvements");
- (c) all easements, rights-of-way and appurtenances belonging to the Land and all rights of Seller in the land lying in the bed of any road, street or alley, open or proposed, which adjoins the Land;
- (d) all equipment, furniture, furnishings, supplies and other personal property and fixtures of every description, if any, owned by the Company and located in or on, or attached to, or used in connection with the Land or Improvements, except as shown on **Schedule 1.2(d)** (hereinafter referred to as the "Personal Property");
- (e) all of the Company's right, title and interest as lessor in and to the Tenant Leases and, subject to the terms of the respective applicable Tenant Leases, the Tenant Deposits;
- (f) all of the Company's right, title and interest in, in all contract rights related to the Land, Improvements or Personal Property, to the extent assignable, including, without limitation, the Company's interest in the following: maintenance, construction, commission, architectural, engineering, parking, supply or service contracts, warranties, guarantees and bonds and other agreements related to the Improvements or Personal Property that will remain in existence after Closing (as hereinafter defined) (collectively, the "**Service Contracts**");
- (g) all of the Company's right, title and interest in, to and under any licenses certificates of occupancy, and permits and approvals issued by any governmental authority and relating to the Land, Improvements, Personal Property or Service Contracts, to the extent assignable (the "**Permits**");
- (h) all of the Company's right, title and interest, if any, to the extent assignable or transferable, in and to the name "Crown Point" and all names, trade names logos associated or used in connection with the Property and all trademarks and all local and toll-free telephone numbers and listings used by the Company exclusively in the operation and identification of the Improvements; and

2

- (i) all of the Company's right, title and interest, if any, to the extent assignable or transferable, in and to all other intangible rights, titles, interests, privileges and appurtenances owned by the Company's and related to or used exclusively in connection with the ownership, use or operation of the Land or Improvements..

The Property shall not include the cash balances in the bank accounts shown on **Schedule 1.2** (the "Cash Accounts").

**Section 1.3. Purchase Price, Pass-Throughs.**

The purchase price to be paid by Purchaser to Seller for the Interests shall be fixed at TWENTY-TWO MILLION FOUR HUNDRED THOUSAND AND 00/100 DOLLARS (\$22,400,000.00) (hereinafter referred to as the "Purchase Price"), payable as follows:

- (a) FIVE HUNDRED THOUSAND AND 00/100 DOLLARS (\$500,000.00) cash in earnest money to be delivered in escrow (the "Escrow") to Pioneer Title, acting as escrow agent (the "Escrow Agent") to be delivered simultaneously with the execution hereof by Purchaser (such deposit, plus all interest earned thereon, being hereinafter referred to as the "Deposit"). The parties hereby agree that, pending the closing hereunder or the termination of this Agreement, the Deposit shall be deposited in a federally insured interest bearing account. The Tax Identification Number of the Purchaser is 23-2946433. If the transaction contemplated by this Agreement is consummated in accordance with the terms hereof, the Deposit shall be credited against the cash due on the Closing Date (as hereinafter defined). In the event the transaction contemplated by this Agreement is not consummated in accordance with the terms hereof, the Deposit shall be delivered in accordance with Section 3.2 hereof and other applicable provisions of this Agreement.

- (b) Purchaser, through its acquisition of the Interests shall reaffirm the obligations of the Company (the "Loan") under that certain Consolidated Amended and Restated Promissory Note dated on or about November 19, 2002 (the "Note"), payable to Morgan Stanley Dean Witter Mortgage Capital, Inc. ("Lender"), and all documents securing the Note as listed on **Schedule 1.3(b)** (the "Existing Mortgage") held by the holder of the Existing Mortgage as security for the Note. The principal balance of the Note as of December 31, 2003, will be approximately SIXTEEN MILLION SEVEN HUNDRED NINETY-THREE THOUSAND FIVE HUNDRED SIXTY-ONE AND 57/100 DOLLARS (\$16,793,561.57) and interest which accrues on the Note at a rate of approximately 6.25% will be paid by Seller through the Closing Date. The exact amount of the Note shall be fixed as of the Closing Date. Said reaffirmation shall be without material change in the terms of the Existing Mortgage, with Purchaser or its principals reaffirming, from and after the Closing Date, (i) the liability, if any, of the Company and its principals in the Environmental Indemnity Agreement, which agreement was executed by the Company and Thomas E. Robinson, and (ii) the Guaranty of any carveouts from the non-recourse provisions of the Existing Mortgage, which Guaranty was executed by Thomas E. Robinson.

- (c) The balance of the Purchase Price, after a credit for the Deposit and the reaffirmation of the Company's obligations under the Note which shall occur simultaneously with the transfer of the Interests (using the principal balance thereof on the Closing Date), shall be payable by federal wire transfer or other good funds to be received by Seller on the Closing Date (as hereinafter

3

defined), such amount to be increased or decreased by prorations and other adjustments, including interest, as provided herein.

**Section 1.4. Indivisible Economic Package.** Purchaser has no right to purchase, and Seller has no obligation to sell, less than all of the Interests, it being the express agreement and understanding of Purchaser and Seller that, as a material inducement to Seller and Purchaser to enter into this Agreement, Purchaser has agreed to purchase, and Seller has agreed to sell, all of the Interests, subject to and in accordance with the terms and conditions hereof.

**ARTICLE II**

**REPRESENTATIONS AND WARRANTIES**

**Section 2.1. Representations and Warranties of Seller.** Seller represents and warrants to Purchaser as follows, which representations and warranties are true as of the date of this Agreement and shall be true as of the date of Closing:

- (a) **Company's Authority.** The Company is a duly organized and validly existing Delaware limited liability company, and is in good standing. The Company has the power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereunder. The person signing this Agreement on behalf of the Company has been duly authorized by the Company to do so. The Operating Agreement has not been modified, amended or changed in any way since the execution

thereof, and the Operating Agreement constitutes the entire operating agreement of the Company. The Articles of Organization have not been modified, amended or changed in any way since the execution thereof, and the Articles of Organization included as part of **Exhibit A** constitute the entire articles of organization of the Company. Seller shall not make or permit any modification of or amendment to the Operating Agreement or the Articles of Organization of the Company after the Effective Date to and until the Closing Date.

(b) **CPM's Authority.** CPM is a duly organized and validly existing Maryland corporation, and is in good standing. CPM has the power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereunder. The person signing this Agreement on behalf of CPM has been duly authorized by CPM to do so.

(c) **Consents.** The execution and delivery of this Agreement do not, and the consummation of the transactions contemplated hereby will not, require any approval, consent, authorization or order of, or filing with, any private party or any governmental agency or body, or violate any law, rule or regulation, or any order, arbitration award, judgment or decree to which Seller is a party or by which it or any of the Property is bound.

(d) **Seller's Title.** CPM and Robinson collectively own one hundred percent (100%) of the Interests of the Company, and will transfer unencumbered ownership of such Interests to Purchaser at Closing. As of Closing, there will be no members of the Company other than the Seller. At Closing, Seller will transfer the Interests owned by it to Purchaser free and clear of any restrictions on transfer, assignment or sale, liens, encumbrances, exceptions, taxes, security interests, options, warrants, purchase rights, contracts, commitments, equities, claims, liabilities,

4

---

covenants, agreements and demands. The foregoing notwithstanding, Purchaser acknowledges that the Interests are not registered under the Securities Act of 1933, or any other federal or state securities laws, and may be subject to any restrictions on resale that may be applicable thereunder, if any. The Seller is not (and at Closing will not be) party to any voting trust, proxy, or other agreement or understanding with respect to the Interests (other than the Operating Agreements).

(e) **Title to Property.** The Company owns good and marketable, fee simple title to the Property, free and clear of all liens, defects and encumbrances except:

(i) The Tenant Leases. Attached as **Schedule 2.1(e)(i)** is a rent roll for the Property, dated as of the Effective Date, which, to Seller's knowledge, is true and correct in all material respects as of the date thereof. Except as set forth in **Schedule 2.1(e)(i)**, there are, to Seller's knowledge, no leases, license agreements or other occupancy agreements (or any amendments or supplements thereto) now in effect with respect to the Property other than as reflected on the rent roll. **Schedule 2.1(e)(i)** also includes a schedule of the Tenant Deposits, together with any interest that may be required under the Tenant Leases to be accrued thereon as of the Closing Date. No more than five (5) days before Closing, Seller shall provide an updated rent roll, which, to Seller's knowledge shall be true and correct in all material respects as of the date thereof;

(ii) Permitted Exceptions (as defined herein); and

(iii) Existing financing of the Land, Improvements and the Interests which shall be paid off no later than the Closing Date.

(f) **Real Estate Agents: Disclosure.** Seller has employed and agreed to pay a commission to CB Richard Ellis of Virginia, Inc. as broker ("Broker") pursuant to a separate agreement. No other fees or commissions are payable to any other persons with whom Seller may have dealt. Certain members of Seller are agents of and have an ownership interest in Broker.

(g) **Pending Litigation.** Except as shown on **Schedule 2.1(g)**, Seller warrants that, as of October 31, 2003, it has received no written notice of and has no actual knowledge of any pending or threatened litigation or other judicial or administrative proceeding, affecting the Interests and/or the Property or the Company, including, without limitation, condemnation or exercise of the right of eminent domain or bankruptcy. The Company is not contemplating either (i) the filing of a petition by it under any bankruptcy or insolvency laws (and Seller has no actual knowledge of any person contemplating the filing of any such petition against the Company), or (ii) the liquidation of all or a major portion of the assets of the Company except the sale of the Interests hereunder.

(h) **Contracts.** Attached as **Schedule 2.1(h)** is a list of the Service Contracts, which list, to Seller's knowledge, is true and correct in all material respects as of the date hereof. To Seller's knowledge, other than the Service Contracts, and as may be reflected within the Tenant Leases and Permitted Exceptions, there are no service contracts to which the Company is a party that will be in effect as of the Closing Date that are not terminable within thirty (30) days without

5

---

cause or penalty. To Seller's knowledge, there are no other agreements or contracts, including but not limited to those for the sale, option to sell, lease or manage, with respect to the Property and its operation, use and maintenance, that will be in effect upon Closing.

(i) **Leasing Commissions.** All leasing commissions due CB Richard Ellis, Inc. have been paid (or will be paid by Seller prior to Closing) for the initial terms of the Leases. Broker is the exclusive leasing agent for the Property, and no other brokers or agents are entitled to be paid any commissions or finder's fees in connection with the leasing of the Building. Seller shall deliver to Purchaser within five (5) days of the date hereof (i) a complete copy of the leasing agreement with Broker, including all provisions relating to any renewal commissions, and all provisions relating to new tenants, and (ii) the current Property Management Agreement with Broker. Notwithstanding anything contained herein, Purchaser shall be responsible for the leasing commissions and tenant improvements outlined on **Schedule 2.1(i)(1)** attached hereto. Other than the agreement with CB Richard Ellis, Inc, there are no other agreements (i) providing for the payment from and after the Closing Date of leasing commissions or fees for procuring tenants with respect to the Property, or (ii) except as shown on **Schedule 2.1(i)(2)** to Seller's knowledge, providing for the payment of any leasing commissions or fees upon the future exercise by such tenants of extension or expansion rights set forth in their Leases.

(j) **Taxes.** The Company is not delinquent in its obligation to file Federal, state and local income tax returns, and/or limited liability company annual or other filings in Delaware or Maryland, required to be filed by it, nor to pay Federal, State and local income taxes and/or limited liability company annual or other filing fees in Delaware or Maryland required to be paid by it. Seller will cause final income tax returns for the Company to be filed for the partial tax year ending on the Closing Date prior to delinquency, will pay all taxes due from it in connection or as shown on such filings prior to delinquency, and will provide a copy thereof to Purchaser promptly after filing. In addition, Seller will, prior to Closing, cause the Company to file all applicable business tax returns, personal property tax returns and/or limited liability company filings in Delaware and Maryland that are then required to be filed (e.g., for all tax reporting periods that are "closed" as of the Closing Date) even if the date of delinquency for such tax filings would not occur until after the Closing Date, and will pay all taxes and/or fees due in connection with or as shown on such filings.

(k) **Environmental Conditions.** Except with respect to issues (a) disclosed in any environmental report(s) furnished to Purchaser by the Company or Seller, or otherwise obtained by Purchaser during the Study Period (collectively, the "**Phase I Report**"), or (b) otherwise disclosed by the Company or Seller to Purchaser in writing during the Study Period, to Seller's knowledge, no Hazardous Materials are located upon or within the Property. The term "**Hazardous Materials**" shall mean: (A) any "hazardous waste" as defined by the Resource Conservation and Recovery Act of 1976, as amended from time to time, and related regulations; (B) any "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended from time to time, and related regulations; (C) oil petroleum products and their byproducts; (D) any hazardous levels of asbestos or radon gas; (E) polychlorinated biphenyls (PCBs); (F) flammable explosives; and (G) radioactive materials. Seller has not received a summons, citation, directive, notice, complaint or other written communication from the United States Environmental Protection Agency or the



Maryland Environmental Service or other governmental authority concerning any alleged violation of any environmental law or rule or regulation at the Land.

(l) Financial Information. To Seller's knowledge, **Schedule 2.1(I)** contains a true, correct and complete Schedule E of the 2002 federal tax return for the Company and (ii) accurately reflects true and correct statements of profit and loss and the budget of the Company with respect to the Property for calendar year 2002 and year-to-date for calendar year 2003 from the management, leasing, maintenance, repair and operation of such Property for such periods.

(m) Employees of Company. Since its formation and through the Effective Date, the Company has no employees and/or employment agreements or understandings (whether written or verbal) with any person, nor is the Company party to any union contract or collective bargaining agreement.

(n) Single Purpose Entity. The Company is a single purpose entity with its sole business purpose being the ownership, operation and management of the Property.

(o) Liabilities. Except for liabilities incurred in the ordinary course of business which shall be satisfied on or before the Closing, the Company, to the best of Seller's knowledge, has no liabilities (current or contingent, asserted or unasserted) of any nature except for the liabilities expressly described in this Agreement under the Permitted Exceptions and the Service Contracts, including, without limitation, no contract liabilities, tort liabilities or tax liabilities.

(p) Tenant Inducement Costs. The Company has performed, or will perform at or prior to closing, all of the duties, liabilities and obligations imposed upon the Company by the terms, provisions and conditions contained in the Tenant Leases and accruing on or prior to the date hereof, and there are no Tenant Inducement Costs (as defined herein) that remain to be paid or performed by any Seller as landlord under the Tenant Leases, including all hard and soft construction costs (whether payable to the contractor or the tenant), tenant allowances, moving expenses and other out-of-pocket costs, or that remain unused, including any rent abatements. For purposes of this Section 2.1(p), "Tenant Inducement Costs" shall mean any out-of-pocket payments required under the Tenant Leases to be paid by the Company, as landlord thereunder, to or for the benefit of tenants, any rent abatement or other rent concessions granted to tenant, which are in the nature of a tenant inducement, including specifically, but without limitation, tenant improvement costs, improvement costs for improvements to the Property generally, lease buyout costs, free rent and moving, design, refurbishment and other allowances and leasing commissions, except as shown on **Schedule 2.1(p)**.

(q) Compliance with Laws. To Seller's knowledge, neither Seller nor Company has received any written notice of any violation of any federal, state, county or municipal laws, ordinances, regulations and requirements affecting the Property or any portion thereof (including the conduct of business operations thereon), or of any recorded covenants, easements or other agreements affecting the Property.

(r) Loan Current. All payments due on the Loan are current through the date of this Agreement; no default exists under the Loan or the Existing Loan Documents; the following

amounts are held in escrow by Lender, or an agent for Lender, for taxes or insurance: taxes - \$51,311.81, insurance - \$39,390.97; and there are no side letters or other agreements relating to the Loan that have not been delivered to Purchaser.

(s) Survival. Seller's liability for a breach of the foregoing warranties and representations, set forth in (a)-(r) above shall survive Closing for a period of one (1) year.

(t) Seller's Knowledge. Whenever the phrases "to Seller's knowledge" or "to the best of Seller's knowledge" are used in this Agreement or in any representations and warranties given to Purchaser at Closing, such knowledge shall be the actual knowledge of Thomas E. Robinson.

**Section 2.2. Representations and Warranties of Purchaser.** Purchaser represents and warrants to Seller as follows:

(a) Purchaser's Authority. Purchaser is duly organized and validly existing under the laws of the State of Delaware and is in good standing. Purchaser has the power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereunder. The person signing this Agreement on behalf of Purchaser has been duly authorized to do so.

(b) Real Estate Agents. Purchaser has not dealt with any brokers, and no commissions are payable by Purchaser to any persons as a result of Purchaser's acquisition of the Interests, or otherwise arising from Purchaser's obligations under this Agreement.

(c) Non-Contravention. The execution and delivery of this Agreement by Purchaser and the consummation by Purchaser of the transactions contemplated hereby will not violate any judgment, order, injunction, decree, regulation or ruling of any court or Authority or conflict with, result in a breach of, or constitute a default under the organic documents of Purchaser, any note or other evidence of indebtedness, any mortgage, deed of trust or indenture, or any lease or other material agreement or instrument to which Purchaser is a party or by which it is bound.

(d) Consents. No consent, waiver, approval or authorization is required from any person or entity (that has not already been obtained) in connection with the execution and delivery of this Agreement by Purchaser or the performance by Purchaser of the transactions contemplated hereby.

**ARTICLE III**

**CONDITIONS TO THE PARTIES' OBLIGATIONS**

**Section 3.1. Study Period.** Seller has provided Purchaser with the following information or will provide within five (5) days following execution of this Purchase Agreement:

(a) Copies of the Tenant Leases, amendments, side letters, and any other documents relating to the leasing of the Property or any unexecuted leases being considered by Seller, including, without limitation, copies of any lease abstracts, tenant contact sheets, current delinquency report and most recent year-end reconciliation of pass-throughs to tenants.

(b) A copy of all building plans and specifications (civil, architectural and structural) for the Building, including current as-builts, photographs, CAD drawings, mechanicals and identification of utility meters and submeters in Seller's possession.

(c) Copies of all existing geotechnical, environmental, soils and building structural reports prepared for Seller (collectively, the "Reports").

- (d) A copy of the existing owner's title insurance policy insuring Seller and copies of all of the underlying title exception documents referenced therein which are in Seller's possession.
- (e) A copy of the current ALTA/ACSM plat of survey of the Property.
- (f) A copy of the zoning letter from the City of Gaithersburg dated November 4, 2002 stating that the Property is zoned MXD, Mixed Use Development under the Zoning Ordinance of the City of Gaithersburg.
- (g) Copies of all Service Contracts (including, without limitation, all leasing, commission and brokerage agreements, all property management agreements and all employment agreements).
- (h) A copy of the CD-Rom which contains copies of all closing documents from the November 2002 Loan closing with Lender, along with the subsequently executed Loan Modification Agreement.
- (i) Copies of all guarantees and warranties relating to the construction of the building and its components, including, but not limited to, any personal property, the roof, elevators and the heating and air conditioning system, in Seller's possession that are still in effect.
- (j) Copies of certificates of insurance evidencing Seller's insurance coverage for the Property.
- (k) Copies of real estate and personal property tax statements for the current and previous three (3) tax years, and if received by Seller, the valuation notice issued with respect to the Premises for the coming tax year.
- (l) Copies of all utility bills in Seller's possession or the possession of Seller's property manager.
- (m) Copies of operating budgets for the Property, including projected capital expenditures, for the current year and the immediately subsequent year, copies of the income expense statements, including capital expenditures, for the past three (3) years accurately reflecting Seller's cost of operation of the Property and copies of the general ledger, solely as it relates to the Property and not to any other properties of Seller or the Company, for the current year and the immediately preceding calendar year.
- (n) Schedule of personal property, to be provided within ten (10) days of the Execution Date.

9

- 
- (o) Certificate of Occupancy for shell space.
  - (p) Any other documentation that is in Seller's possession and is reasonably necessary for Purchaser to complete its due diligence prior to the expiration of the Study Period and to ensure that all matters relating to the Property are satisfactory to Purchaser.

At all times during the Study Period, and, if this Agreement is not sooner terminated pursuant to the provisions hereof, through Closing, Purchaser, its agents, employees, representatives and contractors, at Purchaser's sole cost and expense, shall have the following rights: (i) to enter upon the Property during normal business hours upon giving reasonable notice to Seller to perform such tests, inspections and examinations of the Property as Purchaser deems advisable, including the structural condition of, and all electrical and mechanical systems contained in, the Improvements, and to make investigations with regard to title to the Property, matters of survey, flood plain of the Property, environmental surveys, utilities availability, zoning and building code and other applicable governmental requirements with regard to the Property and the use thereof; and (ii) to investigate and review Seller's books and records relating to the Property and all documentation delivered to Purchaser pursuant to the provisions of this Section. With respect to the foregoing investigations, Seller shall have the right to have a representative present while such investigations are being conducted by Purchaser and/or its agents, employees, representatives and contractors. In conducting such investigations, Purchaser, its agents, employees, representatives and contractors, may enter upon the Property and do all things necessary in connection therewith, provided they do not materially adversely affect the Property or violate the rights of the tenants under the Tenant Leases or unreasonably interfere with the use and occupancy of the Property by the tenants. After completing the foregoing investigations, Purchaser and its agents, employees, representatives and contractors shall restore the Property to the same condition in which it existed prior to conducting such investigations. Purchaser shall indemnify, defend and hold Seller harmless from and against all costs, loss, liability, damage and expense, of every kind and nature, including reasonable attorneys' fees and costs, arising out of the activities of Purchaser and its agents, employees, representatives and contractors upon the Property pursuant to the terms of this Agreement. The foregoing repair and indemnity provisions shall survive any termination of this Agreement, and if this Agreement is not terminated, shall survive Closing.

During the Study Period, Purchaser and Seller shall work together to diligently pursue the approval of the reaffirmation of the Existing Mortgage and Seller's release from all liability under the Loan, except to the extent such liability arose prior to the Closing Date, pursuant to Lender's checklist, attached hereto as **Schedule 3.1**. To this end, Purchaser shall supply to the holder or servicer of the Existing Mortgage such financial information, background information and supporting data relating to the Purchaser as the holder or servicer of the Existing Mortgage may request. Purchaser shall pay any fee charged by Lender in connection with Purchaser's reaffirmation of the Company's obligations under the Loan, provided, however, that such fee shall not be any greater than .5% of the outstanding balance of the Loan, and make any deposits of fees and costs as may be required to formally apply for the Lender's approval of Purchaser's ownership of the Interests in the Company. In addition, Purchaser shall pay all of Lender's costs and expenses associated with Purchaser's reaffirmation of the Company's obligations under the Loan, including Lender's attorney's fees, which costs and expenses shall be paid pursuant to a separate written agreement between Purchaser and Seller.

10

---

Seller has delivered or will deliver pursuant to this Section 3.1, to Purchaser the most current title insurance policy and the current survey with respect to the Property. Purchaser shall obtain a current commitment for title insurance (the "**Commitment**"), issued by Anchor Title Company (the "**Title Company**"). Purchaser shall also obtain, at its sole cost and expense, a new survey of the Property, or at Purchaser's election, Purchaser may obtain a recertification of the survey delivered to Purchaser by Seller (in either case, the "**Survey**"). Purchaser will have until the expiration of the Study Period to examine title to the Property and to notify Seller in writing of any objections to title that may be revealed by Purchaser's examination (called herein the "**Notice of Title Objections**"). Purchaser will deliver to Seller, promptly after its receipt by Purchaser, a copy of the Commitment and a copy of the Survey. The Notice of Title Objections, if and when delivered by Purchaser to Seller, shall enumerate all title exceptions or objections that are unacceptable to Purchaser (and all such title exceptions and objections that are not so enumerated as unacceptable to Purchaser shall be deemed to be acceptable, shall become Permitted Exceptions for all purposes of this Agreement). In the event that Purchaser fails to give a Notice of Title Objections on or before the expiration of the Study Period, then such failure to timely notify Seller will constitute a waiver of such right to object to any title defects, and this Agreement will remain in full force and effect in accordance with its terms and the purchase and sale contemplated hereby will be closed as herein provided, with all exceptions shown on the Commitment, being deemed acceptable to Purchaser.

If Purchaser has timely given a Notice of Title Objections as set forth above, Seller will have the right, but not the obligation (unless otherwise expressly set forth below in this subsection), until on or before ten (10) calendar days after the date on which Purchaser delivered its Notice of Title Objections (the "**Title Objection Date**"), within which to cure any such objections. If Seller cures such objections within the foregoing 10-day period, or, if such objections are such that they cannot be cured within ten (10) calendar days, and Seller has commenced curing such objections and thereafter diligently proceeds to perfect such cure (but in no event beyond forty-five (45) days unless agreed to by Purchaser), then this Agreement shall continue in force and effect, and the Closing Date shall be adjusted accordingly. If Seller is unable to, or chooses

not to, cure such objections within the time permitted, then Purchaser may elect either (i) to terminate this Agreement by written notice to Seller and Title Company, in which event the Deposit shall be returned to Purchaser, this Agreement shall terminate, and the parties shall have no further obligations or liabilities hereunder (except for any obligations which expressly survive termination), (ii) to pay over to the Title Company the amount necessary to cause the applicable liens and Title Objection(s) to be removed from title, which amount shall not exceed \$50,000.00, in which event the Purchase Price payable hereunder shall be reduced by a like amount, or (iii) to waive the unsatisfied Title Objections and proceed to Closing, in which event the unsatisfied Title Objections will become Permitted Exceptions.

Notwithstanding anything set forth in this Agreement to the contrary, whether or not Purchaser objects to the same, Seller shall have an obligation (i) to pay (at or prior to Closing) any amount due in order to satisfy or remove from record title by bonding off or otherwise any mortgages, deeds of trust and liens or encumbrances that secure the payment of money (the "**Monetary Liens**"), other than the Existing Mortgage, and Seller hereby irrevocably authorizes Escrow Agent to deduct from the Purchase Price at Closing the amount necessary to pay off or discharge all such Monetary Liens, and (ii) to cure and remove from record title (at or prior to

11

Closing) all liens and other title exceptions created or filed against the Property after the Effective Date and not consented to in writing by Purchaser (collectively, the "**Mandatory Cure Items**").

Any easements, covenants, restrictions, exceptions of record (other than Mandatory Cure Items) that are shown on the Commitment to which Purchaser has not objected as set forth above, together with (a) all laws, ordinances, statutes, orders, requirements and regulations to which the Property is subject, and (b) all terms, conditions and provisions of all written leases of space for all or any portion of the Property shown on **Schedule 2.1(e)(i)** or entered into after the Effective Date in accordance with this Agreement, and (c) any exception from an updated survey, are hereinafter collectively referred to as "**Permitted Exceptions**." If Purchaser does not deliver the Termination Notice, Purchaser shall be deemed to have approved the Permitted Exceptions.

Purchaser shall have until 5:00 p.m. on that date that is thirty (30) days following the Effective Date, to complete its review of the above information (the "Study Period"). Should Purchaser in its sole and absolute discretion find exception to any of the foregoing materials or for any other reason, Purchaser shall have the right to terminate this Agreement by written notice to the Seller prior to the expiration of the Study Period. In the event Purchaser does not elect to terminate this Agreement prior to the expiration of the Study Period, the Deposit shall become non-refundable except as otherwise provided herein, this Agreement shall become firm, and the Purchaser and Seller shall proceed to Closing in accordance with the terms of this Agreement. If prior to the expiration of the Study Period, Purchaser notifies Seller it does not desire to purchase the Interests then this Agreement shall be deemed terminated and neither party shall have any liability to the other except for the obligation to return the Deposit to Purchaser, Purchaser's obligation to restore the Property and the indemnity and confidentiality provisions expressly outlined herein which survive termination and/or Closing.

Notwithstanding anything in this Agreement to the contrary, in addition to Purchaser's termination rights set forth in this Section 3.1, after receipt by Purchaser of the initial drafts of the documents required by Lender to assume the Loan (the "Assumption Documents"), Purchaser shall have a fifteen (15) Day period to review the terms, conditions and provisions thereof (the "**Assumption Document Review Period**"). If Purchaser determines within the Assumption Document Review Period that it is not satisfied with the terms, conditions and provisions of the Assumption Documents, Purchaser shall have the right to terminate this Agreement by delivering written notice to Seller within the Assumption Document Review Period, in which event, the Deposit shall be returned to Purchaser, this Agreement shall terminate and no longer be of any force or effect, and no party shall have any further liability or obligation hereunder except for those obligations that expressly survive termination of this Agreement. If Purchaser determines after the Assumption Document Review Period that it is not satisfied with the terms, conditions and provisions of the Assumption Documents, Purchaser shall have the right to terminate this Agreement by delivering written notice to Seller, in which event, the Deposit shall be returned to Purchaser (less Two Hundred Thousand Dollars (\$200,000.00) which shall be delivered to Seller as liquidated damages), this Agreement shall terminate and no longer be of any force or effect, and no party shall have any further liability or obligation hereunder except for those obligations that expressly survive termination of this Agreement.

12

Prior to Closing, Purchaser shall treat all information obtained by Purchaser pursuant to the terms of this Agreement as strictly confidential, shall not disclose any such information to any other person and shall not use any such information for any purpose other than the investigation of the Property so as to confirm its acceptability for purchase hereunder. Notwithstanding the foregoing, Purchaser shall have the right to disclose such information to potential lenders, its attorneys, accountants, engineers, consultants, and employees.

If Purchaser shall terminate this Agreement as provided herein, within three (3) business days of such termination, Purchaser shall return to Seller the originals and all copies of all material relating to the Property furnished to Purchaser pursuant to this Agreement and shall not make or retain any copies thereof.

Seller shall terminate, effective as of Closing, all Service Contracts, including without limitation, the Property Management Agreement with Broker (as defined in Section 2.1(i)) that are rejected pursuant to written notice delivered by Purchaser to Seller no later than 5:00 P.M. on the last day of the Study Period. The parties shall prorate any costs incurred to the extent Seller is unable to provide at least thirty (30) days' notice of termination to the applicable vendors under the Service Contracts.

**Section 3.2. Conditions to Purchaser's Obligations.** If any of the following conditions are not satisfied on or before the Closing, Purchaser may, at its option, waive any such condition in writing and proceed to the Closing or terminate this Agreement by written notice to Seller, in which case the Deposit shall be promptly refunded to Purchaser and thereafter none of the parties shall have any further liabilities to the others hereunder except for any provisions hereof that expressly survive termination of this Agreement:

- (a) All of the representations and warranties of Seller hereunder shall be true and correct in all material respects as of the date of Closing.
- (b) There shall have been no material, adverse change in the condition of the Property.
- (c) Seller shall have performed in all material respects all of its obligations required to have been performed hereunder on or before the Closing.

(d) Seller and Purchaser shall have obtained the consent of the holder of the Existing Mortgage to the sale of the Interests and the reaffirmation of the Existing Mortgage by Purchaser, as owner of the Interests in the Company. Seller and/or Purchaser shall each have the option of extending the Closing Date by up to 60 days in order to obtain such consent by sending written notice to the other party of this extension.

(e) Not later than five (5) days prior to the Closing Date, Seller shall provide to Purchaser estoppel certificates executed by tenants occupying not less than eighty (80%) of the net rentable square foot area of the Building currently leased under the Tenant Leases, as well as for all tenants leasing at least 10,000 square feet of the Building, substantially in the same form as **Exhibit E** attached hereto (unless the form or substance of an estoppel certificate is otherwise provided in the corresponding Tenant Lease and the applicable tenant requests that its form be utilized, or unless a tenant requests the deletion of Sections 11 and/or 12, which request Purchaser hereby agrees to

13

accept), the execution and delivery of which shall be a condition precedent to Purchaser's obligation to proceed to Closing hereunder.

**Section 3.3. Conditions to Seller's Obligations.** If any of the following conditions are not satisfied on or before the Closing, Seller may, at its option, waive any such condition in writing and proceed to the Closing or terminate this Agreement by written notice to Purchaser, and in the case of such termination, the Deposit shall be promptly paid to Seller (except for (iii) below, in which case the Deposit shall be promptly refunded to Purchaser) and none of the parties shall thereafter have any further liabilities to the others hereunder except for any provisions hereof that expressly survive termination of this Agreement:

- (a) All of the representations and warranties of Purchaser hereunder shall be true and correct in all material respects as of the date of the Closing.
- (b) Purchaser shall have performed in all material respects all of its obligations required to have been performed hereunder on or before the Closing.
- (c) Seller and Purchaser shall have obtained the consent of the holder of the Existing Mortgage to the sale of the Interests and the reaffirmation of the Existing Mortgage by Purchaser, as owner of the Interests in the Company. Seller and/or Purchaser shall each have the option of extending the Closing Date by up to 60 days in order to obtain such consent by sending written notice to the other party of this extension.

#### ARTICLE IV

#### CLOSING

**Section 4.1. Date and Place of Closing, Extensions of Closing.** The closing of the transaction contemplated herein (the "Closing") shall take place at the offices of the Title Company (the "Settlement Agent") on that date that is the later to occur of (i) ten days after Lender's approval of Purchaser's reaffirmation of the Loan as owner of the Interests of the Company, and the release of Seller from all liability under the Loan arising after the Closing Date and (ii) ten (10) days after expiration of the Study Period, but in no event later than March 31, 2004 (the "Closing Date"), or at such other date and location as the parties may otherwise agree. Seller and Purchaser agree that neither party shall have to attend Closing, provided that each such party satisfies its closing obligations by delivering its closing requirements to Settlement Agent on or prior to the Closing Date.

**Section 4.2. Deliveries at Closing.**

(a) **Deliveries by Seller.** At the Closing, Seller shall deliver the following documents to Purchaser, each of which shall be in form and substance reasonably satisfactory to Purchaser:

(i) An assignment of membership interests substantially in the form attached hereto as **Exhibit E**, duly executed and acknowledged by Seller (the "Assignment");

14

---

(ii) A standard affidavit as to mechanics' liens and rights of parties in possession in form and content acceptable to Seller, such that Purchaser may obtain an Owner's policy of title insurance at standard rates with affirmative coverage against mechanics' liens;

(iii) A certificate from Seller to the effect that it is not a foreign entity subject to the withholding requirements of the Foreign Investment in Real Property Tax Act;

(iv) Letters to the tenants signed by Seller informing them of the sale of the Interests to Purchaser, in substantially the form attached hereto as **Exhibit G**;

(v) Certificate regarding Seller's representations and warranties required by Section 2.1, duly executed and acknowledged by Seller substantially in the form attached hereto as **Exhibit H**;

(vi) Originals of the Tenant Leases which are in the Company's possession and copies of lease files at the Property, and originals of any maintenance and service contracts that are to be assumed;

(vi) Keys and access codes (as appropriate) for the Building;

(vii) For the Company, a document by which Seller (i) resigns as Manager of the Company, (ii) elects (as sole member) Purchaser (or its designee) as the new Manager, and (iii) waives (to the extent necessary) any transfer conditions or restrictions of the Operating Agreement therefor;

(viii) Certificate of Good Standing for Company issued by the Delaware Secretary of State and a certificate of foreign qualification for Company issued by the Maryland Secretary of State; and

(ix) Such other documents as are customary or which may be reasonably required to consummate the transactions contemplated hereunder, including, without limitation an affidavit/indemnity in the form in favor of Purchaser's title insurance company to obtain a "non-imputation endorsement" in Purchaser's final policy of title insurance.

(b) **Deliveries by Purchaser.** At the Closing, Purchaser shall deliver the following items to Seller:

(i) The Purchase Price as provided in Section 1.3 of this Agreement, subject to any adjustments made pursuant to Section 4.3 below.

(ii) Execute and deliver the Assignment evidencing Purchaser's assumption of the rights and obligations associated with the Interests from and after the Closing Date;

(iii) All agreements and other instruments required by the holder of the Existing Mortgage for Purchaser's reaffirmation of the Existing Mortgage and the release of Seller of all obligations to the holder of the Existing Mortgage, to the extent those obligations are incurred after the Closing Date;

15

---

(iv) Execute the letters to the tenants signed by Seller informing them of the sale of the Interests to Purchaser, in substantially the form attached hereto as **Exhibit G**;

(v) Certificate regarding Purchaser's representations and warranties required by Section 2.2, duly executed and acknowledged by Purchaser substantially in the form attached hereto as Exhibit H; and

(vi) Such other documents as are customary or which may be reasonably required to consummate the transactions contemplated hereunder.

**Section 4.3. Prorations and Closing Costs.** Real estate taxes for the current fiscal tax year in which the Closing occurs, all storm water assessments and all other charges and assessments of every kind and nature relating to the Property shall be prorated as of the Closing Date (subject to lease provisions). All rents and operating expenses payable pursuant to existing Tenant Leases for the month in which Closing occurs, as estimated in good faith by Seller and reasonably acceptable to Purchaser, shall be prorated as of the Closing Date. Purchaser shall be considered the owner of the Interests, and accordingly, owner of the Property as of 12:01 a.m. (local time at the Property) on the Closing Date for purpose of the prorations, as if Purchaser were vested with title to the Interests the entire Closing Date. Seller shall pay: (i) the costs of preparing the Assignment and other documents Seller is required to deliver at the Closing pursuant to this Agreement and (ii) ½ of any and all State and local recordation, transfer taxes and any sales taxes or fees imposed upon or payable based on the purchase and sale of the Interests, if any, the costs of filing the amendments to the Certificates of Formation and ½ of any and all closing or escrow fees of the Escrow Agent; Purchaser shall pay all other costs in connection with acquisition of the Interests, including, but not limited to, (i) examining title to the Property and obtaining title insurance or endorsing Seller's current title insurance policy; (ii) survey fees and any fees and charges for any investigations conducted by Purchaser during the Study Period; (iii) ½ of any and all State and local recordation, transfer taxes and any sales taxes or fees imposed upon or payable based on the purchase and sale of the Interests, if any, the costs of filing the amendments to the Certificates of Formation and ½ of any closing or escrow fees of the Escrow Agent (iv) any and all recording fees, including, state and local recordation taxes and clerk's fees for recording of any Loan or documents required by Lender to evidence the reaffirmation of the Loan); and (v) any and all fees and expenses, if any, charged by the Lender in connection with Purchaser's reaffirmation of Company's obligations under the Loan, including but not limited to Lender's "Assumption" Fee, which shall not exceed .5% of the outstanding amount of the Loan as of the Closing Date. Each party shall pay its own legal fees and costs. Seller shall credit Purchaser with an amount, to be applied to the Purchase Price, equal to the aggregate amount of unapplied rent abatements provided to Tenants under the Tenant Leases. Those unapplied rent abatements shall be pro-rated as of the Closing Date, and are shown on **Schedule 4.3**. The prorations to be made at Closing shall be made on the basis of a written statement or statements and all reasonable supporting documentation, including without limitation, invoices, delivered to Purchaser by Seller not less than three (3) business days prior to the Closing Date and approved by Purchaser.

4.3.1 Real estate, personal property and ad valorem taxes for the year of Closing will be prorated between Seller and Purchaser as of Closing Date on the basis of actual bills therefor, if available. If such bills are not available, then such taxes shall be prorated on the basis of the most currently available tax bills and, thereafter, promptly re-prorated upon the availability of

16

---

actual bills for the period. All rebates or reductions in taxes received subsequent to Closing, net of costs of obtaining the same, shall be prorated as of the Closing, when received. The current installment of all special assessments, if any, which are a lien against the Property at the time of Closing and are being or may be paid in installments shall be prorated as of the Closing Date.

4.3.2 Water, sewer, electric and other utility charges shall be prorated as of the Closing Date. If consumption of any of the foregoing is measured by meter, Seller shall, prior to the Closing Date, obtain a reading of each such meter and a final bill as of the Closing Date. If there is no such meter or if the bill for any of the foregoing will not have been issued as of the Closing Date, the charges therefor shall be adjusted at the Closing Date on the basis of the charges of the prior period for which such bills were issued and shall be further adjusted between the parties when the bills for the correct period are issued and, pending receipt of final bills therefor, reasonably estimated prorated amounts paid by Seller shall be held in escrow by the Title Company. Seller shall receive, at closing, an amount equal to any utility security deposits posted by the Company.

4.3.3 Premiums on insurance policies will not be adjusted. As of the Closing Date, Seller will cause the Company to terminate their insurance coverage and receive, at Closing, an amount equal to any prepaid premiums, and Purchaser will affect its own insurance coverage.

4.3.4 All Cash Accounts by the Company, and all insurance refunds, utility deposits, and all other prepaid items which are capable of being refunded on cancellation of a contract, shall be distributed to Seller immediately prior to Closing or retained by the Company following Purchaser's acquisition of the Interests and provided as a credit to Seller at Closing.

4.3.5 The charges and deposits under any transferable and assumed Service Contracts or permitted renewals or replacements thereof shall be prorated and adjusted as of the Closing Date.

4.3.6 All Tenant Security Deposits (together with any accrued interest thereon as may be required by law or contract) shall be credited to Purchaser as of the date of Closing, and to extent Seller has any security deposits held in the form of a letter of credit, such letters of credit shall be assigned to Purchaser as of the Closing Date.

4.3.7 It is agreed that adjustment billings to tenants for operating expenses, common area maintenance charges, taxes or insurance premiums for calendar year 2003 shall be billed by Seller no later than April 30, 2004 and shall be adjusted between Seller and Purchaser based upon the respective percentages of the total related expenses paid by each of Purchaser and Seller for calendar year 2003. When any item of proration which has been adjusted on an estimated basis becomes capable of exact determination, the party in possession of the facts necessary to make the determination shall send the other party a detailed report which adjusts the proration to exact amounts and the parties shall adjust the prior estimate within thirty (30) days after both parties have received said reports.

4.3.8 If any tenant under a Tenant Lease is in arrears in the payment of rent or any other charges (collectively, "Rent") due from such tenant as of the Closing Date for any periods prior thereto, then any amounts received from such tenant subsequent to the Closing Date shall be applied

17

---

in the following order of priority whether such rent be received by Seller or Purchaser:

- (a) first, to any rent due for the month in which the Closing occurs;
- (b) second, to the rent due for any month subsequent to the Closing which rent is not a prepayment at the time paid; and
- (c) third, to all months prior to the month in which the Closing occurred. The parties shall promptly calculate those amounts due to Seller and deliver them to Seller with the monthly accounting described in Section 5.4.

Purchaser shall not be obligated to incur any cost or expense or institute any litigation to collect delinquent rents or other costs or charges owed to Seller, but to the extent Purchaser collects any such delinquent amounts, Purchaser shall promptly remit to Seller, any rents or other amounts, less reasonable out-of-pocket costs of collection, due Seller for the period prior to the Closing. If Purchaser fails to use reasonable efforts to collect delinquent rents, Seller shall be entitled to undertake action including legal proceedings (strictly for money damages expressly excluding, however, any unlawful detainer or other eviction proceeding) to collect any rents or other amounts due Seller for the period prior to the Closing so long as the rents are applied in accordance with this Section 4.3.

4.3.9 The remaining balances held in the reserve funds by Lender pursuant to the Loan Agreement between the Company and Lender dated as of November 19, 2002, shall be provided as a credit to Seller at Closing. The names and current amounts of those funds are shown on **Schedule 4.3.9**. These amounts are subject to change, and Purchaser and Seller agree that the amount of the credit shall be the balances in those funds as of the Closing Date.

4.3.10 Notwithstanding anything contained herein to the contrary, six months after the Closing Date, all adjustments and prorations shall become final and no further adjustments or prorations shall be done. The provisions of this Section 4.3 shall survive closing.

**Section 4.4. Risk of Loss; Possession.** The risk of loss or damage to the Property by fire or other casualty before Closing shall be assumed by Seller. Seller shall deliver possession of the Interests to Purchaser on the date of Closing and the condition of the Property shall be in the condition required by this Agreement. The risk of loss or damage to the Property by fire or other casualty after Closing shall be assumed by Purchaser.

**Section 4.5. "As-Is" Purchase.** Other than as expressly set forth in this Agreement, the transfer of control over the Property effectuated by virtue of the sale of the Interests from Seller to Purchaser is in an "AS IS, WHERE IS" condition and "WITH ALL FAULTS" as of the date of this Agreement and as of the Closing. Except as expressly set forth in this Agreement, no representations or warranties have been made or are made and no responsibility has been or is assumed by Seller or by any partner, officer, manager, member, person, firm, agent or representative acting or purporting to act on behalf of Seller as to the condition or repair of the Property or the value, expense of operation, or income potential thereof or as to any other fact or condition which has or might affect the Property or the condition, repair, value, expense of operation or income potential of the Property

18

---

or any portion thereof. The parties agree that all understandings and agreements heretofore made between them or their respective agents or representatives are merged in this Agreement and the Exhibits and the Schedules hereto annexed, which alone fully and completely express their agreement, and that this Agreement has been entered into after full investigation, or with the parties satisfied with the opportunity afforded for investigation, neither party relying upon any statement or representation by the other unless such statement or representation is specifically embodied in this Agreement or the Exhibits or the Schedules annexed hereto. To the extent that Seller has provided or hereafter may provide to Purchaser information from any inspection, engineering or environmental reports concerning asbestos or harmful or toxic substances, Seller makes no representations or warranties with respect to the accuracy or completeness, methodology of preparation or otherwise concerning the contents of such reports. Purchaser acknowledges that Seller has requested Purchaser to inspect fully the Property and investigate all matters relevant thereto and to rely upon the results of Purchaser's own inspections or other information obtained or otherwise available to Purchaser, as well as Seller's representations set forth in this Agreement. The terms and provisions of this paragraph shall survive Closing or any termination of this Agreement.

## ARTICLE V

### SPECIAL PROVISIONS

**Section 5.1. Real Estate Commissions.** Seller and Purchaser each represent and warrant that no person or entity is entitled to any brokerage commission, finder's fee or similar compensation in connection with the execution and delivery of this Agreement or the consummation of the transaction herein contemplated except as provided in Section 2.1(d) and 2.2(b) hereof. Seller and Purchaser agree to indemnify and hold harmless the other from and against any and all costs and expenses, including court costs and reasonable attorney's fees, arising out of or related to any claim, demand, or cause of action made or asserted by any other real estate agent, broker or sales person claiming to be entitled to compensation as a result of this transaction or arising out of the acts of the indemnitor. The foregoing indemnity provision shall survive Closing on the Interests.

**Section 5.2. Eminent Domain.** If any portion of the Property shall be taken by eminent domain or be the subject of pending or threatened eminent domain proceedings on or before the Closing, Purchaser at its option, within five days of such event, may either terminate this Agreement, in which event the Deposit shall be promptly refunded to Purchaser, or proceed to the Closing, in which event Purchaser shall receive all awards paid or payable with respect to such taking.

**Section 5.3. Interim Operating Covenants.** Seller covenants to Purchaser that Seller will cause the Company to do the following:

(a) **Operations.** From the Effective Date until the earlier of the termination of this Agreement or Closing, continue to operate, manage and maintain the Improvements in the ordinary course of the Company's business and substantially in accordance with the Company's present, first class practice, subject to ordinary wear and tear;

19

---

(b) **Maintain Insurance.** From the Effective Date until the earlier of the termination of this Agreement or Closing, maintain the Company's current level of insurance coverage on the Property;

(c) **Service Contracts.** From the Effective Date until the earlier of the termination of this Agreement or Closing, not enter into any service contract other than in the ordinary course of business, provided, in all events such service contract is terminable on thirty (30) days notice without penalty or unless Purchaser consents thereto in writing;

(d) **Notices.** To the extent received by Seller, from the Effective Date until the earlier of the termination of this Agreement or Closing, promptly deliver to Purchaser copies of written default notices, notices of lawsuits and notices of violations affecting the Property and any and all notices delivered or received from tenants in connection with the Tenant Leases;

(e) **Market Property.** Between the Effective Date and the Closing Date, not market the Property or the Interests for sale to any other party;

(f) **New Leases.** Between the Effective Date and the Closing Date, not enter into any new Tenant Leases or amend any existing Tenant Leases without the prior written consent of Purchaser, which consent shall not be unreasonably withheld, conditioned or delayed, except that the Company may, without Purchaser's consent, enter new Tenant Leases, so long as: (i) the term is at least five (5) years; (ii) the rent per square foot is at least \$23.50 on a gross basis; and (iii) the tenant improvement allowance does not exceed \$30.00 per square foot for first generation space or \$15.00 per square foot for second generation space and (iv) Seller immediately provides a copy of the applicable lease documents to Purchaser.

(g) **No New Title Conditions.** Between the Effective Date and the Closing Date, not voluntarily create any liens, easements or other conditions affecting any portion of the Property or the Interests without the prior written consent of Purchaser, which shall not be unreasonably withheld.

(h) **Maintenance of Loan.** Between Effective Date and the Closing Date, make all payments of principal and interest required by the Loan to be made prior to Closing and perform all of the obligations, terms and provisions thereof on the part of the Seller to be performed.

## ARTICLE VI

### DEFAULT AND INDEMNIFICATION

**Section 6.1. Default by Seller.** In the event of any default by Seller under this Agreement, Purchaser may as its sole and exclusive alternate remedies, (i) terminate this Agreement and (a) receive a refund of the Deposit and (b) solely in the event of Seller's willful default, payment to Purchaser of all of its actual third party costs and expenses incurred in connection with this transaction, (ii) commence an action for specific performance of this Agreement, or (iii) waive all claims on account of such

**Section 6.2. Default by Purchaser/Liquidated Damages.** If Purchaser defaults in its obligations under this Agreement, Seller shall be entitled to receive the Deposit as Seller's sole and exclusive remedy, which is hereby agreed to be adequate liquidated damages for Purchaser's default hereunder, and Seller shall have no other rights or remedies.

**Section 6.3. Notice of Default.** In the event of a default by either party hereto of any representation or warranty which shall survive Closing, the non-defaulting party shall give the defaulting party not less than ten (10) days written notice of default in the manner required by Section 8.2 hereof, during which time, the defaulting party shall be entitled to cure the default.

**Section 6.4. Seller's Indemnification.** To the extent not covered by insurance, Seller agrees to indemnify, to defend and to hold Purchaser harmless from and against any and all losses, costs, liabilities, expenses and damages (including, without limitation, reasonable attorneys' fees and expenses) incurred on account of any action, proceeding, demand or claim asserted by a third party (a "Third Party Claim") caused by Seller's ownership, use, or operation of the Company or (indirectly) the Property prior to the Closing.

**Section 6.5. Purchaser's Indemnification.** To the extent not covered by insurance, Purchaser agrees to indemnify, to defend and to hold Seller harmless from and against any and all losses, costs, liabilities, expenses and damages (including, without limitation, reasonable attorneys' fees and expenses) incurred on account of any Third Party Claim caused by Purchaser's ownership, use, or operation of the Company or (indirectly) the Property after the Closing.

**Section 6.6. Defense of Third Party Claims.** Any person entitled to indemnification hereunder (an "Indemnified Party") shall give prompt written notice to any person who is obligated to provide indemnification hereunder (an "Indemnifying Party") of the commencement or assertion of any Third Party Claim in respect of which such Indemnified Party shall seek indemnification hereunder. Any failure so to notify an Indemnifying Party shall not relieve such Indemnifying Party from any liability that it may have to such Indemnified Party under this Section 6.6 if the Indemnified Party can demonstrate that the failure to give such notice did not materially prejudice such Indemnifying Party. The Indemnifying Party shall have the right to assume control of the defense of, settle, or otherwise dispose of such Third Party Claim on such terms as it deems appropriate; provided, however, that:

- (a) The Indemnified Party shall be entitled, at its own expense, to participate in the defense of such Third Party Claim.
- (b) The Indemnified Party shall obtain the prior written approval of the Indemnified Party before entering into or making any settlement, compromise, admission, or acknowledgement of the validity of such Third Party Claim or any liability in respect thereof, which written approval will not be unreasonably withheld.
- (c) The Indemnifying Party shall not be entitled to control (but shall be entitled to participate at its own expense in the defense of), and the Indemnified Party shall be entitled to have sole control over, the defense or settlement, compromise, admission, or acknowledgement of any Third Party Claim (i) as to which the Indemnifying Party

fails to assume the defense within a reasonable length of time or (ii) to the extent the Third Party Claim seeks an order, injunction, or other equitable relief against the Indemnified Party which, if successful, would materially adversely affect the business, operations, assets, or financial condition of the Indemnified Party; *provided, however*, that the Indemnified Party shall make no settlement, compromise, admission, or acknowledgement which would give rise to liability on the part of any Indemnifying Party without the prior written consent of the Indemnifying Party, which consent shall not be unreasonably withheld.

The parties hereto shall extend reasonable cooperation in connection with the defense of any Third Party Claim pursuant to this Article 6 and, in connection therewith, shall furnish such records, information, and testimony and attend such conferences, discovery proceedings, hearings, trials, and appeals, as may be reasonably requested.

**Section 6.7. Survival Limit.** The indemnification obligations set forth in this Article 6 shall survive the Closing for a period of one (1) year following Closing, except for such obligations with respect to the matters identified in Schedule 2.1(g), the survival of which shall not be so limited. Seller's and Purchaser's maximum obligation under Sections 6.4, 6.5 and 6.6 shall be \$250,000.00.

## ARTICLE VII

### MISCELLANEOUS

**Section 7.1. Assignment/Successors and Assigns.** Purchaser's rights under this Agreement shall be assignable by Purchaser, without consent of Seller, to its parent entity, Corporate Office Properties Trust ("COPT"), Corporate Office Properties, L.P. ("COPLP") or to any entity or affiliate in which either COPT or COPLP shall have at least 10% equity ownership interest. This assignment may be accomplished by Purchaser without the express written consent of Seller, but with notice to Seller, and with strict proof made by Purchaser. No such assignment shall operate to relieve Purchaser from any obligation hereunder. Any further or other assignment by Purchaser shall require Seller's prior written consent, which Seller may grant or withhold in its sole discretion. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.

**Section 7.2. Notices.** All notices required or permitted to be given hereunder shall be in writing and sent by overnight delivery service (such as Federal Express), in which case notice shall be deemed given on the day after the date sent, or by personal delivery, in which case notice shall be deemed given on the date received, or by certified mail, in which case notice shall be deemed given three (3) days after the date sent, or by fax (with copy by overnight delivery service), in which case notice shall be deemed given on the date sent, to the appropriate address indicated below or at such other place or places as any party may, from time to time, respectively, designate in a written notice given to the other in the manner described above.

To Seller: CROWN POINT, L.L.C.  
c/o Robinson Development Group, Inc.  
150 West Main Street, Suite 1100  
Norfolk, Virginia 23510  
Attention: Timothy S. Culpepper  
Telefax: (757) 490-1200

With a copy to: F. Brian Schneiderman  
Troutman Sanders LLP  
150 West Main Street, Suite 1600  
Norfolk, Virginia 23510  
Telefax: (757) 687-1506

To Purchaser: COPT Acquisitions, Inc.  
c/o Corporate Office Properties Trust  
8815 Centre Park Drive, Suite 400  
Columbia, MD 21045-2272  
Attention: General Counsel  
Fax No.: 410-740-1174  
Telephone No.: 410-730-9092

To Escrow Agent: Pioneer Title  
Columbus Centre  
Virginia Beach, VA 23462  
Fax No.: (757) 671-7540  
Telephone No.: (757) 623-1996

23

---

**Section 7.3. Governing Law.** This Agreement shall be governed by the laws of Maryland, excluding its choice of law provisions.

**Section 7.4. Merger.** This Agreement constitutes the entire agreement between the parties, supersedes any prior written or oral understanding or agreements and may not be modified except by written instrument executed by all of the parties hereto. Except for the Representations and Warranties of Seller and the provision for survival thereof all as provided in Section 2.1, and the survival of the provisions set forth in 3.1, 4.5 and 5.1 hereof, this Agreement shall be terminated at Closing by merger with the delivery of the Deed.

**Section 7.5. 1031 Exchange.** Purchaser hereby acknowledges that Seller may utilize the tax laws of the United States, as promulgated and enforced by the Internal Revenue Service, to later effect a "like kind" tax deferred exchange under Internal Revenue Code (I.R.C.) Section 1031 in order to reduce, mitigate or otherwise defer the tax liability to Seller as a consequence of the sale and acquisition contemplated hereby. Purchaser agrees to cooperate with Seller, and at the instruction of tax counsel of Seller, to assist in the accomplishment of any such tax planning and 1031 "like kind" exchange; provided, however, (i) Purchaser shall not be required to acquire or take title to any exchange property, (ii) Purchaser shall not be required to incur any expense or liability whatsoever in connection with the exchange, including, without limitation, any obligation for the payment of any escrow, title, brokerage or other costs including attorneys' fees incurred with respect to the exchange, (iii) Seller shall not be released from any of its obligations, warranties or representations set forth in this Agreement or from liability for any prior or subsequent default under this Agreement, which obligations shall continue as the obligations of a principal and not of a surety or guarantor, (iv) Seller shall give Purchaser at least five (5) days prior notice of the proposed changes required to effect such exchange and the identity of any party to be substituted in the escrow, (v) Seller shall be responsible for preparing all additional agreements, documents and escrow instructions (collectively, the "Exchange Documents") required by the exchange, at its sole cost and expense, (vi) Seller shall be responsible for making all determinations as to the legal sufficiency, tax considerations and other considerations relating to the proposed exchange, the Exchange Documents and the transactions contemplated thereby, and Seller shall in no event be responsible for, or in any way be deemed to warrant or represent any tax or other consequences of the exchange transaction, and (vii) the election to effect such an exchange shall not delay or postpone the Closing of the transaction as defined herein. In connection with any "like kind" exchange, Purchaser agrees that Seller's rights, interests and obligations under this Agreement may be assigned to a "qualified intermediary" as such term is defined in the regulations issued under Internal Revenue Code Section 1031; provided, however, any such assignment shall not release Seller from any of its obligations, warranties or representations set forth in this Agreement or from liability for any prior or subsequent default under this Agreement, which obligations shall continue as obligations of a principal and not a surety or guarantor.

24

---

Seller hereby acknowledges that Purchaser may utilize the tax laws of the United States, as promulgated and enforced by the Internal Revenue Service, to later effect a "like kind" tax deferred exchange under Internal Revenue Code (I.R.C.) Section 1031 in order to reduce, mitigate or otherwise defer the tax liability to Purchaser as a consequence of the sale and acquisition contemplated hereby. Seller agrees to cooperate with Purchaser, and at the instruction of tax counsel of Purchaser, to assist in the accomplishment of any such tax planning and 1031 "like kind" exchange; provided, however, (i) Seller shall not be required to acquire or take title to any exchange property, (ii) Seller shall not be required to incur any expense or liability whatsoever in connection with the exchange, including, without limitation, any obligation for the payment of any escrow, title, brokerage or other costs including attorneys' fees incurred with respect to the exchange, (iii) Purchaser shall not be released from any of its obligations, warranties or representations set forth in this Agreement or from liability for any prior or subsequent default under this Agreement, which obligations shall continue as the obligations of a principal and not of a surety or guarantor, (iv) Purchaser shall give Seller at least five (5) days prior notice of the proposed changes required to effect such exchange and the identity of any party to be substituted in the escrow, (v) Purchaser shall be responsible for preparing all additional agreements, documents and escrow instructions (collectively, the "Exchange Documents") required by the exchange, at its sole cost and expense, (vi) Purchaser shall be responsible for making all determinations as to the legal sufficiency, tax considerations and other considerations relating to the proposed exchange, the Exchange Documents and the transactions contemplated thereby, and Purchaser shall in no event be responsible for, or in any way be deemed to warrant or represent any tax or other consequences of the exchange transaction, and (vii) the election to effect such an exchange shall not delay or postpone the Closing of the transaction as defined herein. In connection with any "like kind" exchange, Seller agrees that Purchaser's rights, interests and obligations under this Agreement may be assigned to a "qualified intermediary" as such term is defined in the regulations issued under Internal Revenue Code Section 1031; provided, however, any such assignment shall not release Purchaser from any of its obligations, warranties or representations set forth in this Agreement or from liability for any prior or subsequent default under this Agreement, which obligations shall continue as obligations of a principal and not a surety or guarantor.

**Section 7.6. Counterparts.** This Agreement may be executed in several counterparts, including by facsimile, each of which shall be deemed an original, but such counterparts together shall constitute one and the same instrument.

**Section 7.7. Severability.** Every provision of this Agreement is intended to be severable. If any term or provision hereof is declared by a court of competent jurisdiction to be illegal or invalid, such illegal or invalid term or provision shall not affect the other terms and provisions hereof, which terms and provisions shall remain binding and enforceable.

**Section 7.8. Interpretation.** The captions and headings throughout this Agreement are for convenience and reference only and the words contained therein shall in no way be held to define or add to the interpretation, construction or meaning of any provision of this Agreement.

**Section 7.9. Recordation.** Neither this Agreement nor any memorandum hereof may be recorded or filed. Any attempted recordation of this Agreement or a memorandum hereof by either party shall constitute a material default by such party.



**Section 7.10. Attorney's Fees.** If any party files an action to enforce the provisions of this Agreement and said party prevails in connection with the action, said party shall be entitled to recover reasonable legal fees and costs incurred by it in connection with such action from the non-prevailing party.

**Section 7.11. Authority.** Each of the parties to this Agreement represents and warrants that it has full power and authority to execute this Agreement and to perform its obligations herein, and that any and all consents and approvals necessary or required in connection therewith have been obtained.

**Section 7.12. Calculation of Time Periods.** Unless otherwise specified herein, in computing any period of time, the day of the act or event after which the designated period of time beings to run is not to be included and the last day of the period so computed is to be included, unless such last day is a Saturday, Sunday or a nationally recognized legal holiday or a legal holiday under the laws of the state in which the Property is located, in which event the period shall run until the end of the next day which is neither a Saturday, Sunday or legal holiday. The final day of any such period shall be deemed to end at 5:00 p.m. Eastern Standard Time (EST).

**Section 7.13. SEC Reporting Requirements.** For the period commencing on the date hereof and continuing through the first anniversary of the Closing Date, and without limitation of other document production otherwise required of Seller hereunder, Seller shall, from time to time, upon reasonable advance written notice from Purchaser, provide Purchaser and its representatives, with (i) all financial, leasing and other information pertaining to the period of Seller's ownership of the Interests and operation of the Property, which information is relevant and reasonably necessary, in the opinion of Purchaser's outside, third party accountants (the "Accountants"), to enable Purchaser and its Accountants to prepare financial statements and to conduct audits of such financial statements in accordance with generally accepted auditing standards, such that Purchaser shall be in compliance with any or all of (a) Rule 3-05 or 3-14 of Regulation S-X of the Securities and Exchange Commission (the "Commission"), as applicable; (b) any other rule issued by the Commission and applicable to Purchaser; and (c) any registration statement, report or disclosure statement filed with the Commission by, or on behalf of Purchaser; and (ii) a representation letter, signed by the individual(s) responsible for Seller's financial reporting, as prescribed by generally accepted auditing standards promulgated by the Auditing Standards Division of the American Institute of Certified Public Accountants, which representation letter may be required by the Accountants to render an opinion concerning Seller's financial statements. Purchaser shall pay all of Seller's costs and expenses incurred in fulfilling these obligations.

**Section 7.14. Confidentiality.** Seller and Purchaser each covenant that (i) prior to Closing it shall not issue any press release or public statement (a "Release") with respect to the transactions contemplated by this Agreement without the prior consent of the other, except to the extent required by law or the regulations of the Securities and Exchange Commission, and (ii) after Closing, any Release issued by Seller or Purchaser shall be subject to the review and approval of the other (which approval shall not be unreasonably withheld). If Seller or Purchaser is required by law to issue a Release, such party shall, at least two (2) Business Days prior to the issuance of the same, deliver a copy of the proposed Release to the other for review.

WITNESS the following signatures and seals.

**SELLER:**

**CROWN POINT, L.L.C.**

A Delaware limited liability company

By: /s/ Thomas E. Robinson

**By: CROWN POINT MANAGER, INC.**

a Maryland corporation  
Sole Manager

By: /s/ Thomas E. Robinson

Name: Thomas E. Robinson  
Title: President  
Date: November 21, 2003

**CROWN POINT MANAGER, INC.**

a Maryland corporation

By: /s/ Thomas E. Robinson

Name: Thomas E. Robinson  
Title: President  
Date: November 21, 2003

/s/ Thomas E. Robinson

Thomas E. Robinson (date)

**PURCHASER:**  
**COPT ACQUISITIONS, INC.**  
a Delaware corporation

By: /s/ Roger A. Waesche, Jr. (SEAL)

Name: Roger A. Waesche, Jr.  
Title: Senior Vice President  
Date: November 24, 2003

**LIST OF EXHIBITS**

<u>Exhibit B</u>	Legal Description
<u>Exhibit C</u>	Intentionally Deleted
<u>Exhibit D</u>	Intentionally Deleted
<u>Exhibit E</u>	Form of Tenant Estoppel Certificate
<u>Exhibit F</u>	Form of Assignment of Membership Interests
<u>Exhibit G</u>	Form of Notice to Tenant
<u>Exhibit H</u>	Form of Certificate of Representations and Warranties for Seller

**LIST OF SCHEDULES**

<b>Schedule 1.2(d)</b>	Excluded Personal Property
<b>Schedule 1.3(b)</b>	Loan Documents
<b>Schedule 2.1(e)(i)</b>	Rent Roll & Security Deposit Ledger
<b>Schedule 2.1(g)</b>	Litigation
<b>Schedule 2.1(h)</b>	Service Contracts
<b>Schedule 2.1(i)</b>	Leasing Commissions
<b>Schedule 2.1(l)</b>	Financial Information of the Company
<b>Schedule 2.1(p)</b>	Tenant Inducement Costs
<b>Schedule 3.1</b>	Lender's Assumption Checklist
<b>Schedule 4.3.9</b>	Reserve Funds

**EXHIBIT B**

**LEGAL DESCRIPTION**

**BEING KNOWN AND DESIGNATED** as Lot Numbered Six (6) in Block Lettered "A" in the subdivision known as "GAITHERSBURG NORTH RESEARCH AND DEVELOPMENT CENTER", as per Plat thereof recorded in Plat Book 189 at Plat No. 20777, among the Land Records of Montgomery County, Maryland.

(Said property being formerly known as: Lots numbered Four (4) and Five (5) in Block lettered "A" in the subdivision known as "GAITHERSBURG NORTH RESEARCH AND DEVELOPMENT CENTER", as per plat thereof recorded in Plat Book 155 at Plat 17604, among the Land Records of Montgomery County, Maryland.)

The plat of resubdivision that created Lot 6, Block A, (from Lots 4 and 5, Block A), GAITHERSBURG NORTH RESEARCH AND DEVELOPMENT CENTER was properly prepared and recorded July 7, 1998 in Plat Book 189 at Plat 20777 among the Land Records of Montgomery County, Maryland.

**TOGETHER WITH** easements as contained in the Declaration of Covenants, Conditions and Restrictions for Crown Point Corporate Center dated February 19, 1986 and recorded February 21, 1986 among the aforementioned Land Records in Liber 7027, folio 401 as supplemented and amended by Notice of Addition of Real Property subject to the Declaration of Covenants, Conditions and Restrictions for Crown Point Corporate Center dated May 29, 1986 and recorded in Liber 7138, folio 200 and by Second Notice of Addition of Real Property subject to the Declaration of Covenants, Conditions and Restrictions for Crown Point Corporate Center dated May 29, 1987 and recorded in Liber 7724, 156 and by Third Notice of Addition of Real Property subject to the Declaration of Covenants, Conditions and Restrictions for Crown Point Corporate Center dated December 1, 1987 and recorded in Liber 8048, folio 216 and by Fourth Notice of Addition of Real Property subject to the Declaration of Covenants, Conditions and Restrictions for Crown Point Corporate Center dated March 16, 1988 and recorded in Liber 8191, folio 536 and by Fifth Notice of Addition of Real Property subject to the Declaration of Covenants, Conditions and Restrictions for Crown Point Corporate Center dated May 27, 1988 and recorded in Liber 8296, folio 889.

**FIRST AMENDMENT TO  
PURCHASE AGREEMENT**

**THIS FIRST AMENDMENT TO PURCHASE AGREEMENT** (this “**Amendment**”) is made as of this 8th day of January, 2004 by and among **THOMAS E. ROBINSON** (“Robinson”), **CROWN POINT, L.L.C.**, a Delaware limited liability company (the “Company”), **CROWN POINT MANAGER, INC.**, a Maryland corporation (“CPM” and, collectively with Robinson, the “Seller”) and **COPT ACQUISITIONS, INC.**, a Delaware corporation, or its permitted assigns (collectively the “Purchaser”).

**RECITALS**

A. Seller and Purchaser are parties to a certain Purchase Agreement dated as of November 24, 2003 (as amended, the “**Agreement**”), providing for the purchase of 100% of the membership interests in the Company, as more particularly described in the Agreement; and.

B. Seller and Purchaser now desire to mutually amend and modify the Agreement as more particularly set forth in this Amendment.

NOW THEREFORE, for and in consideration of the mutual covenants of the parties hereto, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and confessed by the parties, and for the benefit which will inure to each party from the execution of this Amendment, Seller and Purchaser hereby agree to reinstate, amend and modify the Agreement as follows, with each reinstatement, amendment and modification to be effective as of the date above:

1. **Defined Terms.** Capitalized terms which are not otherwise defined in this Amendment shall have the same meanings ascribed to such terms in the Agreement.

2. **Amendment of Prorations and Closing Costs** Notwithstanding anything to the contrary set forth in Section 4.3.9 of the Agreement, the balances held in the reserve funds shall be prorated as follows:

- a. **Capital Expenditures Fund:** Purchaser shall credit Seller at Closing based on the balance in this Capital Expenditure Fund as of the Closing Date;
- b. **Earn Out Fund:** Purchaser shall not credit Seller at Closing for any funds remaining in this Earn Out Fund as of the Closing Date;
- c. **Rollover Fund:**

(i) Purchaser shall credit Seller at Closing based on the balance in this Rollover Fund as of the Closing Date, but only to the extent that such balance does not in any way relate to the PMC Rollover Funds, as that term is more particularly defined in the Existing Loan Documents;

(ii) With respect to the PMC Rollover Funds, Purchaser shall credit Seller at Closing for the balance of the PMC Rollover Funds as of the Closing Date, such amount to be the present value, discounted from six (6) months following the Closing Date, using a discount rate of ten percent (10%) per annum;

d. **PMC Rent Concession Fund:** Purchaser shall credit Seller at Closing based on the balance in this PMC Rent Concession Fund as of the Closing Date; and

e. **PMC Occupancy Fund:** Purchaser shall not credit Seller at Closing for any funds remaining in this PMC Occupancy Fund as of the Closing Date.

3. **Purchaser’s Affirmative Covenant:** The parties acknowledge that at such time as Aurora and DRS are in occupancy at the Building and both paying rent under their respective leases, the Company shall have satisfied the conditions set forth in the Existing Loan Documents for the release of the funds from the Earn Out Fund and the PMC Occupancy Fund. Purchaser shall notify Seller in writing the first month in which Purchaser receives rental income from both Aurora and DRS (the “Release Trigger”). Purchaser hereby covenants to apply for the release of the foregoing funds within seven (7) days after the Release Trigger, and to diligently pursue receipt thereof from the Lender (including, without limitation, sending written correspondence to Lender weekly if the funds are not received in a timely fashion, with copies of such correspondence provided to Seller simultaneously). Purchaser shall forward all moneys received from Lender to Seller within five (5) days following receipt thereof. In the event Purchaser is unable to secure the release of the foregoing funds because an Event of Default has occurred and is continuing under the Loan Documents, Purchaser fails to forward the funds as required hereunder, or Purchaser fails to diligently pursue receipt of the funds as required hereunder, at Seller’s request, Purchaser shall pay Seller in an amount equal to the balance of the Earn Out Fund and the PMC Occupancy Fund then held by Lender. If Lender fails to release the remaining funds from the Earn Out Fund and the PMC Occupancy Fund, and such failure is not related to an Event of Default under the Loan Documents, Purchaser shall pursue all legal remedies available on Seller’s behalf and at Seller’s request, including, without limitation, commencing a legal proceeding, all at Seller’s sole cost and expense (other than any overhead expenses of Purchaser) and with counsel of Seller’s choice. The provisions of this Section 3 shall survive Closing until such time as all funds under the Earn Out Fund and the PMC Occupancy Fund have been forwarded and received by Seller.

4. **No Default.** Seller and Purchaser acknowledge that all of the covenants and obligations to be performed under the Agreement by each of them through the date of this Amendment have been performed and that no party is in default under the Agreement, or, to the extent any party has violated or failed to perform any covenant or obligation under the Agreement through the date of this Amendment, each party affected thereby hereby waives all claims and rights with respect thereto. Seller and Purchaser stipulate and agree that, except as expressly modified and amended by this Amendment, the Agreement remains in full force and effect and is unmodified.

5. **Counterparts.** This Amendment may be executed in counterparts, and all such executed counterparts shall constitute the same agreement. It shall be necessary to account for

only one such counterpart in proving this Amendment. To facilitate the execution and delivery of this Amendment, the parties may execute and exchange counterparts of the signature pages by facsimile, and the signature page of either party to any counterpart may be appended to any other counterpart.

IN WITNESS WHEREOF, the parties have duly executed this Amendment as of the date and year first above written.

**SELLER:**

**CROWN POINT, L.L.C.**  
a Delaware limited liability company

By: /s/ Thomas E. Robinson

**CROWN POINT MANAGER, INC.**  
a Maryland corporation

By: /s/ Thomas E. Robinson  
Thomas E. Robinson  
President  
Date: 1/8/04

/s/ Thomas E. Robinson  
Thomas E. Robinson (Date)

**PURCHASER:**

**COPT ACQUISITIONS, INC.**  
A Delaware corporation

By: /s/ Roger A. Waesche, Jr.  
Roger A. Waesche, Jr.  
Senior Vice President  
Date: 1/8/04

**SECOND AMENDMENT TO  
PURCHASE AGREEMENT**

**THIS SECOND AMENDMENT TO PURCHASE AGREEMENT** (this "**Amendment**") is made as of this 9th day of February, 2004 by and among **THOMAS E. ROBINSON** ("Robinson"), **CROWN POINT, L.L.C.**, a Delaware limited liability company (the "Company"), **CROWN POINT MANAGER, INC.**, a Maryland corporation ("CPM" and, collectively with Robinson, the "Seller") and **COPT ACQUISITIONS, INC.**, a Delaware corporation, or its permitted assigns (collectively the "Purchaser").

**RECITALS**

A. Seller and Purchaser are parties to a certain Purchase Agreement dated as of November 24, 2003, as amended by that certain First Amendment to Purchase Agreement dated January 8, 2004 (as amended, the "**Agreement**"), providing for the purchase of 100% of the membership interests in the Company, as more particularly described in the Agreement; and.

B. Seller and Purchaser now desire to mutually amend and modify the Agreement as more particularly set forth in this Amendment.

NOW THEREFORE, for and in consideration of the mutual covenants of the parties hereto, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and confessed by the parties, and for the benefit which will inure to each party from the execution of this Amendment, Seller and Purchaser hereby agree to reinstate, amend and modify the Agreement as follows, with each reinstatement, amendment and modification to be effective as of the date above:

1. **Defined Terms.** Capitalized terms which are not otherwise defined in this Amendment shall have the same meanings ascribed to such terms in the Agreement.

2. **Resolution of Outstanding Contingency.** Notwithstanding anything to the contrary contained in that certain Letter Agreement dated January 8, 2004, the Closing is no longer contingent upon resolution of the brick water infiltration issue. Seller has presented Purchaser with a proposal to resolve the water infiltration, and the parties have agreed that at Closing, Seller shall credit Purchaser with an amount equal to Sixteen Thousand Five Hundred Fifty and no/Dollars (\$16,550.00).

3. **No Default.** Seller and Purchaser acknowledge that all of the covenants and obligations to be performed under the Agreement by each of them through the date of this Amendment have been performed and that no party is in default under the Agreement, or, to the extent any party has violated or failed to perform any covenant or obligation under the Agreement through the date of this Amendment, each party affected thereby hereby waives all claims and rights with respect thereto. Seller and Purchaser stipulate and agree that, except as expressly modified and amended by this Amendment, the Agreement remains in full force and effect and is unmodified.

4. **Counterparts.** This Amendment may be executed in counterparts, and all such executed counterparts shall constitute the same agreement. It shall be necessary to account for

only one such counterpart in proving this Amendment. To facilitate the execution and delivery of this Amendment, the parties may execute and exchange counterparts of the signature pages by facsimile, and the signature page of either party to any counterpart may be appended to any other counterpart.

IN WITNESS WHEREOF, the parties have duly executed this Amendment as of the date and year first above written.

**SELLER:**

**CROWN POINT, L.L.C.**  
a Delaware limited liability company

By: \_\_\_\_\_

**CROWN POINT MANAGER, INC.**  
a Maryland corporation

By: /s/ Thomas E. Robinson  
Thomas E. Robinson  
President  
Date: \_\_\_\_\_

/s/ Thomas E. Robinson  
Thomas E. Robinson (Date)

**PURCHASER:**

**COPT ACQUISITIONS, INC.**  
A Delaware corporation

By: /s/ Roger A. Waesche, Jr.  
Roger A. Waesche, Jr.  
Executive Vice President  
Date: 2/9/04

## PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (this "Agreement") is made and entered into this 27th day of January 2004 (the "Effective Date") by and between GREAT MILLS, L.L.C., a Delaware limited liability company ("Seller"), and COPT ACQUISITIONS, INC., a Delaware corporation ("Buyer").

RECITALS:

- A. Seller is the owner of all of the Interests (hereinafter defined in Section 1) in the Companies (hereinafter defined in Section 1).
- B. Buyer wishes to purchase and Seller desires to sell the Interests (hereinafter defined in Section 1 hereof) pursuant to the terms stated herein.

AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants, representations, warranties and agreements contained herein, and for other good and valuable consideration, the adequacy and receipt of which are hereby acknowledged by all the parties, it is agreed as follows:

SECTION 1. Definitions.

For purposes of this Agreement, the following capitalized terms used herein shall have the meanings set forth below:

Companies. "Companies" means, collectively, all of the Delaware Companies and the Maryland Companies.

Delaware Companies. "Delaware Companies" means all of the limited liability companies organized under the laws of the State of Delaware described on Schedule 1 attached hereto and made a part hereof.

Escrow Agent. "Escrow Agent" means Anchor Title Company.

Excluded Property. "Excluded Property" shall have the meaning set forth in Section 3(b) hereof.

Exploration Indebtedness. "Exploration Indebtedness" shall mean that certain Supplement to and Amendment and Restatement of Promissory Note dated June 26, 1997 by

Exploration Partners in favor of Riggs Bank N.A. in the original principal amount of \$5,900,000.00 and all documents securing such note.

Exploration III Indebtedness. "Exploration III Indebtedness" shall mean that certain Promissory Note dated July 31, 1997 by Third Exploration, L.L.C. in favor of Column Financial, Inc. in the original principal amount of \$3,250,000.00 and all documents securing such note.

Initially Excluded Property. "Initially Excluded Property" shall mean the real property, improvements and personal property (if any) described on Schedule 2 attached hereto and made a part hereof.

Improvements. "Improvements" means all buildings, landscaping, surface parking areas and other improvements to or situated on the Real Property (not including the Personal Property), and all right, title and interest appurtenant to the Improvements, including, without limitation (a) any easement, right-of-way, license, interest, right and appurtenance of any kind relating to the Improvements, (b) any award from and after the Closing Date relating to any damage or any condemnation or other taking (whether permanent or temporary) of the Improvements or any rights related thereto, and (c) any insurance proceeds relating to any casualty loss due and owing to Seller as a result of damage or destruction of all or any portion of the Improvements to the extent not applied by Seller to restore the Improvements.

Indebtedness. "Indebtedness" means, collectively, the Exploration Indebtedness, the Exploration III Indebtedness and the Red Cedar Indebtedness.

Interests. "Interests" means the membership interests in the Delaware Companies described on Schedule 3 attached hereto and made a part hereof.

Judgment. "Judgment" means any judgment, order, award, or decree of any court, governmental authority, regulatory body or arbitrator or any kind.

Judicial Action. "Judicial Action" means any action, lawsuit, claim, proceeding, or investigation (or group of related actions, lawsuits, proceedings, or investigations).

Leases. "Leases" means all leases of a portion of the Property, a Schedule of which Leases is attached hereto as Schedule 4.

Loan. "Loan" means any loan to any of the Companies pursuant to which the Indebtedness was created or currently exists.

Maryland Companies. "Maryland Companies" means the limited liability companies organized under the laws of the State of Maryland that are described on Schedule 1 attached hereto and made a part hereof.

Permits. "Permits" mean any licenses, certificates of occupancy and permits and approvals issued by a governmental authority and relating to the Real Property, Improvements, Personal Property or Service Contracts.

Personal Property. "Personal Property" means all right, title and interest of Seller in and to all equipment, furniture, furnishing, fixtures, and personalty, if any, located at the Real Property or the Improvements or affixed to any of the Real Property or the Improvements.

Property. "Property" means the Real Property together with the Improvements, the Personal Property and all of the following: (a) all of the Companies' right, title and interest as lessor in and to the Leases and, subject to the terms of the respective applicable Leases, the Tenant Deposits; (b) all of the Companies' right, title and interest in the Service Contracts that will remain in existence after Closing (as hereinafter defined); (c) all of the Companies' right, title and interest in, to and under the Permits; (d) all of the Companies' right, title and interest, if any, to the extent assignable or transferable, in and to the names "*Wildewood Technology Park*," "*Exploration Park*," "*Expedition Park*," "*Wildewood Technology & Professional Park*," "*Exploration Office Park*," and "*Expedition Office Park*" and all names, trade names or logos associated or used in connection with the Property and all trademarks and all local and toll-free telephone numbers and listings used by the Companies exclusively in the operation and identification of the Improvements; and (d) all of the Companies' right, title and interest, if any, to the extent assignable or transferable, in and to all other intangible rights, titles, interests, privileges and appurtenances owned by the Companies and used exclusively in connection with the ownership, use or operation of the Real Property or

Improvements.

**Real Property.** "Real Property" means those certain parcels of real property more particularly described on Schedule 5 attached hereto and incorporated herein by this reference.

**Red Cedar Indebtedness.** "Red Cedar Indebtedness" shall mean that certain Promissory Note dated October 3, 1997 by Red Cedar, L.L.C. in favor of Column Financial, Inc. in the original principal amount of \$4,400,000.00 and all documents securing such note.

**Seller's Knowledge.** "Seller's Knowledge" means the actual present knowledge, without independent inquiry or investigation (except for a verbal inquiry made of the property manager responsible for the management of the Real Property), of Edward M. Cherry.

**Service Contracts.** "Service Contracts" shall mean the following contract rights related to the Real Property, Improvements or Personal Property, to the extent assignable: maintenance, contracts for construction which is not completed, commission, and supply or service contracts.

**Tenant Deposits.** "Tenant Deposits" means all security deposits, paid or deposited by the Tenants to the Companies, as landlord, or any other person on the Companies' behalf pursuant to the Leases (together with any interest which has accrued thereon, but only to the extent such interest has accrued on account of the respective Tenants).

**Tenants.** "Tenants" means all persons or entities leasing, renting or occupying space within the Improvements pursuant to the Leases, including any subtenants, licenses, concessionaires, franchisees or other persons or entities whose occupancy is derived through Tenants.

**Title Company.** "Title Company" means Escrow Agent.

3

---

## **SECTION 2. Purchase Price and Terms of Payment**

The purchase price ("Purchase Price") for the Interests is SIXTY FIVE MILLION ONE HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS (\$65,150,000.00); provided, however, under certain circumstances, as set forth in Section 3(b) hereof, the Purchase Price is subject to be increased based upon the cost to defease all or a part of the Indebtedness. The Purchase Price shall be paid by Buyer as follows:

A. Within three (3) business days after the Effective Date, Buyer shall deposit the sum of FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$500,000.00) with the Escrow Agent and the Escrow Agent shall deposit the Earnest Money (hereinafter defined) in an interest bearing account. Buyer shall be entitled to all interest accumulating on the Earnest Money, unless Seller is entitled to retain the Earnest Money as liquidated damages pursuant to the terms of Section 14 below. The initial \$500,000 deposit together with interest on all such amounts shall hereinafter collectively be called the "Earnest Money." Buyer's taxpayer identification number is 23-2946433.

B. Upon Closing and subject to the provisions of Section 3(b) hereof, the Indebtedness shall not be discharged or released (whether by pay off or defeasance, as applicable), but shall remain outstanding after Closing and the Buyer shall assume such Indebtedness. The Indebtedness, and all documents executed in connection therewith, is listed on Schedule 6 attached hereto and made a part hereof (hereinafter, the "Loan Documents").

C. Upon Closing, the Earnest Money shall be applied against the Purchase Price, and the balance of the Purchase Price (subject to the adjustments set forth in paragraph D below) shall be paid to Seller by wire transfer of immediately available funds pursuant to written instructions from Seller. If this Agreement is terminated pursuant the provisions hereof and Buyer is not in default under this Agreement, then Buyer shall be entitled to a return of the Earnest Money.

D. The amount of cash payable at Closing shall be equal to the amount of the Purchase Price less the amount of Indebtedness (principal and interest) actually assumed by Buyer at Closing (and not defeased) and for which the Companies are released from liability. Seller acknowledges and agrees that: (a) the Exploration Indebtedness will have an outstanding principal balance of approximately \$3,444,276.00 as of December 31, 2003, a fixed interest rate of 8.6251% and a maturity date of June 26, 2009; (b) the Exploration III Indebtedness will have an outstanding principal balance of approximately \$3,057,761.00 as of December 31, 2003, a fixed interest rate of 8.75% and a maturity date of August 1, 2007; and (c) the Red Cedar Indebtedness will have an outstanding principal balance of approximately \$4,104,082.00 as of December 31, 2003, a fixed interest rate of 7.7% and a maturity date of November 1, 2007.

E. Notwithstanding any contrary provision contained herein, the Purchase Price shall also be increased at Closing by an amount equal to the total amount of all escrow amounts held by the holder or holders of all Loans assumed by Buyer at Closing, including, without limitation, escrows for taxes, insurance, leasing upfit costs and leasing commissions.

4

---

## **SECTION 3. Conveyance of Membership Interests; Indebtedness**

(a) Subject to the terms and conditions of this Agreement and for the consideration set forth herein, Seller agrees to convey, transfer, assign, sell and deliver to Buyer at Closing an Assignment of the Interests for each of the Delaware Companies, such Assignment to be in substantially the form attached hereto as Exhibit A. Upon the Closing and except as expressly provided for herein, Seller shall be released and discharged by Buyer from any and all liability or responsibility for the obligations and liabilities of the Companies arising or accruing after the date hereof and Buyer shall indemnify and hold Seller harmless from and against any and all loss, cost and expense incurred by Seller in connection with any obligation or liability of the Companies accruing or arising after the Closing, which indemnity shall survive Closing.

(b) During the period (the "Approval Period") before the Closing Date (i.e. the date 30 days after the expiration of the Due Diligence Period), Seller and Buyer agree to use commercially reasonable good faith efforts to obtain any and all approvals and/or consents (collectively, the "Approvals") that are necessary or required from the holders of the Indebtedness for the sale of the Interests such that (i) the Indebtedness can remain outstanding after Closing without a default and without the payment of any fee or premium other than any transfer fee set forth in any of the Loan Documents and (ii) all Members of all of the Companies, Seller and any other affiliate of Seller shall be released and discharged from any liability under or pursuant to the Loan Documents following Closing. The parties agree to cooperate with the other in connection with obtaining the Approvals and Buyer agrees to provide all information reasonably requested by any such holder or holders and to execute any and all assumption agreements or other documents, certificates and/or instruments that are reasonably required by such holder or holders in connection with the Approvals.

(c) If the holder or holders of the Indebtedness provide the Approvals during the Approval Period, then Buyer shall assume all such approved Indebtedness at Closing, subject to Buyer's approval of the Assumption Documents as set forth in Section 5(b) herein.

(d) If the holder or holders of the Indebtedness have not provided the Approvals during the Approval Period, but have not refused to provide the Approval during such Approval Period, then (x) the Closing Date shall be extended for up sixty (60) days (the "Additional Approval Period") to allow Seller and Buyer to continue to use commercially reasonable efforts to obtain the Approvals for those Loans for which Approvals have not been provided and (y) Buyer shall have the option to proceed to Closing on the Interests in the Delaware Companies which own Property (or own the Maryland Companies which own Property) which are not encumbered by Indebtedness

and on the Interests in the Companies which own Property (or own the Maryland Companies which own Property) for which Approvals were obtained (or for which defeasance of the Indebtedness has been arranged in accordance with subparagraphs e and f below) and in such event the Purchase Price shall be adjusted by the amount set forth in Schedule 15 for each such Property not being acquired by Seller, the cash payable by Buyer shall not be decreased by the amount of any Indebtedness not assumed by Buyer at any such Closing and the Earnest Money shall not be applied to the Purchase Price if this Agreement remains in effect after such Closing. For those Interests that the Closing is extended under clause (x) of the immediately preceding

5

sentence, this Agreement shall remain in full force and effect after such Closing and the parties shall continue to use commercially reasonable efforts during the Additional Approval Period to obtain the Approvals that were not previously obtained and the Earnest Money shall remain on deposit with the Escrow Agent. The intent of this Subsection (d) is that the Buyer, on the initially scheduled Closing Date, shall have the right to close on all Interests in Companies that own Property (or own the Maryland Companies which own Property) not subject to Indebtedness or subject to Indebtedness for which Approvals have been obtained or for which defeasance has been arranged and after any such Closing (or if there is no such Closing) this Agreement shall remain in full force and effect with respect to the Interests not acquired by Buyer. If during the Additional Approval Period, all or any of the Approvals are obtained, then the Closing on any Interests in Companies owning Property (or own the Maryland Companies which own Property) for which such Approvals were obtained shall be the date ten (10) days after the date on which each such final Approval is obtained. The Additional Approval Period shall in no event extend beyond the date that all the holders of the Indebtedness have elected to refuse to provide the Approvals.

(e) If the holder or holders of the Indebtedness refuse to provide an Approval (whether during the Additional Approval Period or prior thereto) or if by the end of the Additional Approval Period, any or all of the holders of the Indebtedness have not provided the Approvals, then Buyer shall have the obligation (subject to the other terms and provisions of this Agreement) to proceed to Closing but shall have the right, in its sole discretion, to either (i) purchase all of the Interests, including the Property that is encumbered by the Indebtedness, in which event the Purchase Price shall be increased by an amount equal to Seller's cost (in excess of the actual principal and interest owing, and including reasonable attorneys' fees) to pre-pay or defease, as applicable, the Indebtedness for which the Approvals were not obtained or (ii) exclude from this transaction the Property which is encumbered by Indebtedness for which the Approvals were not obtained (the "Excluded Property"), in which event the Purchase Price shall be reduced by the amount set forth on Schedule 15 attached hereto and made a part hereof for each such property which is an Excluded Property and the amount of cash payable by Buyer shall not be decreased by the amount of any Indebtedness not assumed by Buyer at any such Closing. If there is any Excluded Property, then Buyer agrees that Seller shall have the right to either exclude the Interests from this transaction that relate solely to the Excluded Property or convey, prior to Closing, from the applicable Company the Excluded Property. Notwithstanding the foregoing, if all of the Approvals are not obtained and Buyer elects to proceed to Closing with the Excluded Property excluded from the transactions contemplated hereby, then Seller (at its sole cost and expense) shall have the right, but not the obligation, to cause the Indebtedness for which the Approvals were not obtained to be defeased or pre-paid, as applicable, in which event Buyer shall be obligated (subject to the other terms and provisions of this Agreement) to proceed to Closing, the Excluded Property shall not be excluded from the transactions contemplated hereby and the Purchase Price shall remain as set forth in Section 2 hereof (but the amount of cash payable shall be subject to adjustment as set forth in Section 2 hereof based upon the actual amount of the principal and interest of the Indebtedness actually assumed by Buyer at Closing) without adjustment for any Property which is an Excluded Property pursuant to Schedule 15 and Seller, at its expense, shall cause all such Indebtedness for which the Approvals were not obtained to be pre-paid or defeased prior to Closing and Seller may extend the Closing Date for up to ninety (90) days to accomplish such prepayment or defeasance.

6

(f) The parties shall have no claim or cause of action against the other, and neither party shall have any liability as a result of the inability to obtain the Approvals. Seller makes no representation or warranty regarding the likelihood or certainty of obtaining the Approvals.

#### **SECTION 4. Title Review and Due Diligence**

(a) Within five (5) days of the Effective Date, Seller shall deliver to Buyer a copy of all existing surveys of the Real Property and Improvements, a copy of Seller's title policies (if any) relating to the Real Property and shall either make available (at the property manager's office for the Property) or deliver to Buyer all of the documentation set forth on Schedule 7. As of the Effective Date, Buyer has received all of the information listed on the Addendum to Schedule 7. Buyer shall obtain a current commitment for title insurance (the "Commitment"), issued by Title Company. Buyer shall also obtain, at its sole cost and expense, a new survey of the Real Property, or at Buyer's election, Buyer may obtain a recertification of the surveys delivered to Buyer by Seller (in either case, the "Survey"). On or prior to the end of the Due Diligence Period (hereinafter defined), Buyer shall have the right to notify Seller, in writing, of such objections as Buyer may have to title to the Real Property and/or to the Survey (and all such title exceptions and objections that are not so enumerated as unacceptable to Buyer shall be deemed to be acceptable, shall become Permitted Exceptions, as defined herein, for all purposes of this Agreement). In the event Buyer notifies Seller of objections to title or to matters shown on a survey prior to the expiration of the Due Diligence Period (the "Notice of Title Objections"), Seller will have the right, but not the obligation (other than with respect to Monetary Liens as defined herein), to cure such objections. After receipt of Buyer's Notice of Title Objections, Seller will have the right, but not the obligation (unless otherwise expressly set forth below in this subsection), until on or before ten (10) calendar days after the date on which Buyer delivered its Notice of Title Objections, within which to cure any such objections. If Seller cures such objections within the foregoing 10-day period, or, if such objections are such that they cannot be cured within ten (10) calendar days, and Seller has commenced curing such objections and thereafter diligently proceeds to perfect such cure (but in no event beyond forty-five (45) days unless agreed to by Buyer), then this Agreement shall continue in force and effect, and the Closing Date shall be adjusted accordingly. During the foregoing 10-day period, Seller may notify Buyer in writing as to whether Seller elects to attempt to cure such objections ("Seller's Cure Notice") and Seller's failure to provide any such notice shall be deemed to be Seller's election not to cure any such objections. If Seller is unable to or elects not to cure such objections during the foregoing 10-day period (whether in Seller's Cure Notice or as a result of Seller failing to provide notice of its election), Buyer will have the following options: (i) to waive the unsatisfied title objections, proceed to Closing, accept a conveyance of the Interests, subject to the title objections (other than a Monetary Lien) without reduction of the Purchase Price; or (ii) to terminate this Agreement by sending written notice thereof to Seller, and upon delivery of such notice of termination, this Agreement will terminate and the Earnest Money will be returned to Buyer, and thereafter neither party hereto will have any further rights, obligations or liabilities hereunder except with regard to any breach or default existing as of that date or to the extent that any right, obligation or liability set forth herein expressly survives termination of this Agreement. If Seller notifies Buyer that Seller does not intend to attempt to cure any Objection (whether by lapse of time or by specific notice), Buyer will, within seven (7) business

7

days after the date of such notice or the lapse of such seven (7) business day period, notify Seller in writing whether Buyer elects to accept the conveyance under clause (i) or to terminate this Agreement under clause (ii) and a failure of Buyer to make such election within the seven (7) business day period shall be deemed to be Buyer's election to accept the conveyance under clause (i) above. As used herein, a "Monetary Lien" is a lien, claim or encumbrance which evidences or secures a fixed monetary amount other than ad valorem real property taxes but shall in no event include the liens evidencing or securing the Indebtedness. Seller must satisfy in full all Monetary Liens affecting the Property and arising from Seller's voluntary acts or omissions (e.g., a judgment resulting from a lawsuit is not a Monetary Lien), at Seller's sole cost and expense, at or prior to the Closing failing which Buyer may at its option elect to satisfy any such Monetary Lien arising from Seller's voluntary acts or omissions to act and reduce the Purchase Price in accordance with the amount of money expended in addition to and not in limitation of the exercise by Buyer of any other right or remedy provided hereunder. In the event that any title exceptions or survey matters arise after the Due Diligence Period that are unacceptable to Buyer (subject to the provisions of this Section 4), Buyer may after the discovery thereof notify Seller, in which event Seller shall within five (5) days after Buyer's notice deliver written notice to Buyer of whether it will attempt to cure such objection, and in the event Seller elects not to cure such objection (or fails to respond within such five (5) day period which shall be treated as an election not to cure such objection), then upon such election not to cure, or in the event that Seller elects to cure same and fails to so cure it prior to Closing, then Buyer may elect any of the options set forth in subclauses (i) and (ii) above. In all events and notwithstanding any contrary provision herein, if the Approvals are obtained, the liens and security interests



securing the Indebtedness that will not be pre-paid or released shall be permitted title encumbrances and Seller shall only be obligated to cause the liens and security interests securing Indebtedness for which Approvals were not obtained to be discharged and released. Any easements, covenants, restrictions, exceptions of record (other than Monetary Liens) that are shown on the Commitment to which Buyer has not objected as set forth above, together with (a) all laws, ordinances, statutes, orders, requirements and regulations to which the Real Property is subject, and (b) all terms, conditions and provisions of all written leases of space for all or any portion of the Real Property shown on Schedule 4 or entered into after the Effective Date in accordance with this Agreement, and (c) any exception from an updated survey, are hereinafter collectively referred to as “Permitted Exceptions.”

#### ***SECTION 5. Inspection and Cooperation***

(a) Subject to the terms of the Leases and upon reasonable advance notice to Seller, Buyer and its invitees and agents may during the period beginning on the Effective Date and continuing until 5:00 P.M. (Eastern Standard Time) on February 6, 2004 (the “Due Diligence Period”) enter upon the Property to conduct all inspections and investigations of the condition and all other aspects of the Property which it may deem necessary or desirable in its sole discretion, including, but not limited to, surveys, tests, studies, inquiries, investigation and reviews relating to the Property.

NOTWITHSTANDING ANY CONTRARY PROVISIONS IN THIS AGREEMENT, BUYER ACKNOWLEDGES AND UNDERSTANDS THAT SOME OF THE MATERIALS AND/OR REPORTS DELIVERED BY SELLER OR MADE AVAILABLE TO BUYER HAVE BEEN PREPARED BY PARTIES OTHER THAN SELLER OR SELLER’S CURRENT PROPERTY

8

---

MANAGER. SELLER MAKES NO REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, AS TO THE COMPLETENESS, CONTENT OR ACCURACY OF THE MATERIALS AND/OR REPORTS DELIVERED OR MADE AVAILABLE TO BUYER, INCLUDING ANY OF THE MATERIALS AND/OR REPORTS DESCRIBED ON SCHEDULE 7 ATTACHED HERETO.

Buyer shall not be permitted to review files related to the Seller’s acquisition of the Property, including internal correspondence, valuation projections and information regarding Seller’s ownership structure. Notwithstanding the foregoing, Buyer may not perform any tests of the Property (including soil borings) of an intrusive or disruptive nature, without the prior written consent of Seller, which consent Seller shall be entitled to withhold in its reasonable discretion. If Seller fails to respond, within three (3) business days of receipt of a written request from Buyer to perform a test of the Property, then such failure shall be deemed an election by Seller to permit such testing. Seller or any representative of Seller may be present during any and all inspections or examinations of the Property. Seller hereby authorizes Buyer, its agents or invitees to conduct a Phase I Environmental Assessment of the Real Property.

(b) Any tests conducted in connection with such inspections shall be made only if permitted by the Leases and shall be conducted so as not to damage the Property and/or interfere with the use of the Property by Seller and/or the Tenants. Buyer agrees to repair or restore promptly any damage to the Property caused by Buyer, its agents, contractors and invitees. All such entries onto the Property shall be at the risk of Buyer, and Seller shall have no liability for any injuries sustained by Buyer or any of Buyer’s agents, contractors or invitees. Buyer agrees to indemnify and hold Seller harmless from and against any and all loss, claim, action, demand or liability which may arise against Seller or the Property by virtue of any inspections, tests or studies of the Property, which such indemnity shall survive Closing or termination of this Agreement. Upon completion of Buyer’s investigations and tests, Buyer shall restore the Property to substantially the same condition as it existed before Buyer’s entry upon the Property. Seller agrees to cooperate with Buyer in providing any notices to the tenants under the Leases that are required for such entry and inspection under such Leases, and in arranging for any such entry and inspections by Buyer and its agents pursuant to Seller’s entry and inspection rights under the Leases.

(c) Buyer shall have until the expiration of the Due Diligence Period to complete its review of the above information. Should Buyer in its sole and absolute discretion find exception to any of the foregoing materials or for any other reason, or for no reason, Buyer shall have the right to terminate this Agreement by written notice to the Seller (“Buyer’s Termination Notice”) prior to the expiration of the Due Diligence Period. Upon receipt of Buyer’s Termination Notice, Escrow Agent shall immediately return the Earnest Money and all interest earned thereon to Buyer. If Buyer does not deliver Buyer’s Termination Notice, the Earnest Money shall become non-refundable except as otherwise provided herein, this Agreement shall become firm, and the Buyer and Seller shall proceed to Closing in accordance with the terms of this Agreement. Within five (5) business days following delivery of Buyer’s Termination Notice, Buyer shall deliver to Seller copies of all reports, studies and investigations undertaken by or on behalf of Buyer with respect to the Property, and neither party hereto shall have any liability to the other except for the obligations of Buyer and Seller that expressly survive termination of this

9

---

Agreement. If this Agreement is not terminated during the Due Diligence Period, then notwithstanding any contrary provision set forth herein, the Earnest Money shall in no event be refundable to Buyer, absent a default hereunder by Seller or a failure of any of the conditions set forth in Section 11 hereof and a termination of this Agreement by Buyer, or except pursuant to any other termination right provided to Buyer pursuant to the terms hereof. Seller shall terminate, effective as of Closing, at no charge to Buyer, all Service Contracts that are rejected pursuant to written notice delivered by Buyer to Seller no later than 5:00 P.M. on the last day of the Due Diligence Period; provided, however, that Seller shall in no event be obligated to terminate the Service Contracts with Otis Elevator Company identified as items 27 – 31 on Schedule 12.

(d) Notwithstanding anything in this Agreement to the contrary, in addition to Buyer’s termination rights set forth in this Section 5(c), after receipt by Buyer of the initial drafts of the documents required by the lenders to reaffirm the obligations under the Loan Documents (the “Assumption Documents”), Buyer (with respect to each Loan) shall have until 5:00 P.M. (Eastern Standard Time) on the fourteenth (14th) calendar day following receipt of the Assumption Documents from each such holder to review the terms, conditions and provisions thereof (the “Assumption Document Review Period”). If Buyer determines within the Assumption Document Review Period with respect to any such Loan that it is not satisfied with the terms, conditions and provisions of the Assumption Documents for such Loan, then Buyer shall have the right to terminate this Agreement as to the Interests of any Company encumbered by the Loan for which the Assumption Documents are not acceptable. Such termination shall be made by Buyer delivering written notice to Seller within the Assumption Document Review Period applicable to such Loan, in which event, the Purchase Price shall be adjusted by the amount set forth on Schedule 15 attached hereto and made a part hereof but in no event shall the cash payable by Buyer at Closing be reduced by any Indebtedness not actually assumed by Buyer at Closing. Notwithstanding the contrary provisions of this Section 5, (i) Buyer shall not be entitled to object to the terms and provisions of the Assumption Documents for a Loan provided that such Assumption Documents contain commercially reasonable provisions (such documents shall be deemed to be commercially unreasonable if the Assumption Documents include provisions that Buyer is not legally permitted to agree to pursuant to applicable laws or due to its status as a subsidiary of a publicly traded REIT, or contain terms and provisions which are not customary for real estate commercial loan assumption documents) and do not modify the underlying material terms and provisions of the Loan, such as interest rate, amortization, maturity and recourse liability and (ii) if during the Assumption Review Period applicable to any Loan, Buyer determines that it is not satisfied with the terms, conditions and provisions of the Assumption Documents applicable to a Loan (subject to the limitations in this Section 5 on Buyer’s right to object to the Assumption Documents), then Seller (at its expense) shall have the right, but not the obligation, to cause the Loan for which the Assumption Documents were not acceptable to Buyer to be defeased or pre-paid, as applicable, in which event Buyer shall be obligated (subject to the other terms and provisions of this Agreement) to proceed to Closing, such Property shall not be excluded from the transactions contemplated hereby and the Purchase Price shall remain as set forth in Section 2 hereof (but the amount of cash payable shall be subject to adjustment pursuant to Section 2 based upon the actual amount of the principal and interest of the Indebtedness actually assumed by Buyer at Closing) without adjustment pursuant to Schedule 15 and Seller shall cause each Loan for which the Approvals were not obtained to be

10

pre-paid or defeased prior to Closing and Seller shall have the right to extend the Closing Date for any such Interests up to ninety (90) days to accomplish such prepayment or defeasance and the closing on the remaining Interests shall occur on the date otherwise provided for in this Agreement.

**SECTION 6. Closing.**

The consummation of the transactions contemplated hereby shall be held at the offices of the Escrow Agent or by mail, or at such other place as the parties may mutually agree. As used in this Agreement, "Closing" means the assignment of the Interests to the Buyer, the delivery of the other closing documents contemplated hereunder, and the delivery of the Purchase Price to Seller. The Closing shall occur on a date mutually agreed upon by the parties, but in no event later than thirty (30) days after the expiration of the Due Diligence Period (the "Closing Date"); provided, however, and notwithstanding the foregoing, the Closing Date may be extended as set forth in Section 3(b) hereof, but shall in all events be on or before May 6, 2004 (the "Outside Closing Date"). The date on which the Closing occurs is referred to herein as the "Closing Date". If the Closing has not occurred by the end of business on the Outside Closing Date, then either party not then in default may elect to terminate this Agreement and all of Buyer's and Seller's rights and obligations under this Agreement shall terminate and neither party shall have any liability hereunder, except for claims resulting out of a default hereunder or arising under Section 5(b), and the Earnest Money shall be paid to and become the property of the party entitled thereto in accordance with this Agreement.

**SECTION 7. Expenses of Closing.**

Seller shall pay and be responsible for the following costs: (i) one-half of any transfer taxes due upon the sale of the Interests (although the parties anticipate that no such taxes will be due and payable); and (ii) one-half of any escrow fees. Buyer shall pay and be responsible for the following costs: (i) one-half of any transfer taxes due upon the sale of the Interests; (ii) one-half of any escrow fees; (iii) any title examination fees or charges incurred by Buyer in connection with its due diligence, including, without limitation, any title updates, any premium for any title insurance purchased by Buyer, the costs of any survey of the Property; and (iv) all costs associated with Buyer's financing (if any) obtained in connection with this transaction and all fees payable in connection with obtaining the Approvals. Each party shall be responsible for its own attorney's fees and costs, except as provided otherwise by this Agreement.

**SECTION 8. Closing Documents.**

Seller shall execute and deliver the following documents at Closing:

- A. An Assignment of the Interests for each of the Delaware Companies, substantially in the form of Exhibit A attached hereto and made a part hereof (collectively, the "Assignment");
- B. An affidavit affirming that no labor has been performed on the Real Property and Improvements within one hundred twenty (120) days prior to the Closing Date (or if work has been performed certifying as to payment in full and/or waiving lien rights as to the

11

---

Real Property and Improvements) and that there are no outstanding liens or rights to claim liens against the Real Property or Improvements;

- C. Executed closing statement itemizing the dollar amount of all financial matters relating to the Closing, including the adjustments and prorations provided herein;
- D. A FIRPTA affidavit;
- E. Letters to the Tenants signed by Seller informing them of the sale of the Interests to Buyer, in substantially the form attached hereto as Exhibit C;
- F. Certificate regarding Seller's representations and warranties required by Section 16, duly executed and acknowledged by Seller substantially in the form attached hereto as Exhibit D;
- G. For the Companies, documents by which Seller (i) resigns as manager, if applicable, of the Companies, (ii) elects Buyer (or its designee) as the new manager thereof, and (iii) waives (to the extent necessary) any transfer conditions or restrictions of the Operating Agreements therefor;
- H. Certificate of Good Standing for Seller issued by the Delaware Secretary of State;
- I. Certificates of Good Standing for the Companies issued by the Delaware Secretary of State or by the Maryland Secretary of State, as applicable, and by the Maryland State Department of Assessments and Taxation and certificates of foreign qualification for the Delaware Companies issued by the Maryland State Department of Assessments and Taxation; and
- J. Such other documents as may be reasonably necessary or desirable in consummating the transactions contemplated by the Agreement, including evidence of Seller's authority as is reasonably requested by Buyer or the Title Company and an affidavit/indemnity in the form in favor of the Title Company to obtain a "non-imputation endorsement" in Buyer's final policy of title insurance, such affidavit/indemnity in the form attached hereto as Exhibit E;
- K. Such estoppel certificates as are required pursuant to Section 11(a);
- L. To the extent in the possession of Seller or its property manager or attorneys, originals of the Leases, together with the leasing and property files and records in connection with the ownership, operation, leasing and maintenance of the Property and the Service Contracts that are to be assumed; and
- M. Keys and access codes (as appropriate) for the Real Property

Buyer shall execute and/or deliver, as applicable, the following at Closing:

12

---

- A. The balance of the Purchase Price by wire transfer pursuant to written instructions from Seller, as adjusted pursuant to Section 2 and Section 9 of this Agreement;
- B. The Assignment evidencing Buyer's assumption of the rights and obligations associated with the Interests from and after the Closing Date;
- C. Any and all documents, certificates and/or guaranties required by the holders of the Indebtedness and agreed to be provided by the Buyer;
- D. Executed closing statement, itemizing the dollar amount of all financial matters related to the Closing, including the adjustments and prorations

provided for herein;

E. Letters to the tenants signed by Seller informing them of the sale of the Interests to Buyer, in substantially the form attached hereto as Exhibit C;

F. Certificate regarding Buyer's representations and warranties required by Section 15, duly executed and acknowledged by Buyer substantially in the form attached hereto as Exhibit D; and

G. Such other documents as may be reasonably necessary or desirable in consummating the transaction contemplated by the Agreement, including evidence of the authority of the person(s) executing the closing documents on behalf of Buyer.

**SECTION 9. Prorations and Allocations.**

(a) Buyer shall be considered the owner of the Interests, and accordingly, owner of the Property as of 12:01 a.m. (local time at the Property) on the Closing Date for the purpose of the prorations, as if Buyer were vested with title to the Interests the entire Closing Date; provided, however, that if Seller does not receive the proceeds due under this Agreement by 4:00 p.m. (local time at the Property) on the day of Closing, then the prorations shall be recalculated as of 12:01 a.m. on the day following the Closing Date. Seller agrees to submit to Buyer a draft of the closing statement showing the prorations not less than five (5) days prior to Closing and the parties shall thereafter use all reasonable efforts to finalize such prorations as soon as reasonably possible thereafter. The prorations to be made at Closing shall be made on the basis of a written statement or statements and all reasonable supporting documentation, including, without limitation, invoices, delivered to Buyer by Seller. The following items shall be allocated between Seller and Buyer and shall be prorated as of the Closing Date (the "Adjustment Date") or adjusted as indicated hereinbelow:

(i) Rents (whether designated as base rent or additional rent) payable in connection with the Real Property, including operating expenses collected from any tenants of the Improvements on or prior to the Adjustment Date, as well as any prepaid rents. Unpaid and delinquent rent paid to Seller after the date of Closing shall (to the extent the Buyer is entitled thereto) be promptly delivered to Buyer for application in accordance herewith. Unpaid and delinquent rent paid to or collected by Buyer after the Closing Date shall be applied first to current rentals and then to delinquent rentals, if any,

13

---

in inverse order of maturity, and Buyer shall promptly deliver to Seller any such rent to which Seller is entitled hereunder, relating to the period prior to the Adjustment Date. After Closing, Seller shall have the right to collect any unpaid and delinquent rent under any Lease relating to the period prior to the Adjustment Date, but shall not have the right to institute eviction proceedings or seek a termination of any Lease. Buyer will make a good faith effort after Closing to collect all rents in the usual course of Buyer's operation of the Property, but Buyer will not be obligated to institute any lawsuit or other collection procedure to collect delinquent rents. If there are any rents or other charges under the Leases which, although relating to a period prior to Closing, do not become due and payable until after Closing or are paid prior to Closing but are subject to adjustment after Closing (such as year end common area expense reimbursements and the like), and such rents or charges are received after Closing, then such rents and charges, to the extent applicable to a period extending through the Closing, shall be prorated between Seller and Buyer as of the Adjustment Date, and Seller's portion thereof shall be remitted promptly to Seller by Buyer.

(ii) Real estate taxes applicable to the Real Property, payments in lieu of real estate taxes applicable to the Real Property ad valorem and personal property taxes, and other state, county and municipal taxes, charges and assessments (special or otherwise) applicable to the Property, on the basis of the calendar or tax year for which the same are levied, imposed or assessed. Any such adjustments made with respect to a tax year (or other tax period) for which the tax rate or assessed valuation, or both, have not yet been fixed shall be based upon the tax rate and/or assessed valuation last fixed or the best available information with respect to the amount of taxes due for the current year. No adjustment shall be made if the actual taxes and assessments for the current year (or shorter tax period) differ from the amount apportioned at Closing.

(iii) Water, sewer, electric and other utility charges shall be prorated as of the Closing Date. If consumption of any of the foregoing is measured by meter, Seller shall, prior to the Closing Date, obtain a reading of each such meter and a final bill as of the Closing Date. If there is no such meter or if the bill for any of the foregoing will not have been issued as of the Closing Date, the charges therefor shall be adjusted at the Closing Date on the basis of the charges of the prior period for which such bills were issued and shall be further adjusted between the parties when the bills for the correct period are issued and, pending receipt of final bills therefor, reasonably estimated prorated amounts paid by Seller shall be held in escrow by the Title Company. Seller shall receive, at closing, an amount equal to any utility security deposits posted by any of the Companies, unless such deposits were remitted upon final meter reading by the applicable utility companies.

(iv) All other expenses relating to the operation of the Property (including any property owner's association or similar fees), except that deposits held by utility companies and fees for governmental permits and licenses shall not be apportioned and Seller may obtain the return of fees from the parties holding the same.

14

---

(v) The charges and deposits under any transferable and assumed Service Contracts or permitted renewals or replacements thereof shall be prorated and adjusted as of the Closing Date.

(vi) Premiums on insurance policies will not be adjusted. As of the Closing Date, Seller will cause the Companies to terminate their insurance coverage and receive, at Closing, an amount equal to any prepaid premiums, and Buyer will affect its own insurance coverage.

(b) All Security Deposits (together with any accrued interest thereon as may be required by the Leases or by law provided that if such leases or applicable law do not specify an interest rate but interest is required to be paid on such amounts, then interest shall be paid assuming a rate of 1.5% per annum) held by Seller shall be paid or assigned to Buyer at Closing and if the Companies are holding any such security deposits, the Companies shall continue to hold such amounts after Closing and to the extent Seller has any security deposits held in the form of letters of credit, such letters of credit shall be assigned to Buyer as of the Closing Date, as evidenced by an amendment to the letter of credit executed by the issuing bank.

(c) When any item of proration which has been adjusted on an estimated basis becomes capable of exact determination, the party in possession of the facts necessary to make the determination shall send the other party a detailed report which adjusts the proration to exact amounts and the parties shall adjust the prior estimate within thirty (30) days after both parties have received said reports. Notwithstanding anything contained herein to the contrary, six (6) months after the Closing Date, all adjustments and prorations shall become final and no further adjustments or prorations shall be done.

(d) Seller shall reconcile and bill Tenants for all operating expenses, common area maintenance charges, taxes or insurance premiums for calendar year 2003 by April 30, 2004. Seller shall provide copies of such reconciliation and billings to Buyer, but Buyer shall have no right to approve or disapprove any such reconciliation or billings. As of the Closing Date and to the extent not billed or reconciled by Seller prior to such date, Seller shall estimate the foregoing adjustment billings to Tenants for calendar year 2003, and to the extent Seller estimates that the Tenants shall be owed a credit of more than \$25,000 in the aggregate, Seller shall credit Buyer the full amount of such estimated credit at Closing. If Seller estimates that Tenants shall be owed a credit of less than \$25,000 in the aggregate, the parties shall reconcile such charges in accordance with the provisions of subsection (c) above.

(e) The provisions of this Section 9 shall survive Closing.

**SECTION 10. Covenants Pending Closing**

Following execution of this Agreement and at all times prior to the Closing:

- A. Operation of Real Property and Improvements. Seller shall (i) carry on Seller's operations at the Real Property and

15

---

Improvements and maintain the Real Property and Improvements substantially in the same manner as heretofore conducted and existing and in all events in the ordinary course of business, but shall not be obligated to make any capital improvements or repairs prior to Closing, except for those capital repairs (if any) necessary to prevent material damage to any Improvements (for example, if a tree falls on a building prior to Closing, Seller shall be obligated to make any capital repairs necessary to prevent further damage), and (ii) refrain from disposing of any Property, or entering into any leases or agreements or otherwise entering into any transaction inconsistent with the transactions contemplated by this Agreement. From the Effective Date until this Agreement is terminated or until the Closing, Buyer shall have the right to review all new proposed leases with respect to any portion of the Property, all proposed amendments to existing leases, all proposed new service contracts and all proposed amendments to service contracts (collectively, "New Agreements") and no New Agreements shall be executed by Seller without Buyer's consent, which consent shall not be unreasonably withheld. Buyer agrees to respond to Seller, in writing, within five (5) business days of receipt of a New Agreement for its review and a failure by Buyer to respond within such five (5) business day period shall constitute Buyer's approval of such New Agreement. Buyer shall also have the right to review all budgeted tenant improvement costs, construction management costs and architectural or engineering fees with respect to any New Agreements, and Seller shall not contract with third parties for the performance of such work without Buyer's consent, which consent shall not be unreasonably withheld. At Closing and so long as a Closing takes place, Buyer shall reimburse Seller for Seller's costs incurred with respect to all such New Agreements (except those set forth on Schedule 8 attached hereto) to which Buyer has consented which are incurred by Seller prior to Closing, including, but not limited to, tenant improvement costs, legal costs and expenses, construction management costs, architectural or engineering fees and leasing commissions.

B. Insurance. Seller shall keep (or cause to be kept) the Real Property and Improvements insured against fire and other hazards, and shall maintain liability insurance with respect to the Real Property and Improvements, and all such policies shall be kept in full force and effect until the Closing Date.

C. Initially Excluded Property. Buyer hereby acknowledges and agrees that the Property does not include the Initially Excluded Property. Seller shall have the right to convey the Initially Excluded Property from the Companies prior to the Closing Date and Buyer agrees that the Initially Excluded Property shall be conveyed by the Companies prior to Closing.

D. Notices. To the extent received by Seller, from the Effective Date until the earlier of the termination of this Agreement or Closing, Seller shall promptly deliver to Buyer copies of written default notices, notices of lawsuits, bankruptcy filings relative to Tenants and notices of violations affecting the Property and any and all notices delivered or received from tenants in connection with the Leases.

E. No New Title Conditions. Between the Effective Date and the Closing Date, Seller shall not voluntarily create nor shall Seller allow the Companies to voluntarily create, any liens, easements or other conditions affecting any portion of the Property or the Interests without the prior written consent of Buyer, which shall not be unreasonably withheld.

16

---

F. Maintenance of Loan. Between the Effective Date and the Closing Date, Seller shall make or cause the Companies to make all payments of principal and interest required by the Loan Documents to be made prior to Closing and perform all of the obligations, terms and provisions thereof on the part of the Seller and/or the Companies to be performed.

E. Market Property. Between the Effective Date and the Closing Date, Seller shall not, nor shall Seller allow the Companies to, market the Property or the Interests for sale to any other party.

**SECTION 11. Conditions Precedent to Closing**

(a) The obligations of Buyer under this Agreement are subject to the fulfillment on or before the Closing Date (and with respect to items that require review by Buyer, sufficiently in advance of Closing to allow Buyer reasonable opportunity to review) of the following conditions precedent, any one or more of which conditions may, at the option of Buyer, be waived in writing by Buyer:

(i) The Property shall be in substantially the same condition as it was in on the Effective Date, ordinary wear and tear excepted.

(ii) The execution by Seller (and all other required parties) and delivery of all documents required under Section 8 hereof.

(iii) Buyer shall have received estoppel certificates from Tenants leasing 85% or more of the square footage of the Improvements that is actually leased pursuant to the Leases and all tenants leasing more than 10,000 square feet, such estoppel certificates to be substantially in the form of Exhibit B attached hereto (unless the form or substance of an estoppel certificate is otherwise provided in the corresponding Lease and the applicable tenant requests that its form be utilized), or otherwise reasonably acceptable to Buyer and each of which estoppel certificates shall be from a tenant not in bankruptcy and shall contain a certification that to the knowledge of such tenant, that neither such tenant nor the landlord is in default under the Lease, and that no offsets against rent are claimed, and such estoppel certificate shall further confirm that the terms and provisions of the applicable Lease are as set forth in such Lease. Buyer shall also have received (x) an estoppel certificate from each property owner's association of which any Property is subject, the form of which shall be reasonably satisfactory to Buyer and (y) an estoppel certificate from Seller (also in the form of Exhibit B attached hereto) for each lease for which Buyer did not receive an estoppel certificate from the tenant (the parties hereto agreeing that all statements in all estoppel certificates from Seller shall be made to Seller's Knowledge).

(iv) All representations and warranties of Seller contained in this Agreement shall be true and correct in all material respects as of the Closing Date.

17

---

(v) Seller and Buyer shall have obtained the Approvals (subject to the rights and elections of the parties pursuant to Section 3(b) and Section 5(d) hereof).

(b) Unless due to a cause within Seller's reasonable control, a failure of any of the conditions precedent set forth above shall not constitute a default hereunder by Seller but shall entitle Buyer to terminate this Agreement and receive a refund of the Earnest Money and upon any such termination, neither party hereto shall have any liability to the other except for provisions which expressly survive the termination of this Agreement. Buyer agrees that a failure to obtain estoppels or a casualty or condemnation not resulting from the intentional or willful acts of Seller examples of events or acts not within Seller's reasonable control.

**SECTION 12. Brokerage Commission.**

The parties represent and warrant to each other that no other brokers are involved in this transaction, other than Cassidy & Pinkard. Seller shall pay Cassidy & Pinkard a commission pursuant to the terms of a separate written agreement between the parties upon the Closing, but only if the Closing occurs. Seller shall not be responsible for any commission payable to any broker other than Cassidy & Pinkard. Buyer and Seller agree that in the event of a breach of the warranties, representations or covenants set forth in this Section, then the breaching or defaulting party shall indemnify and hold the other harmless with respect to any loss or claim, including all attorneys' fees and costs of litigation through appellate proceedings. This Section shall survive the Closing.

**SECTION 13. Establishment of Escrow.**

A. The terms and conditions set forth in this Agreement shall constitute both an agreement between Seller and Buyer and instructions for Escrow Agent, which Escrow Agent shall acknowledge and agree to be bound by, as evidenced by its execution of this Agreement. Seller and Buyer shall promptly execute and deliver to Escrow Agent any separate or additional escrow instructions requested by Escrow Agent which are consistent with the terms of this Agreement. Any separate or additional instructions shall not modify or amend the provisions of this Agreement unless otherwise expressly agreed by mutual consent of Buyer and Seller. Buyer and Seller both hereby acknowledge and agree that Escrow Agent shall hold and deliver the Earnest Money and all other deposits which may be made under this Agreement in accordance with the terms and conditions of this Agreement and that Escrow Agent shall be relieved of all liability and held harmless by both Seller and Buyer in the event Escrow Agent makes any disbursement of such monies in accordance with the terms and provisions of this Agreement. Escrow Agent shall be relieved from any responsibility or liability and held harmless by both Buyer and Seller in connection with the discharge of Escrow Agent's duties hereunder provided that Escrow Agent exercises ordinary and reasonable care in the discharge of such duties.

B. The Earnest Money shall be placed in an interest-bearing account of a federally insured financial institution within two (2) days of receipt of Buyer's federal tax identification number. All interest earned on the Earnest Money shall belong to Buyer unless Buyer defaults, in which event all interest earned on the Earnest Money shall belong to Seller.

18

---

Escrow Agent shall not be responsible for any fluctuations in interest rate paid on the deposit(s) or for penalties for early withdrawal.

**SECTION 14. Default and Remedies; Indemnification.**

A. **Seller's Default.** If the sale and purchase of the Interests is not consummated because Seller defaults hereunder, then Buyer may, at its election and as its sole and exclusive alternate remedies, (i) terminate this Agreement and upon such termination, (a) receive a refund of the Earnest Money and (b) solely in the event of Seller's willful default, payment to Buyer of all of its actual third party costs and expenses incurred in connection with this transaction; provided, however, that Seller's liability for such actual third party costs and expenses shall in no event exceed \$100,000, (ii) seek specific performance of the Seller's obligations hereunder or (iii) waive all claims on account of such default and proceed to Closing. Election of one or more of the aforesaid remedies shall preclude an election of others. A termination because of condemnation or casualty shall not be deemed a default by Seller hereunder. Except as otherwise set forth in this Section 14 and notwithstanding any contrary provision contained herein, **in no event shall Seller be liable to Buyer for damages arising out of a breach or alleged breach of this Agreement, including consequential, punitive, actual or special damages.**

B. **Buyer's Default.** If the sale and purchase of the Interests is not consummated because of Buyer's default hereunder, the Escrow Agent shall (after first giving Buyer five (5) days prior written notice) pay over the Earnest Money to Seller, as Seller's sole and exclusive remedy hereunder for such default of Buyer, the parties hereto acknowledging that it is impossible to estimate more precisely the damages which might be suffered by Seller upon Buyer's default. Seller's retention of said Earnest Money is intended not as a penalty, but as full liquidated damages. The right to receive and retain the Earnest Money as full liquidated damages is Seller's sole and exclusive remedy in the event of default hereunder by Buyer.

C. **Seller's Indemnification.** To the extent not covered by insurance, Seller agrees to indemnify, to defend and to hold Buyer harmless from and against any and all losses, costs, liabilities, expenses and damages (including, without limitation, reasonable attorneys' fees and expenses) incurred on account of any action, proceeding, demand or claim asserted by a third party (a "Third Party Claim") relating to an event that occurred during the period of Seller's ownership of the Companies and that is caused by Seller or any of the Companies, except for those liabilities or obligations assumed, waived or permitted by Buyer under this Agreement.

D. **Buyer's Indemnification.** To the extent not covered by insurance, Buyer agrees to indemnify, to defend and to hold Seller harmless from and against any and all losses, costs, liabilities, expenses and damages (including, without limitation, reasonable attorneys' fees and expenses) incurred on account of any Third Party Claim relating to an event that occurred during the period after Closing and that is caused by Buyer or any of the Companies.

E. **Defense of Third Party Claims.** Any person entitled to indemnification hereunder (an "Indemnified Party") shall give prompt written notice to any person who is obligated to provide indemnification hereunder (an "Indemnifying Party") of the commencement or assertion of any Third Party Claim in respect of which such Indemnified Party shall seek indemnification hereunder. Any failure so to notify an Indemnifying Party shall not relieve such

19

---

Indemnifying Party from any liability that it may have to such Indemnified Party under this Section 18 if the Indemnified Party can demonstrate that the failure to give such notice did not materially prejudice such Indemnifying Party. The Indemnifying Party shall have the right to assume control of the defense of, settle, or otherwise dispose of such Third Party Claim on such terms as it deems appropriate; provided, however, that:

- (i) The Indemnified Party shall be entitled, at its own expense, to participate in the defense of such Third Party Claim.
- (ii) The Indemnified Party shall obtain the prior written approval of the Indemnified Party before entering into or making any settlement, compromise, admission, or acknowledgement of the validity of such Third Party Claim or any liability in respect thereof, which written approval will not be unreasonably withheld.
- (iii) The Indemnifying Party shall not be entitled to control (but shall be entitled to participate at its own expense in the defense of), and the Indemnified Party shall be entitled to have sole control over, the defense or settlement, compromise, admission, or acknowledgement of any Third Party Claim (i) as to which the Indemnifying Party fails to assume the defense within a reasonable length of time or (ii) to the extent the Third Party Claim seeks an order, injunction, or other equitable relief against the Indemnified Party which, if successful, would materially adversely affect the business, operations, assets, or financial condition of the Indemnified Party; provided, however, that the Indemnified Party shall make no settlement, compromise, admission, or acknowledgement which would give rise to liability on the part of any Indemnifying Party without the prior written consent of the Indemnifying Party, which consent shall not be unreasonably withheld.

The parties hereto shall extend reasonable cooperation in connection with the defense of any Third Party Claim pursuant to this Section 14 and, in connection therewith, shall furnish such records, information, and testimony and attend such conferences, discovery proceedings, hearings, trials, and appeals, as may be reasonably requested.

F. Survival. The indemnification obligations set forth in this Section 14 shall survive the Closing for a period of one (1) year following Closing and if there is more than one closing, then with respect to each Interest and Property acquired, the representations contained herein shall survive for a period of 12 months from the date of the applicable Closing.

**SECTION 15. Warranties and Representations of Buyer.**

Buyer hereby warrants and represents as of the Effective Date to, and covenants and agrees with, Seller as follows:

A. Legal Capacity. Buyer has full legal authority to execute and deliver this Agreement and to perform all of its obligations hereunder.

20

---

B. Power. This Agreement and all other agreements, instruments and documents required to be executed or delivered by Buyer pursuant hereto have been or (if and when executed) will be duly executed and delivered by Buyer, and are or will be legal, valid and binding obligations of Buyer. No governmental consents and permissions are required to be obtained by Buyer for the execution and performance of this Agreement and the other documents to be executed by Buyer hereunder. The consummation of the transactions contemplated herein and the fulfillment of the terms hereof will not result in a breach of any of the terms or provisions of, or constitute a default under, any agreement or document to which Buyer is a party or by which it is bound, or any order, rule or regulation of any court or of any federal or state regulatory body or any administrative agency or any other governmental body having jurisdiction over Buyer.

C. No Proceedings. There is not now pending or, to Buyer's knowledge, threatened, any action, suit or proceeding, legal, equitable or otherwise, before any court or governmental agency or body which might adversely affect Buyer's ability to perform its obligations hereunder.

D. Investment Representations. Buyer (a) understands that the Interests have not been registered under the Securities Act of 1933, as amended from time to time (the "Securities Act"), or under any state securities laws, and are being offered and sold in reliance upon federal and state exemptions for transactions not involving any public offering, (b) is acquiring the Interests solely for its own account for investment purposes, and not with a view to the distribution thereof, and (c) is an accredited investor pursuant to the definitions set forth in Regulation D promulgated under the Securities Act.

**SECTION 16. Warranties and Representations of Seller.**

Seller represents, warrants and covenants to Buyer and agrees that, at and as of the date of this Agreement and at and as of the Closing Date, the following statements shall be true in all respects:

A. Power. To the extent applicable, each of the Companies has full power to own the Property and conduct the business presently being conducted by it.

B. Authority Relative to this Agreement. The execution, delivery and performance of this Agreement and the closing documents by Seller and the execution, delivery and performance by each individual and/or entity signing this Agreement on behalf of Seller, has been duly authorized and approved by all requisite action on the part of Seller, and this Agreement and such closing documents is or will be legal, valid and binding obligations of Seller. No consents and permissions are required to be obtained by Seller for the execution and performance of this Agreement and the other documentation to be executed by Seller hereunder. The consummation of the transactions contemplated herein and the fulfillment of the terms hereof will not result in a breach of any of the terms or provisions of, or constitute a default under, an agreement or documents to which Seller is a party or by which it is bound, or any order, rule or regulation of any court or of any federal or state regulatory body or any administrative agency or any other governmental body having jurisdiction over Seller.

21

---

C. FIRPTA. Seller is not a "foreign person" within the meaning of Section 1445 (f)(3) of the Code.

D. Seller's Title. Seller owns one hundred percent (100%) of the Interests of the Delaware Companies, and will transfer unencumbered ownership of such Interests to Buyer at Closing. As of Closing, there will be no members of the Delaware Companies other than the Seller. At Closing and except for the liens, restrictions and security interests related to the Indebtedness, Seller will transfer the Interests owned by it to Buyer free and clear of any restrictions on transfer, assignment or sale, liens, encumbrances, exceptions, taxes, security interests, options, warrants, purchase rights, contracts, commitments, equities, claims, liabilities, covenants, agreements and demands. The Seller is not (and at Closing will not be) party to any voting trust, proxy, or other agreement or understanding with respect to the Interests (other than the Operating Agreements).

E. Representations Regarding Property, the Companies and the Interests

(i) Each of the Companies is duly organized, validly existing and in good standing under the laws of its state of incorporation, and has full power and authority to own the assets and properties owned by it, to lease the assets and properties held by it under lease, and to carry on the operation of its business as it is now being conducted by such Company including, if necessary, foreign qualification to do business in the State of Maryland. The Operating Agreements for the Companies (the "Operating Agreements") have not been modified, amended or changed in any way since the execution thereof, and the Operating Agreements listed on Schedule 9 constitute the entire operating agreements of the Companies. Seller shall not make or permit the Companies to make any modification of or amendment to the Operating Agreements after the Effective Date through and until the Closing Date. Seller is the sole member of the Delaware Companies and holds all of the Interests in the Companies free and clear of any restrictions on transfer (other than restrictions under the Securities Act and state securities laws), taxes, liens, options, warrants, purchase rights, contracts, commitments, equities, claims and demands. Each applicable Delaware Company is the sole member of the applicable Maryland Company indicated on Schedule 1 and holds all of the membership in such Maryland Company free and clear of any restrictions on transfer (other than restrictions under the Securities Act and state securities laws), taxes, liens, options, warrants, purchase rights, contracts, commitments, equities, claims and demands. All of the issued and outstanding Interests of each Delaware Company and all of the issued and outstanding interests of each Maryland Company have been duly authorized and are validly issued, fully paid and nonassessable. There are no outstanding or authorized options, warrants, purchase rights, subscription rights, conversion rights, exchange rights or other contracts that could require any of the Seller or the Companies to sell, transfer, or otherwise dispose of any equity interest of any of the Companies or that could require any Company to issue, sell or otherwise cause to become outstanding any additional equity interests. Except as disclosed in Schedule 10, and except for the Indebtedness and for those liabilities arising in the ordinary course of business which shall be satisfied on or before the Closing, the Companies, to the Seller's Knowledge, have no liabilities (current or contingent, asserted or unasserted) of any nature except for the liabilities expressly described in this Agreement under

22

---

the Permitted Exceptions and the Service Contracts, including, without limitation, no contract liabilities, tort liabilities or tax liabilities.

(ii) To Seller's Knowledge, there is no notice, judgment, writ, decree, injunction, or order entered in any action, suit, or proceeding, from any federal, state, county, municipal, or other governmental or quasi-governmental agency, department, board, commission, bureau, or other entity or instrumentality (each, a "Governmental

Authority”) relating to or concerning the material violation of any applicable federal, state, county, municipal, or other governmental or quasi-governmental statute, law, ordinance, judgment, writ, decree, injunction, rule, ruling, regulation, restriction, or order (all of the foregoing being hereinafter collectively referred to as the “Legal Requirements”) affecting any of the Companies or the Property, or the construction, development, use, operation, maintenance, or management thereof, which violation has not been corrected.

(iii) Except as set forth in Schedule 11, there is no action, suit, or other proceeding that is pending nor, to Seller’s Knowledge, is there any action, suit or proceeding pending, contemplated or threatened by or against Seller, any of the Companies or the Property. The Companies are not contemplating either (i) the filing of a petition under any bankruptcy or insolvency laws (and Seller has no actual knowledge of any person contemplating the filing of any such petition against the Companies), or (ii) the liquidation of all or a major portion of the assets of the Companies except the sale of the Interests hereunder.

(iv) Seller has delivered or made available to Buyer true, accurate, and complete copies of all the Service Contracts, such agreements being listed on Schedule 12 attached hereto. To Seller’s Knowledge, other than as expressly set forth in Schedule 12, there are no Service Contracts to which the Companies are a party that will be in effect as of the Closing Date that are not terminable within thirty (30) days without cause or penalty.

(v) Except as set forth in Schedule 4, there are no leases, license agreements or other occupancy agreements (or any amendments or supplements thereto) now in effect with respect to the Real Property and Schedule 4 contains a list of all such leases, license agreements, amendments or supplements thereto. Schedule 4 also includes a schedule of the Tenant Deposits, together with any interest that may be required under the Leases to be accrued thereon as of the Closing Date. No more than five (5) days before Closing, Seller shall provide an updated list of the Leases, which, to Seller’s Knowledge shall be true and correct in all material respects as of the date thereof.

(vi) Except as set forth in Schedule 13, all brokerage commissions, finder’s fees, and similar payments, however denominated, due or owing with respect to any Lease or otherwise with respect to the Property have been paid if due, and all such payments not yet due will be paid when due by Seller, either prior to or after the Closing Date; provided, however, that Seller shall in no event be liable or responsible for commissions, finder’s fees and similar payments relating to expansions or renewals of existing Leases which occur after the Closing Date.

23

(vii) As of the Closing Date and except in connection with any Indebtedness remaining outstanding after Closing, no right or interest of Seller under any Lease will be assigned, mortgaged, hypothecated, or otherwise encumbered by or through Seller.

(viii) Either the Maryland Companies or the Delaware Companies own fee simple title to the Real Property.

(ix) The Companies are not delinquent in each of their obligations to file Federal, state and local income tax returns, and/or limited liability company annual or other filings in Delaware or Maryland, required to be filed by it, nor to pay Federal, State and local income taxes and/or limited liability company annual or other filing fees in Delaware or Maryland required to be paid by it. To the extent such returns are required to be filed, Seller will cause final income tax returns for the Companies to be filed for the partial tax year ending on the Closing Date prior to delinquency, will pay all taxes due from it in connection or as shown on such filings prior to delinquency, and will provide a copy thereof to Buyer promptly after filing. In addition, Seller will, prior to Closing, cause the Companies to file all applicable business tax returns, personal property tax returns and/or limited liability company filings in Delaware and Maryland that are then required to be filed (e.g., for all tax reporting periods that are “closed” as of the Closing Date) even if the date of delinquency for such tax filings would not occur until after the Closing Date, and will pay all taxes and/or fees due in connection with or as shown on such filings.

(x) Except with respect to issues (a) disclosed in any environmental report(s) furnished to Buyer by the Companies, or otherwise obtained by Buyer during the Due Diligence Period (collectively, the “**Phase I Report**”), or (b) otherwise disclosed by the Companies to Buyer in writing during the Due Diligence Period, to Seller’s Knowledge, no Hazardous Materials are located upon or within the Property. The term “Hazardous Materials” shall mean: (A) any “hazardous waste” as defined by the Resource Conservation and Recovery Act of 1976, as amended from time to time, and related regulations; (B) any “hazardous substance” as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended from time to time, and related regulations; (C) oil petroleum products and their byproducts; (D) any hazardous levels of radon gas; (E) polychlorinated biphenyls (PCBs); (F) flammable explosives; and (G) radioactive materials. Seller has not received a summons, citation, directive, notice, complaint or other written communication from the United States Environmental Protection Agency or the Maryland Environmental Service or other governmental authority concerning any alleged violation of any environmental law or rule or regulation at the Property.

(xi) To Seller’s Knowledge, Schedule 14 contains true, correct and complete state and federal tax returns of the Companies for 2002, if any.

(xii) Since its formation and through the Effective Date, the Companies have no employees and/or employment agreements or understandings (whether written or verbal) with any person, nor are the Companies party to any union contract or collective bargaining agreement.

24

(xiii) The Companies own no assets other than the applicable Property and their sole business purpose is the ownership, operation and management of the applicable Property.

(xiv) All payments due on the Loan Documents are current through the date of this Agreement; to Seller’s Knowledge, no default exists under the Loan Documents; there are no side letters or other agreements relating to the Loan Documents that are not referenced in Schedule 6; and the following amounts, as of the December 31, 2003, are held in escrow for taxes, insurance, tenant improvements and leasing commissions under the Loan Documents by the lender thereunder or an agent for such lender:

(a) for Explorer Indebtedness: taxes - \$0, insurance - \$0, t/i and leasing commissions - \$0;

(b) for Explorer III Indebtedness: taxes - \$23,653.00, insurance - \$28,157.00, t/i and leasing commissions - \$28,765.00; and

(c) for Red Cedar Indebtedness: taxes - \$37,157.00, insurance - \$30,324.00, t/i and leasing commissions - \$134,184.00.

F. Survival; Incorrect Representation or Warranty; Liability of Seller. The above representations and warranties shall be true and correct both as of the date of this Agreement and at Closing but shall survive the Closing for a period of twelve (12) months only and if there is more than one closing, then with respect to each Interest and Property acquired, the representations contained herein shall survive for a period of 12 months from the date of the applicable Closing. Seller shall not cause any of the foregoing representations and warranties to become incorrect in any material and adverse respect. If subsequent to the date hereof and on or before the Closing Date, Seller or Buyer has knowledge that any of the representations and warranties set forth herein have become incorrect in any material and adverse respect, then the party learning of such incorrect representation or warranty shall promptly notify, in writing, the other party of such incorrect representation or warranty. If such materially incorrect representation or warranty resulted from the intentional acts of Seller in violation of the terms of this Agreement, then Seller shall promptly correct same. In no event shall Seller be liable to Buyer for, or be deemed to be in default hereunder by reason of, any breach of representation or warranty which results from any change that (i) occurs between the Effective Date and the Closing Date and (ii) is expressly permitted under the terms of this Agreement or is beyond the reasonable control of Seller to prevent; provided, however, that the occurrence of a change which is not permitted hereunder or is not beyond the reasonable control of Seller to prevent shall, if materially adverse to Buyer, constitute the non-fulfillment of the condition set forth in Section 11(a)(iv); if, despite changes or other matters described in such certificate, the Closing occurs, Seller’s representations and

warranties set forth in this Agreement shall be deemed to have been modified by all statements made in such certificate; such certificate shall be subject to the limitations set forth in this Section 16.

Notwithstanding any contrary provision contained herein, Seller's liability under this Agreement for a breach of a representation or warranty made by Seller in this Agreement shall in no event exceed \$1,500,000.00 (the "Cap") and (ii) Seller shall not have any liability for a breach of a representation or warranty made by Seller in this Agreement unless and until the aggregate amount of loss, damage, liability or cost incurred by Buyer as a result of such incorrect

25

representation or warranty exceeds \$10,000.00 in the aggregate, in which event the full amount of such valid claims shall be actionable, up to but not exceeding the amount of the Cap.

D. Disclaimer and Release. EXCEPT AS EXPRESSLY SET FORTH IN THIS SECTION 16, BUYER ACKNOWLEDGES AND AGREES THAT SELLER HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY NEGATES AND DISCLAIMS ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, OF, AS TO, CONCERNING OR WITH RESPECT TO (A) THE VALUE, NATURE, QUALITY OR CONDITION OF THE INTERESTS AND THE PROPERTY, INCLUDING, WITHOUT LIMITATION, THE WATER, SOIL AND GEOLOGY, (B) THE INCOME TO BE DERIVED FROM THE INTERESTS OR THE PROPERTY, ANY LIABILITIES OR ASSETS OF THE COMPANIES, (C) THE SUITABILITY OF THE PROPERTY FOR ANY AND ALL ACTIVITIES OR USES WHICH BUYER MAY CONDUCT THEREON, (D) THE COMPLIANCE OF OR BY THE PROPERTY OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY APPLICABLE GOVERNMENTAL AUTHORITY OR BODY, (E) THE HABITABILITY, MERCHANTABILITY, MARKETABILITY, PROFITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROPERTY, (F) THE MANNER OR QUALITY OF THE CONSTRUCTION OF MATERIAL, IF ANY, INCORPORATED INTO THE PROPERTY, (G) THE MANNER, QUALITY, STATE OF REPAIR OR LACK OF REPAIR OF THE PROPERTY, OR (H) COMPLIANCE WITH ANY ENVIRONMENTAL PROTECTION, POLLUTION OR LAND USE LAWS, RULES, REGULATIONS, ORDERS OR REQUIREMENTS, INCLUDING THE EXISTENCE IN OR ON THE PROPERTY OF HAZARDOUS MATERIALS OR (I) ANY OTHER MATTER WITH RESPECT TO THE INTERESTS, THE PROPERTY, THE LEASES OR THE COMPANIES. ADDITIONALLY, NO PERSON ACTING ON BEHALF OF SELLER IS AUTHORIZED TO MAKE, AND BY EXECUTION HEREOF PURCHASER ACKNOWLEDGES THAT NO PERSON HAS MADE, ANY REPRESENTATION, AGREEMENT, STATEMENT, WARRANTY, GUARANTY OR PROMISE REGARDING THE INTERESTS, THE PROPERTY, THE COMPANIES, THE LEASES OR THE TRANSACTION CONTEMPLATED HEREIN; AND NO SUCH REPRESENTATION, AGREEMENT, STATEMENT, WARRANTY, GUARANTY OR PROMISE, IF ANY, MADE BY ANY PERSON ACTING ON BEHALF OF SELLER SHALL BE VALID AND BINDING UPON SELLER UNLESS EXPRESSLY SET FORTH HEREIN. BUYER FURTHER ACKNOWLEDGES AND AGREES THAT HAVING BEEN GIVEN THE OPPORTUNITY TO INSPECT THE PROPERTY AND TO PERFORM DUE DILIGENCE WITH RESPECT TO THE INTERESTS AND THE COMPANIES, BUYER IS RELYING SOLELY ON ITS OWN INVESTIGATION AND NOT ON ANY INFORMATION PROVIDED OR TO BE PROVIDED BY SELLER EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, AND BUYER AGREES TO ACCEPT THE PROPERTY AND THE COMPANIES AT THE CLOSING AND EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, WAIVE ALL OBJECTIONS OR CLAIMS AGAINST SELLER (INCLUDING, BUT NOT LIMITED TO, ANY RIGHT OR CLAIM OF CONTRIBUTION) ARISING FROM OR RELATED TO THE PROPERTY OR THE COMPANIES. BUYER FURTHER ACKNOWLEDGES AND AGREES THAT ANY INFORMATION PROVIDED OR TO BE PROVIDED WITH

26

RESPECT TO THE PROPERTY OR THE COMPANIES WAS OBTAINED FROM A VARIETY OF SOURCES AND THAT SELLER HAS NOT MADE ANY INDEPENDENT INVESTIGATION OR VERIFICATION OF SUCH INFORMATION AND MAKES NO REPRESENTATION AS TO THE ACCURACY, TRUTHFULNESS OR COMPLETENESS OF SUCH INFORMATION EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT. EXCEPT AS EXPRESSLY SET FORTH IN THIS SECTION 16, SELLER IS NOT LIABLE OR BOUND IN ANY MANNER BY ANY VERBAL OR WRITTEN STATEMENT, REPRESENTATION OR INFORMATION PERTAINING TO THE PROPERTY OR THE OPERATION THEREOF OR THE COMPANIES, FURNISHED BY ANY REAL ESTATE BROKER, CONTRACTOR, AGENT, EMPLOYEE, SERVANT OR OTHER PERSON. BUYER FURTHER ACKNOWLEDGES AND AGREES THAT TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE SALE OF THE INTERESTS AS PROVIDED FOR HEREIN IS MADE ON AN "AS IS" CONDITION AND BASIS WITH ALL FAULTS. IT IS UNDERSTOOD AND AGREED THAT THE PURCHASE PRICE HAS BEEN ADJUSTED BY PRIOR NEGOTIATION TO REFLECT THAT THE INTERESTS ARE BEING SOLD BY SELLER AND PURCHASED BY BUYER SUBJECT TO THE FOREGOING. THE PROVISIONS OF THIS SECTION 16 SHALL SURVIVE THE CLOSING OR ANY TERMINATION HEREOF.

WITHOUT LIMITING THE PROVISIONS OF THE PRIOR PARAGRAPH AND NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, BUYER, FOR ITSELF AND ITS AGENTS, AFFILIATES, EMPLOYEES AND CONTRACTORS, HEREBY RELEASES, ACQUITS AND FOREVER DISCHARGES SELLER AND (AS THE CASE MAY BE) SELLER'S OFFICERS, DIRECTORS, MEMBERS, SHAREHOLDERS, TRUSTEES, PARTNERS, EMPLOYEES, MANAGERS, AGENTS AND AFFILIATES FROM ANY AND ALL RIGHTS, CLAIMS, DEMANDS, CAUSES OF ACTIONS, LOSSES, DAMAGES, LIABILITIES, COSTS AND EXPENSES (INCLUDING ATTORNEYS' FEES AND DISBURSEMENTS WHETHER THE SUIT IS INSTITUTED OR NOT) WHETHER KNOWN OR UNKNOWN, LIQUIDATED OR CONTINGENT (HEREINAFTER COLLECTIVELY CALLED THE "**CLAIMS**"), WHICH BUYER HAS OR MAY HAVE IN THE FUTURE, ARISING FROM OR RELATING TO (i) ANY DEFECTS (PATENT OR LATENT), ERRORS OR OMISSIONS IN THE DESIGN OR CONSTRUCTION OF THE PROPERTY WHETHER THE SAME ARE THE RESULT OF NEGLIGENCE OR OTHERWISE, OR (ii) ANY OTHER CONDITIONS, INCLUDING, WITHOUT LIMITATION, ENVIRONMENTAL AND OTHER PHYSICAL CONDITIONS, AFFECTING THE PROPERTY WHETHER THE SAME ARE A RESULT OF NEGLIGENCE OR OTHERWISE, INCLUDING SPECIFICALLY, BUT WITHOUT LIMITATION, ANY CLAIM FOR INDEMNIFICATION OR CONTRIBUTION ARISING UNDER THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION AND LIABILITY ACT (42 U.S.C. SECTION 9601, ET SEQ.) OR ANY OTHER FEDERAL, STATE OR LOCAL STATUTE, RULE OR ORDINANCE RELATING TO LIABILITY OF PROPERTY OWNERS FOR ENVIRONMENTAL MATTERS, WHETHER ARISING BASED ON EVENTS THAT OCCURRED BEFORE, DURING, OR AFTER SELLER'S PERIOD OF OWNERSHIP OF THE PROPERTY AND WHETHER BASED ON THEORIES OF INDEMNIFICATION, CONTRIBUTION OR OTHERWISE. THE RELEASE SET FORTH IN THIS SECTION SPECIFICALLY INCLUDES, WITHOUT LIMITATION, ANY CLAIMS UNDER ANY

27

ENVIRONMENTAL LAWS OF THE UNITED STATES, THE STATE IN WHICH THE PREMISES IS LOCATED OR ANY POLITICAL SUBDIVISION THEREOF OR UNDER THE AMERICANS WITH DISABILITIES ACT OF 1990, AS ANY OF THOSE LAWS MAY BE AMENDED FROM TIME TO TIME AND ANY REGULATIONS, ORDERS, RULES OF PROCEDURES OR GUIDELINES PROMULGATED IN CONNECTION WITH SUCH LAWS, REGARDLESS OF WHETHER THEY ARE IN EXISTENCE ON THE DATE OF THIS AGREEMENT. BUYER ACKNOWLEDGES THAT BUYER HAS BEEN REPRESENTED BY LEGAL COUNSEL OF BUYER'S SELECTION AND BUYER IS GRANTING THIS RELEASE OF ITS OWN VOLITION AND AFTER CONSULTATION WITH BUYER'S COUNSEL. BUYER HEREBY SPECIFICALLY ACKNOWLEDGES THAT BUYER HAS CAREFULLY REVIEWED THIS SUBSECTION AND DISCUSSED ITS IMPORT WITH LEGAL COUNSEL AND THAT THE PROVISIONS OF THIS SUBSECTION ARE A MATERIAL PART OF THIS AGREEMENT.

THE RELEASE SET FORTH IN THE PRIOR PARAGRAPH DOES NOT APPLY TO THE REPRESENTATIONS OF SELLER EXPRESSLY SET FORTH IN THIS AGREEMENT OR ANY INDEMNITY OR WARRANTY EXPRESSLY MADE BY SELLER IN ANY DOCUMENT DELIVERED BY SELLER AT CLOSING.



By: /s/ Roger A. Waesche, Jr.  
 Name: Roger A. Waesche, Jr.  
 Title: Executive Vice President

**SECTION 17. Risk of Loss.**

Seller shall maintain the Property between the Effective Date and the date of Closing in the same condition as it existed as of the Effective Date, ordinary wear and tear excepted. Notwithstanding the foregoing, in the event of any damage or other casualty to the Property (i) exceeding the sum of \$6,515,000.00 in repair costs, (ii) reasonably estimated to take more than 120 days to repair prior to Closing or (iii) resulting in the termination of any of the Leases by the tenant thereunder, Seller shall immediately give notice of the same to Buyer, and Buyer shall be entitled to cancel this Agreement or close hereunder without any reduction in the Purchase Price, except that Seller shall assign without recourse or warranty to Buyer any insurance proceeds payable to Seller with respect to such damage or casualty, together with payment or credit to Buyer of the amount of any deductible or other self-insured amount. In the event Buyer cancels this Agreement due to such damage or casualty, the Earnest Money and any other deposit(s) made by Buyer together with any interest earned thereon shall be refunded to Buyer. For any damage or other casualty to the Property prior to Closing for which repair costs equal or are less than \$6,515,000.00, Seller shall assign without recourse or warranty to Buyer any insurance proceeds payable to Seller with respect to such damage or casualty, together with payment or credit to Buyer of the amount of any deductible or other self-insured amount.

28

**SECTION 18. Condemnation.**

(a) **Immaterial Taking.** If any part of the Property shall be taken by exercise of the power of eminent domain after the date of this Agreement that does not materially (i) interfere with the use of the Property for the purposes for which it is currently used; (ii) interfere with access to the Premises; or (iii) reduce the value of the Property, in Buyer's reasonable judgment by more than \$6,515,000.00, this Agreement shall continue in full force and effect and there shall be no abatement of the Purchase Price. Seller shall, on the Closing Date, assign to Buyer all rights and claims to any awards arising therefrom as well as any money theretofore received by Seller on account thereof, net of any expenses actually incurred by Seller, including attorney's fees of collecting the same. Seller shall promptly furnish Buyer with a copy of the declaration of taking promptly after Seller's receipt thereof.

(b) **Material Taking.** If any taking of a portion of the Property materially (i) interferes with the use of the Property for the purposes for which it is currently used; (ii) interferes with access to the Property; or (iii) reduce the value of the Premises, in Buyer's reasonable judgment by more than \$6,515,000.00, Buyer may terminate this Agreement, by written notice to Seller within ten (10) days after Buyer's receipt of Seller's notice to Buyer of such a taking. Upon the giving of such termination notice, the Earnest Money shall be returned to Buyer and this Agreement shall become null and void, except for the indemnity obligations of Buyer to Seller set forth in this Agreement which will survive termination of this Agreement. If Buyer does not timely give notice of termination, Buyer's obligations hereunder shall remain in effect notwithstanding such condemnation and Buyer shall remain obligated to consummate the purchase in accordance with the terms of this Agreement.

**SECTION 19. Notice.**

All notices required or allowed by this Agreement shall be delivered in person, by third party courier (including an overnight courier service such as Federal Express), by facsimile (with a copy of such notice also given by one of the other methods prescribed herein) or by certified mail, return receipt requested, postage prepaid, addressed to the party or person to whom notice is to be given at the following addresses:

To Seller: Great Mills, L.L.C.  
 c/o Faison Capital Advisors  
 2550 Interstate Tower  
 121 West Trade Street  
 Charlotte, North Carolina 28202  
 Attn: John B. Detwiler/Edward M. Cherry  
 Fax No. 704-972-2699

29

With a copy to: Moore & Van Allen, PLLC  
 100 N. Tryon Street, Floor 47  
 Charlotte, North Carolina 28202-4003  
 Attn: Jeffrey W. Glenney, Esq.  
 Fax No. 704-331-1159

To Buyer: COPT Acquisitions, Inc.  
 8815 Centre Park Drive, Suite 400  
 Columbia, MD 21045-2272  
 Attn: General Counsel  
 Fax No. 410-740-1174

To Escrow Agent Anchor Title Company  
 10715 Charter Drive, Suite 100  
 Columbia, Maryland 21044  
 Attn: M. Charlotte Powel, President  
 Fax No. 410-730-7642

Any notice or other communication sent pursuant to personal delivery or by facsimile shall be deemed received upon such personal service or upon dispatch by electronic means, if sent pursuant to certified mail, shall be deemed received five (5) days following deposit in the mail and/or if sent pursuant to overnight courier shall be deemed received the next succeeding business day following deposit with such nationally recognized overnight delivery service. The addresses for the purpose of this paragraph may be changed by giving notice as provided herein; provided, however, that unless and until such written notice is actually received, the last address stated herein shall be deemed to continue in effect for all purposes hereunder. Any notice hereunder may be given by a party's attorney or other authorized representative.

**SECTION 20. Entire Agreement**

This Agreement constitutes the entire agreement of the parties with respect to the Property described herein. This Agreement may not be amended or modified

orally. All understandings and agreements heretofore between the parties with respect to the Property are merged in this Agreement which alone fully and completely expresses their understanding. Handwritten provisions shall supersede typewritten provisions.

***SECTION 21. No Waiver.***

No waiver of any provision of this Agreement shall be effective unless it is in writing and signed by the party against whom it is asserted and any such written waiver shall only be applicable to the specific instance to which it relates and shall not be deemed to be a continuing or future waiver.

30

---

***SECTION 22. Amendments.***

This Agreement may not be amended, modified, altered or changed in any respect whatsoever except by further agreement in writing duly executed by the parties hereto.

***SECTION 23. Captions.***

The captions of this Agreement are for convenience and reference only and in no way define, describe, extend or limit the scope or intent of this Agreement or the intent of any provision hereto.

***SECTION 24. Assignment.***

Seller shall not have the right to assign this Agreement without the prior written consent of the Buyer, which consent may be withheld in the Buyer's sole discretion. Except for an assignment to an entity of which Buyer or Corporate Office Properties, L.P. has an equity interest of 10% or more, Buyer shall not have the right to assign this Agreement without the prior written consent of the Seller, which consent may be withheld in the Seller's sole discretion.

***SECTION 25. Successors.***

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors, assigns and legal representatives.

***SECTION 26. Time.***

Time is of the essence with respect to all matters contained herein. Whenever any time period is to be computed hereunder, the day from which the period shall run is not to be included, and any period ending on a Saturday, Sunday or legal holiday will be extended to the next business day.

***SECTION 27. Counterparts.***

This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become a binding agreement when one or more counterparts have been signed by and delivered to each of the parties.

***SECTION 28. Validity.***

In the event any term or provision of this Agreement is determined by appropriate judicial authority to be illegal or otherwise invalid, such provision shall be given its nearest legal meaning or be construed or deleted as such authority determines, and the remainder of this Agreement shall remain in full force and effect.

31

---

***SECTION 29. No Recordation.***

Neither this Agreement nor any notice or memorandum thereof shall be recorded in the public records of any jurisdiction.

***SECTION 30. Miscellaneous.***

Whenever used, the singular shall include the plural, the plural shall include the singular, and the use of any gender shall include all genders.

***SECTION 31. Governing Law.***

This Agreement shall be governed by and construed in accordance with the laws of the State of Maryland.

***SECTION 32. Attorney's Fees.***

If any action, suit, arbitration or other proceeding is instituted to remedy, prevent or obtain relief from a default in the performance by any party to this Agreement of its obligations under this Agreement, the prevailing party shall be reimbursed by the other party hereto for all of such party's attorneys' fees incurred in each and every such action, suit, arbitration or other proceeding, including any and all appeals or petitions therefrom. As used in this Section, attorneys' fees shall be deemed to mean the full and actual costs of any legal services actually performed in connection with the matters involved, calculated on the basis of the usual fee charged by the attorney performing such service.

***SECTION 33. Termination of Agreement.***

It is understood and agreed that if either Buyer or Seller terminates this Agreement pursuant to a right of termination granted hereunder, such termination shall operate to relieve Seller and Buyer from all obligations under this Agreement, except for any breach or default hereto occurring and such obligations as are specifically stated herein to survive the termination of this Agreement.

***SECTION 34. Further Assurances.***

Each party agrees that it will without further consideration execute and deliver such other documents and take such other action, whether prior or subsequent to Closing, as may be reasonably requested by the other party to consummate more effectively the purposes or subject matter of this Agreement. Without limiting the generality of the foregoing, Buyer shall, if requested by Seller, execute acknowledgments of receipt with respect to any materials delivered by Seller to Buyer with respect to the Property. The provisions of this Section 34 shall survive Closing.

***SECTION 35. Confidentiality.***

Seller and Buyer agree that (i) the existence of this Agreement, (ii) the terms and provisions of this Agreement and (iii) all information disclosed to or uncovered by Buyer relating to the Property (the information referred to in clauses (i), (ii) and (iii) shall collectively

32

be called the "Confidential Information") shall remain confidential and shall not be disclosed by either party or either of such parties' representatives without the written consent of the other party, which consent may be withheld in the sole discretion of such party. "Representatives" shall mean a party's agents, employees, and advisors (including financial advisors, counsel and accountants) which have a need to know Confidential Information in order to facilitate this transaction. The Confidential Information shall not include (a) information currently available to the public or which becomes available to the public other than as a result of a disclosure prohibited hereby, (b) information available prior to disclosure pursuant to this Agreement, and (c) information that becomes available from a party who is not bound by a confidentiality agreement or is otherwise not under an obligation of confidentiality with respect to such information. Nothing herein shall require that the Confidential Information be kept confidential in violation of any applicable law or prohibit the dissemination of the Confidential Information to a party's representatives upon the condition of confidentiality. Seller and Buyer agree that, after Closing, the disclosure of the sale of the Property and the identity of Buyer shall be permitted. The provisions of this Section 35 shall survive the Closing or the termination of this Agreement.

Notwithstanding the foregoing, Seller acknowledges that Buyer is affiliated with a publicly-held corporation, the securities of which are traded on a national securities exchange. Seller further acknowledges that Buyer and that affiliate may be required by applicable law to issue a public press release announcing that it has entered into this Agreement and stating the material terms hereof, and Seller agrees not to unreasonably withhold its consent to any such press release and consents to all additional statements and disclosures Buyer may require to make by applicable law.

**SECTION 36. Limitation of Seller's Liability.**

Notwithstanding any contrary provision contained herein, except with respect to the indemnity obligations set forth in this Agreement, (i) the liability of Seller hereunder (whether for a breach of this Agreement prior to closing, a breach of a representation or warranty, or otherwise) shall in no event exceed the interest of Seller in the Property and any judgments rendered against Seller shall be satisfied solely out of the amount of the proceeds of the sale of its interest in the Property and (ii) no member, manager, employee, director, or officer of Seller or Faison & Associates, Inc. shall have any personal liability related to or arising under this Agreement. It is understood and agreed that in no event shall Buyer or any person claiming by, through or under Buyer have the right prior to closing to levy execution against any property of Seller (or any member, employee, director or officer of Seller) other than the interest of Seller in the Property. The provisions of this Section 36 shall survive Closing.

33

**SECTION 37. 1031 Exchanges.**

(a) Buyer hereby acknowledges that Seller may utilize the tax laws of the United States, as promulgated and enforced by the Internal Revenue Service, to later effect a "like kind" tax deferred exchange under Internal Revenue Code (I.R.C.) Section 1031 in order to reduce, mitigate or otherwise defer the tax liability to Seller as a consequence of the sale and acquisition contemplated hereby. Buyer agrees to cooperate with Seller, and at the instruction of tax counsel of Seller, to assist in the accomplishment of any such tax planning and 1031 "like kind" exchange; provided, however, (i) Buyer shall not be required to acquire or take title to any exchange property, (ii) Buyer shall not be required to incur any expense or liability whatsoever in connection with the exchange, including, without limitation, any obligation for the payment of any escrow, title, brokerage or other costs including attorneys' fees incurred with respect to the exchange, (iii) Seller shall not be released from any of its obligations, warranties or representations set forth in this Agreement or from liability for any prior or subsequent default under this Agreement, which obligations shall continue as the obligations of a principal and not of a surety or guarantor, (iv) Seller shall give Buyer at least five (5) days prior notice of the proposed changes required to effect such exchange and the identity of any party to be substituted in the escrow, (v) Seller shall be responsible for preparing all additional agreements, documents and escrow instructions (collectively, the "Exchange Documents") required by the exchange, at its sole cost and expense, (vi) Seller shall be responsible for making all determinations as to the legal sufficiency, tax considerations and other considerations relating to the proposed exchange, the Exchange Documents and the transactions contemplated thereby, and Seller shall in no event be responsible for, or in any way be deemed to warrant or represent any tax or other consequences of the exchange transaction, and (vii) the election to effect such an exchange shall not delay or postpone the Closing of the transaction as defined herein. In connection with any "like kind" exchange, Buyer agrees that Seller's rights, interests and obligations under this Agreement may be assigned to a "qualified intermediary" as such term is defined in the regulations issued under Internal Revenue Code Section 1031; provided, however, any such assignment shall not release Seller from any of its obligations, warranties or representations set forth in this Agreement or from liability for any prior or subsequent default under this Agreement, which obligations shall continue as obligations of a principal and not a surety or guarantor.

(b) Seller hereby acknowledges that Buyer may utilize the tax laws of the United States, as promulgated and enforced by the Internal Revenue Service, to later effect a "like kind" tax deferred exchange under Internal Revenue Code (I.R.C.) Section 1031 in order to reduce, mitigate or otherwise defer the tax liability to Buyer as a consequence of the sale and acquisition contemplated hereby. Seller agrees to cooperate with Buyer, and at the instruction of tax counsel of Buyer, to assist in the accomplishment of any such tax planning and 1031 "like kind" exchange; provided, however, (i) Seller shall not be required to acquire or take title to any exchange property, (ii) Seller shall not be required to incur any expense or liability whatsoever in connection with the exchange, including, without limitation, any obligation for the payment of any escrow, title, brokerage or other costs including attorneys' fees incurred with respect to the exchange, (iii) Buyer shall not be released from any of its obligations, warranties or representations set forth in this Agreement or from liability for any prior or subsequent default under this Agreement, which obligations shall continue as the obligations of a principal and not

34

of a surety or guarantor, (iv) Buyer shall give Seller at least five (5) days prior notice of the proposed changes required to effect such exchange and the identity of any party to be substituted in the escrow, (v) Buyer shall be responsible for preparing all additional agreements, documents and escrow instructions (collectively, the "Exchange Documents") required by the exchange, at its sole cost and expense, (vi) Buyer shall be responsible for making all determinations as to the legal sufficiency, tax considerations and other considerations relating to the proposed exchange, the Exchange Documents and the transactions contemplated thereby, and Buyer shall in no event be responsible for, or in any way be deemed to warrant or represent any tax or other consequences of the exchange transaction, and (vii) the election to effect such an exchange shall not delay or postpone the Closing of the transaction as defined herein. In connection with any "like kind" exchange, Seller agrees that Buyer's rights, interests and obligations under this Agreement may be assigned to a "qualified intermediary" as such term is defined in the regulations issued under Internal Revenue Code Section 1031; provided, however, any such assignment shall not release Buyer from any of its obligations, warranties or representations set forth in this Agreement or from liability for any prior or subsequent default under this Agreement, which obligations shall continue as obligations of a principal and not a surety or guarantor.

**SECTION 38. SEC Reporting Requirements.**

For the period commencing on the date hereof and continuing through the first anniversary of the Closing Date, and without limitation of other document production otherwise required of Seller hereunder, Seller shall, from time to time, upon reasonable advance written notice from Buyer, provide Buyer and its representatives, with (i) all financial, leasing and other information pertaining to the period of Seller's ownership of the Interests and operation of the Property, which information is relevant and reasonably necessary, in the opinion of Buyer's outside, third party accountants (the "Accountants"), to enable Buyer and its Accountants to prepare financial statements and

to conduct audits of such financial statements in accordance with generally accepted auditing standards, such that Buyer shall be in compliance with any or all of (a) Rule 3-05 (but only to the extent such Rule 3-05 references Rule 3-14 of Regulation S-X of the Securities and Exchange Commission (the "Commission")) and Rule 3-14 of Regulation S-X of the Commission, as applicable; (b) any other rule issued by the Commission and applicable to Buyer; and (c) any registration statement, report or disclosure statement filed with the Commission by, or on behalf of Buyer; and (ii) a representation letter, signed by the individual(s) responsible for Seller's financial reporting, as prescribed by generally accepted auditing standards promulgated by the Auditing Standards Division of the American Institute of Certified Public Accountants, which representation letter may be required by the Accountants to render an opinion concerning Seller's financial statements.

[Remainder of page intentionally left blank]

35

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates specified below.

**BUYER:**

**COPT ACQUISITIONS, INC.**

By: /s/ Roger A. Waesche, Jr.  
Name: Roger A. Waesche, Jr.  
Title: Executive Vice President

**SELLER:**

**GREAT MILLS, L.L.C.**

By: Faison & Associates, LLC, its Manager

By: /s/ John B. Detwiler  
John B. Detwiler, Vice President

#### JOINDER

The undersigned, Great Mills I, L.L.C., a Delaware limited liability company, hereby joins this Agreement for purposes of evidencing its agreement to the transactions contemplated in this Agreement and to its duties and obligations as otherwise set forth in this Agreement, effective from and after the Closing Date (as defined herein), and agrees that this Joinder shall survive Closing, and shall be binding upon the undersigned after Closing, notwithstanding its execution and delivery prior to Closing.

**Great Mills I, L.L.C.**, a Delaware  
limited liability company

By: Faison & Associates, LLC, its Manager

By: /s/ John B. Detwiler  
John B. Detwiler, Vice President

The undersigned, Great Mills III, L.L.C., a Delaware limited liability company, hereby joins this Agreement for purposes of evidencing its agreement to the transactions contemplated in this Agreement and to its duties and obligations as otherwise set forth in this Agreement, effective from and after the Closing Date (as defined herein), and agrees that this Joinder shall survive Closing, and shall be binding upon the undersigned after Closing, notwithstanding its execution and delivery prior to Closing.

**Great Mills III, L.L.C.**, a Delaware  
limited liability company

By: Faison & Associates, LLC, its Manager

By: /s/ John B. Detwiler  
John B. Detwiler, Vice President

The undersigned, Great Mills IV, L.L.C., a Delaware limited liability company, hereby joins this Agreement for purposes of evidencing its agreement to the transactions contemplated in this Agreement and to its duties and obligations as otherwise set forth in this Agreement, effective from and after the Closing Date (as defined herein), and agrees that this Joinder shall survive Closing, and shall be binding upon the undersigned after Closing, notwithstanding its execution and delivery prior to Closing.

**Great Mills IV, L.L.C.**, a Delaware  
limited liability company

By: Faison & Associates, LLC, its Manager

By: /s/ John B. Detwiler  
John B. Detwiler, Vice President

The undersigned, Great Mills V, L.L.C., a Delaware limited liability company, hereby joins this Agreement for purposes of evidencing its agreement to the transactions contemplated in this Agreement and to its duties and obligations as otherwise set forth in this Agreement, effective from and after the Closing Date (as defined herein), and agrees that this Joinder shall survive Closing, and shall be binding upon the undersigned after Closing, notwithstanding its execution and delivery prior to Closing.

Closing.

**Great Mills V, L.L.C.**, a Delaware  
limited liability company

By: Faison & Associates, LLC, its Manager

By: /s/ John B. Detwiler  
John B. Detwiler, Vice President

[Remainder of page intentionally left blank]

2

---

**LIST OF EXHIBITS**

Schedule 1 – Companies  
Schedule 2 – Excluded Property  
Schedule 3 – Interests  
Schedule 4 – Leases  
Schedule 5 – Real Property  
Schedule 6 – Indebtedness  
Schedule 7 – Due Diligence Items  
Schedule 8 – New Agreements for which Seller pays TI and Commissions  
Schedule 9 – Operating Agreements  
Schedule 10 – Liabilities of Companies  
Schedule 11 – Pending Litigation  
Schedule 12 – Service Contracts  
Schedule 13 – Broker Commissions  
Schedule 14 – Taxes  
Schedule 15 – Allocation of Values for Certain Property

Exhibit A – Form of Assignment  
Exhibit B – Form of Estoppel Certificate  
Exhibit C – Form of Tenant Notice Letter  
Exhibit D – Form of Certificate of Representations and Warranties

---

Escrow Agent executes this Agreement for the sole purpose of evidencing its agreement to the matters set forth in Section 13 hereof.

**ESCROW AGENT:**

**ANCHOR TITLE COMPANY**

By: /s/ M. Charlotte Powel  
Name: M. Charlotte Powel  
Title: President

---

**Schedule 5**

**Real Property**

All of the following real property located in St. Mary's County, Maryland:

The real properties are owned by the following entities:

Red Cedar, L.L.C.

Being all of Plat 7, Lot 12, Wildewood Tech Park located at 4425 Pecan Court, being further described as tax #08-10952-4 and tax id 06;34;650.

Third Exploration, L.L.C.

Being all of Parcel D, Route 235 Exploration located at 22300 Exploration Drive, being further described as tax #08-06597-7 and tax id 08;43;173.

Great Mills IV, L.L.C.

Being all of Parcel 500-A, Route 235 Exploration located at 22309 Exploration Drive, being further described as tax #08-00539-7 and tax id 08;43;371.

Being all of Parcel E, Route 235 Exploration located at 22309 Exploration Drive, being further described as tax #08-12357-8 and tax id 08;43;547.

Great Mills V, L.L.C.

Being all of Parcel 2, Wildewood Tech Park located at 22535 Cottonwood Parkway, being further described as tax #06-04512-8 and tax id 08;34;572.

Being all of Lot 9, Wildewood Tech Park, located at 44408 Pecan Court, being further described as tax #08-08334-01 and tax id 08;34;576.

Being all of Plat 4, Lot 500-8, Wildewood Tech Park, located at 44414 Pecan Court, being further described as tax #08-08239-1 and tax id 08;34;576.

Being all of Plat 7, Lot 10, Wildewood Tech Park located at 4417 Pecan Court, being further described as tax #08-10951-6 and tax id 08;34;650.

Being all of Plat 46/85, Parcel B, Expedition Park located at 46579 Expedition Drive, being further described as tax #08-13495-2 and tax id 08;43;47.

Being all of Plat 46/85, Parcel C, Expedition Office Park, being further described as tax #08-13494-4 and tax id 08;43;57.

Being all of Plat 46/85, Parcel D, Expedition Office Park, being further described as tax #08-13493-6 and tax id 08;43;57.

---

Being all of Development Envelop B, Expedition Park, as shown on a plat of a subdivision entitled "Simplified Resubdivision Plat of Expedition Park — Plat Book E.W.A. 46/85."

Fourth Exploration, L.L.C.

Being all of Parcel A, Exploration IV located at 22299 Exploration Drive, being further described as tax id #08-12808-1 and tax id 08;43;553.

Being all of Development Envelope B in the subdivision known as "Exploration IV, V and VI" per plat which is recorded among the land records of St. Mary's County, Maryland in Plat Book EWA 44, Page 89 and being in the eighth election district of said county.

Fifth Exploration, L.L.C.

Being all of Parcel B, Exploration V located at 22289 Exploration drive, and being further described as tax #08-12810-3 and tax id 09;43;553.

---

**Schedule 6**

**Indebtedness**

1. That certain Promissory Note between Column Financial, Inc., a Delaware corporation, and Third Exploration L.L.C., a Maryland limited liability company, dated July 31, 1997, in the original principal amount of \$3,250,000.00 and assigned to LaSalle Bank National Association (f/k/a LaSalle National Bank), which note is secured by that certain Deed of Trust and Security Agreement dated July 31, 1997, and recorded in Liber 1179, Folio 582, records of St. Mary's County, Maryland, and encumbers property in St. Mary's County, Maryland, and that certain Assignment of Leases and Rents dated July 31, 1997, recorded in Liber 1180, Folio 1 of aforesaid records.
  2. That certain Promissory Note between Column Financial, Inc., a Delaware corporation, and Red Cedar L.L.C., a Maryland limited liability company, dated October 3, 1997, in the original principal amount of \$4,400,000.00 and assigned to Norwest Bank Minnesota, a National Association, which note is secured by that certain Deed of Trust and Security Agreement dated October 3, 1997, and recorded in Liber 1203, Folio 234, records of St. Mary's County, Maryland, and encumbers property in St. Mary's County, Maryland, and that certain Assignment of Leases and Rents dated as of October 3, 1997, recorded in Liber 1203, Folio 298 of aforesaid records.
  3. That certain Supplement to and Amendment and Restatement of Promissory Note between Riggs Bank N.A. and Great Mills IV, L.L.C., a Delaware limited liability company (formerly known as Exploration Partners), dated June 26, 1997, in the original principal amount of \$5,900,000, which note is secured by that certain Supplement to and Amendment and Restatement of Deed of Trust, Security Agreement, and Assignment of Leases and Rents and Deed to Appoint Substitute Trustees dated June 26, 1997, and recorded in Liber 1170, Folio 324 and encumbers property in St. Mary's County, Maryland.
-

## CREDIT AGREEMENT

Dated as of March 10, 2004

by and among

CORPORATE OFFICE PROPERTIES, L.P.,  
as BorrowerCORPORATE OFFICE PROPERTIES TRUST,  
as Parent,WACHOVIA CAPITAL MARKETS, LLC,  
and  
KEYBANK NATIONAL ASSOCIATION,  
as Arrangers,WACHOVIA BANK, NATIONAL ASSOCIATION,  
as Administrative Agent,KEYBANK NATIONAL ASSOCIATION,  
as Syndication Agent,FLEET NATIONAL BANK  
and  
MANUFACTURERS AND TRADERS TRUST COMPANY,  
as Documentation Agents,

and

THE FINANCIAL INSTITUTIONS INITIALLY SIGNATORY HERETO  
AND THEIR ASSIGNEES PURSUANT TO SECTION 13.5.,  
as Lenders

## TABLE OF CONTENTS

<a href="#">Article I. Definitions</a>	<a href="#">1</a>
<a href="#">Section 1.1. Definitions.</a>	<a href="#">1</a>
<a href="#">Section 1.2. General; References to Times.</a>	<a href="#">25</a>
<a href="#">Section 1.3. Financial Attributes of Non-Wholly Owned Subsidiaries.</a>	<a href="#">26</a>
<a href="#">Article II. Credit Facility</a>	<a href="#">26</a>
<a href="#">Section 2.1. Revolving Loans.</a>	<a href="#">26</a>
<a href="#">Section 2.2. Swingline Loans.</a>	<a href="#">27</a>
<a href="#">Section 2.3. Letters of Credit.</a>	<a href="#">29</a>
<a href="#">Section 2.4. Rates and Payment of Interest on Loans.</a>	<a href="#">33</a>
<a href="#">Section 2.5. Number of Interest Periods.</a>	<a href="#">34</a>
<a href="#">Section 2.6. Repayment of Loans.</a>	<a href="#">34</a>
<a href="#">Section 2.7. Prepayments.</a>	<a href="#">34</a>
<a href="#">Section 2.8. Continuation.</a>	<a href="#">35</a>
<a href="#">Section 2.9. Conversion.</a>	<a href="#">36</a>
<a href="#">Section 2.10. Notes.</a>	<a href="#">36</a>
<a href="#">Section 2.11. Voluntary Reductions of the Commitment.</a>	<a href="#">37</a>
<a href="#">Section 2.12. Extension of Termination Date.</a>	<a href="#">37</a>
<a href="#">Section 2.13. Expiration or Maturity Date of Letters of Credit Past Termination Date.</a>	<a href="#">37</a>
<a href="#">Section 2.14. Amount Limitations.</a>	<a href="#">37</a>
<a href="#">Section 2.15. Increase of Commitments.</a>	<a href="#">38</a>
<a href="#">Article III. Payments, Fees and Other General Provisions</a>	<a href="#">39</a>
<a href="#">Section 3.1. Payments.</a>	<a href="#">39</a>
<a href="#">Section 3.2. Pro Rata Treatment.</a>	<a href="#">39</a>
<a href="#">Section 3.3. Sharing of Payments, Etc.</a>	<a href="#">40</a>
<a href="#">Section 3.4. Several Obligations.</a>	<a href="#">40</a>
<a href="#">Section 3.5. Minimum Amounts.</a>	<a href="#">41</a>
<a href="#">Section 3.6. Fees.</a>	<a href="#">41</a>
<a href="#">Section 3.7. Computations.</a>	<a href="#">42</a>
<a href="#">Section 3.8. Usury.</a>	<a href="#">42</a>
<a href="#">Section 3.9. Agreement Regarding Interest and Charges.</a>	<a href="#">43</a>
<a href="#">Section 3.10. Statements of Account.</a>	<a href="#">43</a>
<a href="#">Section 3.11. Defaulting Lenders.</a>	<a href="#">43</a>
<a href="#">Section 3.12. Taxes.</a>	<a href="#">45</a>

<a href="#"><u>Article IV. Borrowing Base Properties</u></a>	<a href="#"><u>46</u></a>
<a href="#"><u>Section 4.1. Eligibility of Properties.</u></a>	<a href="#"><u>46</u></a>
<a href="#"><u>Section 4.2. Release of Properties.</u></a>	<a href="#"><u>48</u></a>
<a href="#"><u>Section 4.3. Frequency of Calculations of Borrowing Base.</u></a>	<a href="#"><u>48</u></a>
i	
<hr/>	
<a href="#"><u>Article V. Yield Protection, Etc.</u></a>	<a href="#"><u>49</u></a>
<a href="#"><u>Section 5.1. Additional Costs: Capital Adequacy.</u></a>	<a href="#"><u>49</u></a>
<a href="#"><u>Section 5.2. Suspension of LIBOR Loans.</u></a>	<a href="#"><u>50</u></a>
<a href="#"><u>Section 5.3. Illegality.</u></a>	<a href="#"><u>51</u></a>
<a href="#"><u>Section 5.4. Compensation.</u></a>	<a href="#"><u>51</u></a>
<a href="#"><u>Section 5.5. Treatment of Affected Loans.</u></a>	<a href="#"><u>51</u></a>
<a href="#"><u>Section 5.6. Change of Lending Office.</u></a>	<a href="#"><u>52</u></a>
<a href="#"><u>Section 5.7. Assumptions Concerning Funding of LIBOR Loans.</u></a>	<a href="#"><u>52</u></a>
<a href="#"><u>Article VI. Conditions Precedent</u></a>	<a href="#"><u>53</u></a>
<a href="#"><u>Section 6.1. Initial Conditions Precedent.</u></a>	<a href="#"><u>53</u></a>
<a href="#"><u>Section 6.2. Conditions Precedent to All Loans and Letters of Credit.</u></a>	<a href="#"><u>55</u></a>
<a href="#"><u>Section 6.3. Conditions as Covenants.</u></a>	<a href="#"><u>56</u></a>
<a href="#"><u>Article VII. Representations and Warranties</u></a>	<a href="#"><u>56</u></a>
<a href="#"><u>Section 7.1. Representations and Warranties.</u></a>	<a href="#"><u>56</u></a>
<a href="#"><u>Section 7.2. Survival of Representations and Warranties, Etc.</u></a>	<a href="#"><u>62</u></a>
<a href="#"><u>Article VIII. Affirmative Covenants</u></a>	<a href="#"><u>63</u></a>
<a href="#"><u>Section 8.1. Preservation of Existence and Similar Matters.</u></a>	<a href="#"><u>63</u></a>
<a href="#"><u>Section 8.2. Compliance with Applicable Law and Material Contracts.</u></a>	<a href="#"><u>63</u></a>
<a href="#"><u>Section 8.3. Maintenance of Property.</u></a>	<a href="#"><u>64</u></a>
<a href="#"><u>Section 8.4. Conduct of Business.</u></a>	<a href="#"><u>64</u></a>
<a href="#"><u>Section 8.5. Insurance.</u></a>	<a href="#"><u>64</u></a>
<a href="#"><u>Section 8.6. Payment of Taxes and Claims.</u></a>	<a href="#"><u>64</u></a>
<a href="#"><u>Section 8.7. Visits and Inspections.</u></a>	<a href="#"><u>64</u></a>
<a href="#"><u>Section 8.8. Use of Proceeds; Letters of Credit.</u></a>	<a href="#"><u>65</u></a>
<a href="#"><u>Section 8.9. Environmental Matters.</u></a>	<a href="#"><u>65</u></a>
<a href="#"><u>Section 8.10. Books and Records.</u></a>	<a href="#"><u>66</u></a>
<a href="#"><u>Section 8.11. Further Assurances.</u></a>	<a href="#"><u>66</u></a>
<a href="#"><u>Section 8.12. New Subsidiaries/Guarantors.</u></a>	<a href="#"><u>66</u></a>
<a href="#"><u>Section 8.13. REIT Status.</u></a>	<a href="#"><u>67</u></a>
<a href="#"><u>Section 8.14. Exchange Listing.</u></a>	<a href="#"><u>67</u></a>
<a href="#"><u>Article IX. Information</u></a>	<a href="#"><u>67</u></a>
<a href="#"><u>Section 9.1. Quarterly Financial Statements.</u></a>	<a href="#"><u>67</u></a>
<a href="#"><u>Section 9.2. Year-End Statements.</u></a>	<a href="#"><u>67</u></a>
<a href="#"><u>Section 9.3. Compliance Certificate.</u></a>	<a href="#"><u>68</u></a>
<a href="#"><u>Section 9.4. Other Information.</u></a>	<a href="#"><u>68</u></a>
<a href="#"><u>Article X. Negative Covenants</u></a>	<a href="#"><u>70</u></a>
<a href="#"><u>Section 10.1. Financial Covenants.</u></a>	<a href="#"><u>71</u></a>
<a href="#"><u>Section 10.2. Restricted Payments.</u></a>	<a href="#"><u>72</u></a>
<a href="#"><u>Section 10.3. Indebtedness.</u></a>	<a href="#"><u>73</u></a>
<a href="#"><u>Section 10.4. Certain Permitted Investments.</u></a>	<a href="#"><u>73</u></a>
ii	
<hr/>	
<a href="#"><u>Section 10.5. Investments Generally.</u></a>	<a href="#"><u>74</u></a>
<a href="#"><u>Section 10.6. Liens; Negative Pledges; Other Matters.</u></a>	<a href="#"><u>74</u></a>
<a href="#"><u>Section 10.7. Merger, Consolidation, Sales of Assets and Other Arrangements.</u></a>	<a href="#"><u>75</u></a>
<a href="#"><u>Section 10.8. Fiscal Year.</u></a>	<a href="#"><u>76</u></a>
<a href="#"><u>Section 10.9. Modifications to Material Contracts.</u></a>	<a href="#"><u>76</u></a>
<a href="#"><u>Section 10.10. Modifications of Organizational Documents.</u></a>	<a href="#"><u>76</u></a>
<a href="#"><u>Section 10.11. Transactions with Affiliates.</u></a>	<a href="#"><u>77</u></a>
<a href="#"><u>Section 10.12. ERISA Exemptions.</u></a>	<a href="#"><u>77</u></a>
<a href="#"><u>Article XI. Default</u></a>	<a href="#"><u>77</u></a>
<a href="#"><u>Section 11.1. Events of Default.</u></a>	<a href="#"><u>77</u></a>
<a href="#"><u>Section 11.2. Remedies Upon Event of Default.</u></a>	<a href="#"><u>81</u></a>
<a href="#"><u>Section 11.3. Remedies Upon Default.</u></a>	<a href="#"><u>82</u></a>
<a href="#"><u>Section 11.4. Allocation of Proceeds.</u></a>	<a href="#"><u>82</u></a>
<a href="#"><u>Section 11.5. Collateral Account.</u></a>	<a href="#"><u>83</u></a>
<a href="#"><u>Section 11.6. Performance by Agent.</u></a>	<a href="#"><u>84</u></a>
<a href="#"><u>Section 11.7. Rights Cumulative.</u></a>	<a href="#"><u>84</u></a>



<a href="#">Article XII. The Agent</a>	<a href="#">85</a>
<a href="#">Section 12.1. Authorization and Action.</a>	<a href="#">85</a>
<a href="#">Section 12.2. Agent's Reliance, Etc.</a>	<a href="#">85</a>
<a href="#">Section 12.3. Notice of Defaults.</a>	<a href="#">86</a>
<a href="#">Section 12.4. Wachovia as Lender.</a>	<a href="#">86</a>
<a href="#">Section 12.5. Approvals of Lenders.</a>	<a href="#">87</a>
<a href="#">Section 12.6. Lender Credit Decision, Etc.</a>	<a href="#">87</a>
<a href="#">Section 12.7. Indemnification of Agent.</a>	<a href="#">88</a>
<a href="#">Section 12.8. Successor Agent.</a>	<a href="#">89</a>
<a href="#">Section 12.9. Titled Agents.</a>	<a href="#">90</a>

<a href="#">Article XIII. Miscellaneous</a>	<a href="#">90</a>
<a href="#">Section 13.1. Notices.</a>	<a href="#">90</a>
<a href="#">Section 13.2. Expenses.</a>	<a href="#">91</a>
<a href="#">Section 13.3. Setoff.</a>	<a href="#">92</a>
<a href="#">Section 13.4. Litigation; Jurisdiction; Other Matters; Waivers.</a>	<a href="#">92</a>
<a href="#">Section 13.5. Successors and Assigns.</a>	<a href="#">93</a>
<a href="#">Section 13.6. Amendments.</a>	<a href="#">96</a>
<a href="#">Section 13.7. Nonliability of Agent and Lenders.</a>	<a href="#">97</a>
<a href="#">Section 13.8. Confidentiality.</a>	<a href="#">98</a>
<a href="#">Section 13.9. Indemnification.</a>	<a href="#">98</a>
<a href="#">Section 13.10. Termination; Survival.</a>	<a href="#">100</a>
<a href="#">Section 13.11. Severability of Provisions.</a>	<a href="#">101</a>
<a href="#">Section 13.12. GOVERNING LAW.</a>	<a href="#">101</a>
<a href="#">Section 13.13. Counterparts.</a>	<a href="#">101</a>
<a href="#">Section 13.14. Obligations with Respect to Loan Parties.</a>	<a href="#">101</a>

<a href="#">Section 13.15. Limitation of Liability.</a>	<a href="#">101</a>
<a href="#">Section 13.16. Entire Agreement.</a>	<a href="#">102</a>
<a href="#">Section 13.17. Construction.</a>	<a href="#">102</a>

<a href="#">SCHEDULE 1.1(A)</a>	<a href="#">List of Loan Parties</a>
<a href="#">SCHEDULE 4.1.</a>	<a href="#">Initial Borrowing Base Properties</a>
<a href="#">SCHEDULE 6.3.</a>	<a href="#">Post Agreement Date Deliveries</a>
<a href="#">SCHEDULE 7.1.(b)</a>	<a href="#">Ownership Structure</a>
<a href="#">SCHEDULE 7.1.(f)</a>	<a href="#">Title to Properties; Liens</a>
<a href="#">SCHEDULE 7.1.(g)</a>	<a href="#">Indebtedness and Guaranties</a>
<a href="#">SCHEDULE 7.1.(h)</a>	<a href="#">Material Contracts</a>
<a href="#">SCHEDULE 7.1.(i)</a>	<a href="#">Litigation</a>
<a href="#">SCHEDULE 7.1.(y)</a>	<a href="#">Unencumbered Assets</a>

<a href="#">EXHIBIT A</a>	<a href="#">Form of Assignment and Acceptance Agreement</a>
<a href="#">EXHIBIT B</a>	<a href="#">Form of Borrowing Base Certificate</a>
<a href="#">EXHIBIT C</a>	<a href="#">Form of Notice of Borrowing</a>
<a href="#">EXHIBIT D</a>	<a href="#">Form of Notice of Continuation</a>
<a href="#">EXHIBIT E</a>	<a href="#">Form of Notice of Conversion</a>
<a href="#">EXHIBIT F</a>	<a href="#">Form of Notice of Swingline Borrowing</a>
<a href="#">EXHIBIT G</a>	<a href="#">Form of Swingline Note</a>
<a href="#">EXHIBIT H</a>	<a href="#">Form of Revolving Note</a>
<a href="#">EXHIBIT I</a>	<a href="#">Form of Opinion of Counsel</a>
<a href="#">EXHIBIT J</a>	<a href="#">Form of Compliance Certificate</a>
<a href="#">EXHIBIT K</a>	<a href="#">Form of Guaranty</a>

THIS CREDIT AGREEMENT (this "Agreement") dated as of March 10, 2004 by and among CORPORATE OFFICE PROPERTIES, L.P., a limited partnership formed under the laws of the State of Delaware (the "Borrower"), CORPORATE OFFICE PROPERTIES TRUST, a real estate investment trust formed under the laws of the State of Maryland (the "Parent"), each of the financial institutions initially a signatory hereto together with their assignees pursuant to Section 13.5.(d), WACHOVIA BANK, NATIONAL ASSOCIATION, as Agent, each of WACHOVIA CAPITAL MARKETS, LLC and KEYBANK NATIONAL ASSOCIATION, as Arrangers and Book Managers (each an Arranger and, collectively, the "Arrangers"), KEYBANK NATIONAL ASSOCIATION, as Syndication Agent (the "Syndication Agent"), and FLEET NATIONAL BANK and MANUFACTURERS AND TRADERS TRUST COMPANY, as Documentation Agents (the "Documentation Agents").

WHEREAS, the Agent and the Lenders desire to make available to the Borrower a revolving credit facility in the initial amount of \$300,000,000, which will include a \$25,000,000 letter of credit subfacility and a \$10,000,000 swingline subfacility, on the terms and conditions contained herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the parties hereto agree as follows:

## ARTICLE I. DEFINITIONS

### Section 1.1. Definitions.

In addition to terms defined elsewhere herein, the following terms shall have the following meanings for the purposes of this Agreement:

“**Accession Agreement**” means an Accession Agreement substantially in the form of Annex I to the Guaranty.

“**Additional Costs**” has the meaning given that term in Section 5.1.

“**Adjusted EBITDA**” means, for any given period, (a) EBITDA for such period minus (b) Capital Reserves for such period.

“**Adjusted LIBOR**” means, with respect to each Interest Period for any LIBOR Loan, the rate obtained by dividing (a) LIBOR for such Interest Period by (b) a percentage equal to 1 minus the stated maximum rate (stated as a decimal) of all reserves, if any, required to be maintained with respect to Eurocurrency funding (currently referred to as “Eurocurrency liabilities”) as specified in Regulation D of the Board of Governors of the Federal Reserve System (or against any other category of liabilities which includes deposits by reference to which the interest rate on LIBOR Loans is determined or any applicable category of extensions of credit or other assets which includes loans by an office of any Lender outside of the United States of America to residents of the United States of America). Any change in such maximum rate shall result in a change in

1

Adjusted LIBOR on the date on which such change in such maximum rate becomes effective.

“**Adjusted Total Asset Value**” means Total Asset Value determined exclusive of assets that are owned by (a) Excluded Subsidiaries or (b) Unconsolidated Affiliates of the Parent.

“**Affiliate**” means any Person (other than the Agent or any Lender): (a) directly or indirectly controlling, controlled by, or under common control with, the Parent; (b) directly or indirectly owning or holding five percent (5.0%) or more of any Equity Interest in the Parent; or (c) five percent (5.0%) or more of whose voting stock or other Equity Interest is directly or indirectly owned or held by the Parent. For purposes of this definition, “control” (including with correlative meanings, the terms “controlling”, “controlled by” and “under common control with”) means the possession directly or indirectly of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities or by contract or otherwise. The Affiliates of a Person shall include any officer or director of such Person. In no event shall the Agent or any Lender be deemed to be an Affiliate of the Borrower or the Parent.

“**Agent**” means Wachovia Bank, National Association, as contractual representative for the Lenders under the terms of this Agreement, and any of its successors.

“**Agreement Date**” means the date as of which this Agreement is dated.

“**Applicable Law**” means all applicable provisions of constitutions, statutes, rules, regulations and orders of all governmental bodies and all orders and decrees of all courts, tribunals and arbitrators.

“**Applicable Margin**” means the percentage rate set forth below corresponding to the ratio of Total Indebtedness to Total Asset Value as determined in accordance with Section 10.1. in effect at such time:

Level	Total Indebtedness to Total Asset Value	Applicable Margin for LIBOR Loans	Applicable Margin for Base Rate Loans
1	Less than 0.50 to 1.00	1.25%	0.0%
2	Greater than or equal to 0.50 to 1.00 and less than 0.55 to 1.00	1.40%	0.0%
3	Greater than or equal to 0.55 to 1.00	1.55%	0.0%

The Applicable Margin shall be determined by the Agent from time to time, based on the ratio of Total Indebtedness to Total Asset Value as set forth in the Compliance Certificate most recently delivered by the Borrower pursuant to Section 9.3. Any adjustment to the Applicable Margin shall be effective (a) in the case of a Compliance Certificate delivered in connection with quarterly financial statements of the Borrower delivered pursuant to Section 9.1., as of the date 55 days following the end of the last day of the applicable

2

fiscal quarter covered by such Compliance Certificate, (b) in the case of a Compliance Certificate delivered in connection with annual financial statements of the Borrower delivered pursuant to Section 9.2., as of the date 100 days following the end of the last day of the applicable fiscal year covered by such Compliance Certificate, and (c) in the case of any other Compliance Certificate, as of the date 5 Business Days following the Agent’s request for such Compliance Certificate. If the Borrower fails to deliver a Compliance Certificate pursuant to Section 9.3., the Applicable Margin shall equal the percentages corresponding to Level 3 until the date of the delivery of the required Compliance Certificate. Notwithstanding the foregoing, for the period from the Effective Date through but excluding the date on which the Agent first determines the Applicable Margin as set forth above, the Applicable Margin shall equal the percentages corresponding to Level 2.

“**Arranger**” means each of Wachovia Capital Markets, LLC and KeyBank National Association, together with their respective successors and permitted assigns.

“**Assignee**” has the meaning given that term in Section 13.5.(d).

“**Assignment and Acceptance Agreement**” means an Assignment and Acceptance Agreement among a Lender, an Assignee and the Agent, substantially in the form of Exhibit A.

“**Base Rate**” means the per annum rate of interest equal to the greater of (a) the Prime Rate or (b) the Federal Funds Rate plus one-half of one percent (0.5%). Any change in the Base Rate resulting from a change in the Prime Rate or the Federal Funds Rate shall become effective as of 12:01 a.m. on the Business Day on which each such change occurs. The Base Rate is a reference rate used by the Lender acting as the Agent in determining interest rates on certain loans and is not intended to be the lowest rate of interest charged by the Lender acting as the Agent or any other Lender on any extension of credit to any debtor.

“**Base Rate Loan**” means a Revolving Loan bearing interest at a rate based on the Base Rate.

“**Benefit Arrangement**” means at any time an employee benefit plan within the meaning of Section 3(3) of ERISA which is not a Plan or a Multiemployer Plan and which is maintained or otherwise contributed to by any member of the ERISA Group.

“**Borrower**” has the meaning set forth in the introductory paragraph hereof and shall include the Borrower’s successors and permitted assigns.

“**Borrowing Base**” means an amount equal to the sum of the Borrowing Base Values of the Borrowing Base Properties as determined and adjusted from time to time in accordance with Section 4.3. To the extent that the aggregate Borrowing Base Values of Wholly Owned Properties subject to a Ground Lease exceeds 10% of the Borrowing Base such excess shall be excluded from the Borrowing Base. To the extent that the aggregate

3

Borrowing Base Values of the Borrowing Base Properties not owned by Wholly Owned Subsidiaries exceeds 20% of the Borrowing Base such excess shall be excluded from the Borrowing Base.

“**Borrowing Base Certificate**” means a report in substantially the form of Exhibit B, certified by the chief financial officer of the Borrower, setting forth the calculations required to establish the Borrowing Base Value for each Borrowing Base Property and the Borrowing Base for all Borrowing Base Properties as of a specified date, all in form and detail satisfactory to the Agent.

“**Borrowing Base Property**” means a Wholly Owned Property which the Agent or the Requisite Lenders, as the case may be, have agreed to include in calculations of the Borrowing Base pursuant to Section 4.1. A Property shall cease to be a Borrowing Base Property if at any time such Property shall cease to be a Wholly Owned Property or an Eligible Property.

“**Borrowing Base Value**” means, with respect to a Borrowing Base Property for any date of determination, an amount equal to 60% of (a) in the case of Borrowing Base Properties owned for the entire fiscal quarter most recently ended, the Unencumbered Adjusted NOI for such Property for the fiscal quarter most recently ending multiplied by 4, divided by the Capitalization Rate; and (b) in the case of Borrowing Base Properties acquired during the fiscal quarter most recently ended the undepreciated GAAP book value of such Property.

“**Business Day**” means (a) any day other than a Saturday, Sunday or other day on which banks in Charlotte, North Carolina are authorized or required to close and (b) with reference to a LIBOR Loan, any such day that is also a day on which dealings in Dollar deposits are carried out in the London interbank market.

“**Capital Reserves**” means, for any period an amount with respect to any Office Property, an amount equal to (a) \$0.40 per square foot multiplied by (b) a fraction, the numerator of which is the number of days in such period and the denominator of which is 365. If the term Capital Reserves is used without reference to a specific Property, then the amount shall be determined on an aggregate basis with respect to all Office Properties of the Parent and its Subsidiaries and a proportionate share of all Office Properties of all Unconsolidated Affiliates.

“**Capitalization Rate**” means 9.0%.

“**Capitalized Lease Obligation**” means an obligation under a lease that is required to be capitalized for financial reporting purposes in accordance with GAAP. The amount of a Capitalized Lease Obligation is the capitalized amount of such obligation as would be required to be reflected on a balance sheet prepared in accordance with GAAP as of the applicable date.

4

---

“**Cash Equivalents**” means: (a) securities issued, guaranteed or insured by the United States of America or any of its agencies with maturities of not more than one year from the date acquired; (b) certificates of deposit with maturities of not more than one year from the date acquired, issued by a United States federal or state chartered commercial bank of recognized standing, or a commercial bank organized under the laws of any other country which is a member of the Organization for Economic Cooperation and Development, or a political subdivision of any such country, acting through a branch or agency, which bank has capital and unimpaired surplus in excess of \$500,000,000 and which bank or its holding company has a short-term commercial paper rating of at least A-2 or the equivalent by S&P or at least P-2 or the equivalent by Moody’s; (c) reverse repurchase agreements with terms of not more than seven days from the date acquired, for securities of the type described in clause (a) above and entered into only with commercial banks having the qualifications described in clause (b) above; (d) commercial paper issued by any Person incorporated under the laws of the United States of America or any State thereof and rated at least A-2 or the equivalent thereof by S&P or at least P-2 or the equivalent thereof by Moody’s, in each case with maturities of not more than one year from the date acquired; and (e) investments in money market funds registered under the Investment Company Act of 1940, which have net assets of at least \$500,000,000 and at least 85% of whose assets consist of securities and other obligations of the type described in clauses (a) through (d) above.

“**Collateral Account**” means a special deposit account maintained by the Agent at the Principal Office and under its sole dominion and control.

“**Commitment**” means, as to each Lender, such Lender’s obligation to make Revolving Loans pursuant to Section 2.1. and to issue (in the case of the Agent) or participate in (in the case of the Lenders) Letters of Credit pursuant to Section 2.3.(a) and 2.3.(i), respectively, in an amount up to, but not exceeding (but in the case of the Lender acting as the Agent excluding the aggregate amount of participations in the Letters of Credit held by other Lenders), the amount set forth for such Lender on its signature page hereto as such Lender’s “Commitment Amount” or as set forth in the applicable Assignment and Acceptance Agreement, as the same may be reduced from time to time pursuant to Section 2.11. or as may be increased from time to time pursuant to Section 2.15 or as appropriate to reflect any assignments to or by such Lender effected in accordance with Section 13.5.

“**Commitment Percentage**” means, as to each Lender, the ratio, expressed as a percentage, of (a) the amount of such Lender’s Commitment to (b) the aggregate amount of the Commitments of all Lenders; provided, however, that if at the time of determination the Commitments have terminated or been reduced to zero, the “Commitment Percentage” of each Lender shall be the Commitment Percentage of such Lender in effect immediately prior to such termination or reduction.

“**Compliance Certificate**” has the meaning given that term in Section 9.3.

5

---

“**Construction-in-Process**” means cash expenditures for land and improvements (including indirect costs internally allocated and development costs) determined in accordance with GAAP for all Properties that are under development or will commence development within twelve months from any date of determination.

“**Construction Budget**” means the fully-budgeted costs for the acquisition and construction of a given parcel of real property (including, without limitation, the cost of acquiring such parcel of real property, reserves for construction interest and operating deficits, tenant improvements, leasing commissions and infrastructure costs) as reasonably determined by the Borrower in good faith.

“**Continue**”, “**Continuation**” and “**Continued**” each refers to the continuation of a LIBOR Loan from one Interest Period to another Interest Period pursuant to Section 2.8.

“**Convert**”, “**Conversion**” and “**Converted**” each refers to the conversion of a Loan of one Type into a Loan of another Type pursuant to Section 2.9.

“**Credit Event**” means any of the following: (a) the making (or deemed making) of any Loan, (b) the Conversion of a Loan and (c) the issuance of a Letter of Credit.

“**Debt Service**” means, for any period, the sum of (a) Interest Expense for such period, and (b) all regularly scheduled principal payments made with respect to Indebtedness of the Parent and its Subsidiaries during such period, other than any balloon, bullet, early repayment or similar principal payment which, in each case, repays such Indebtedness in full. Debt Service shall include a proportionate share of items (a) and (b) of all Unconsolidated Affiliates. When determining Debt Service, in lieu of including the annual principal payments made in respect of the Jolly Knolls Debt in the actual fiscal quarter in which such payments are made, an amount equal to one-fourth of such annual payments shall be included in any given fiscal quarter. “Jolly Knolls Debt” means the Indebtedness evidenced by the promissory notes having an aggregate

face value of approximately \$25,668,315 made by a Subsidiary of the Borrower, payable to an affiliate of Constellation Real Estate, Inc. and maturing December 2007.

“**Default**” means any of the events specified in Section 11.1., whether or not there has been satisfied any requirement for the giving of notice, the lapse of time, or both.

“**Defaulting Lender**” has the meaning set forth in Section 3.11.

“**Derivatives Contract**” means any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or

6

---

any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement. Not in limitation of the foregoing, the term “Derivatives Contract” includes any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement, including any such obligations or liabilities under any such master agreement.

“**Derivatives Termination Value**” means, in respect of any one or more Derivatives Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Derivatives Contracts, (a) for any date on or after the date such Derivatives Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a) the amount(s) determined as the mark-to-market value(s) for such Derivatives Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Derivatives Contracts (which may include the Agent or any Lender).

“**Development Property**” means a Property (i) which is (A) under development or which (as determined in good faith by the Borrower) will commence development within twelve months of the date of determination or (B) an Unstabilized Property; (ii) which is being developed to become an Office Property or which, in the case of an Unstabilized Property, has been developed as an Office Property; and (iii) which would satisfy the definition of Eligible Property but for clause (a) thereof.

“**Dollars**” or “**\$**” means the lawful currency of the United States of America.

“**EBITDA**” means, with respect to a Person for any period: (a) net income (or loss) of such Person for such period determined on a consolidated basis (excluding any income or losses from minority interests in the case of the Parent), in accordance with GAAP, exclusive of the following (but only to the extent included in determination of such net income (loss)): (i) depreciation and amortization expense; (ii) Interest Expense; (iii) income tax expense; (iv) extraordinary or non-recurring gains and losses; plus (b) such Person’s pro rata share of EBITDA of its Unconsolidated Affiliates. EBITDA shall be adjusted to remove any impact from straight line rent leveling adjustments required under GAAP and amortization of intangibles pursuant to Statement of Financial Accounting Standards number 141.

“**Effective Date**” means the later of: (a) the Agreement Date; and (b) the date on which all of the conditions precedent set forth in Section 6.1. shall have been fulfilled or waived in writing by the Requisite Lenders.

“**Eligible Assignee**” means any Person who is: (i) currently a Lender or an affiliate of a Lender; (ii) a commercial bank, trust, trust company, insurance company, investment bank or pension fund organized under the laws of the United States of America, or any state thereof, and having total assets in excess of \$5,000,000,000; (iii) a

7

---

savings and loan association or savings bank organized under the laws of the United States of America, or any state thereof, and having a tangible net worth of at least \$500,000,000; or (iv) a commercial bank organized under the laws of any other country which is a member of the Organization for Economic Cooperation and Development, or a political subdivision of any such country, and having total assets in excess of \$10,000,000,000, provided that such bank is acting through a branch or agency located in the United States of America. If such Person is not currently a Lender or an affiliate of a Lender, such Person’s (or its parent’s) senior unsecured long term indebtedness must be rated BBB or higher by S&P, Baa2 or higher by Moody’s, or the equivalent or higher of either such rating by another rating agency reasonably acceptable to the Agent.

“**Eligible Property**” means a Property which satisfies all of the following requirements: (a) such Property is an Office Property; (b) such Property is located in one of the 48 contiguous states of the United States of America or in the District of Columbia; (c) neither such Property, nor any interest of the Borrower or any Subsidiary thereof therein, is subject to any Lien (other than Permitted Liens described in clauses (a) through (f) of the definition thereof) or any Negative Pledge; (d) if such Property is owned by a Subsidiary, (i) none of the Borrower’s or the Parent’s direct or indirect ownership interest in such Subsidiary is subject to any Lien (other than Permitted Liens described in clauses (a) through (f) of the definition thereof) or any Negative Pledge and (ii) the Borrower directly, or indirectly through a Subsidiary, has the right to take the following actions without the need to obtain the consent of any Person: (A) to create Liens on such Property as security for Indebtedness of the Parent, the Borrower or such Subsidiary, as applicable and (B) to sell, transfer or otherwise dispose of such Property; and (e) such Property is free of all structural defects or major architectural deficiencies, title defects, environmental conditions or other adverse matters except for defects, deficiencies, conditions or other matters individually or collectively which are not material to the profitable operation of such Property.

“**Environmental Laws**” means any Applicable Law relating to environmental protection or the manufacture, storage, remediation, disposal or clean-up of Hazardous Materials including, without limitation, the following: Clean Air Act, 42 U.S.C. § 7401 et seq.; Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq.; Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq.; Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq.; National Environmental Policy Act, 42 U.S.C. § 4321 et seq.; regulations of the Environmental Protection Agency and any applicable rule of common law and any judicial interpretation thereof relating primarily to the environment or Hazardous Materials.

“**Equity Interest**” means, with respect to any Person, any share of capital stock of (or other ownership or profit interests in) such Person, any warrant, option or other right for the purchase or other acquisition from such Person of any share of capital stock of (or other ownership or profit interests in) such Person, any security convertible into or exchangeable for any share of capital stock of (or other ownership or profit interests in) such Person or warrant, right or option for the purchase or other acquisition from such

8

---

Person of such shares (or such other interests), and any other ownership or profit interest in such Person (including, without limitation, partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such share, warrant, option, right or other interest is authorized or otherwise existing on any date of determination.

“**Equity Issuance**” means any issuance or sale by a Person of any Equity Interest and shall in any event include the issuance of any Equity Interest upon the

conversion or exchange of any security constituting Indebtedness that is convertible or exchangeable, or is being converted or exchanged, for Equity Interests.

“ERISA” means the Employee Retirement Income Security Act of 1974, as in effect from time to time.

“ERISA Group” means the Parent, the Borrower, any Subsidiary and all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with the Borrower or any Subsidiary, are treated as a single employer under Section 414 of the Internal Revenue Code.

“Event of Default” means any of the events specified in Section 11.1., provided that any requirement for notice or lapse of time or any other condition has been satisfied.

“Excluded Subsidiary” means any Subsidiary which holds title to assets which are or are to become collateral for any Secured Indebtedness of such Subsidiary.

“Existing Credit Agreement” means that certain Second Amended and Restated Senior Secured Revolving Credit Agreement dated as of March 8, 2002 by and among the Parent, the Borrower, certain subsidiaries of the Parent, the lenders a party thereto Deutsche Bank Trust Company Americas (formerly named Bankers Trust Company), as Agent, as amended.

“Fair Market Value” means, with respect to (a) a security listed on a national securities exchange or the NASDAQ National Market, the price of such security as reported on such exchange by any widely recognized reporting method customarily relied upon by financial institutions and (b) with respect to any other property, the price which could be negotiated in an arm’s-length free market transaction, for cash, between a willing seller and a willing buyer, neither of which is under pressure or compulsion to complete the transaction.

“Federal Funds Rate” means, for any day, the rate per annum (rounded upward to the nearest 1/100th of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day, and (b) if no such rate is so published on such next

9

---

succeeding Business Day, the Federal Funds Rate for such day shall be the average rate quoted to the Agent by federal funds dealers selected by the Agent on such day on such transaction as determined by the Agent.

“Fees” means the fees and commissions provided for or referred to in Section 3.6. and any other fees payable by the Borrower hereunder or under any other Loan Document.

“Fixed Charges” means, for any period, the sum of (a) Debt Service and (b) all Preferred Dividends paid during such period. Fixed Charges shall include a proportionate share of items (a) and (b) with respect to all Unconsolidated Affiliates.

“Floating Rate Indebtedness” means, with respect to any Person, all Indebtedness of such Person which bears interest at a variable rate during the scheduled life of such Indebtedness and for which such Person has not obtained interest rate swap agreements, interest rate collar agreements or other similar Derivatives Contracts which effectively cause such variable rates to be equivalent to fixed rates.

“Funds From Operations” means, for a given period, income of the Parent and its Subsidiaries available for common shareholders before depreciation and amortization of real estate assets and before extraordinary items less gains and losses on sale of real estate determined on a consolidated basis in accordance with GAAP applied on a consistent basis for such period. Adjustments for Unconsolidated Affiliates will be calculated to reflect the Borrower’s pro rata share of funds from operations on the same basis.

“GAAP” means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession, which are applicable to the circumstances as of the date of determination.

“Governmental Approvals” means all authorizations, consents, approvals, licenses and exemptions of, registrations and filings with, and reports to, all Governmental Authorities.

“Governmental Authority” means any national, state or local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasi-governmental, judicial, public or statutory instrumentality, authority, body, agency, bureau, commission, board, department or other entity (including, without limitation, the Federal Deposit Insurance Corporation, the Comptroller of the Currency or the Federal Reserve Board, any central bank or any comparable authority) or any arbitrator with authority to bind a party at law.

10

---

“Ground Lease” means a ground lease containing the following terms and conditions: (a) a remaining term (exclusive of any unexercised extension options) of thirty (30) years or more from the Agreement Date; (b) the right of the lessee to mortgage and encumber its interest in the leased property without the consent of the lessor; (c) the obligation of the lessor to give the holder of any mortgage Lien on such leased property written notice of any defaults on the part of the lessee and agreement of such lessor that such lease will not be terminated until such holder has had a reasonable opportunity to cure or complete foreclosures, and fails to do so; (d) reasonable transferability of the lessee’s interest under such lease, including ability to sublease; and (e) such other rights customarily required by mortgagees making a loan secured by the interest of the holder of the leasehold estate demised pursuant to a ground lease.

“Guarantor” means any Person that is a party to the Guaranty as a “Guarantor” and in any event shall include the Parent and each Material Subsidiary (unless an Excluded Subsidiary).

“Guaranty”, “Guaranteed”, “Guarantying” or to “Guarantee” as applied to any obligation means and includes: (a) a guaranty (other than by endorsement of negotiable instruments for collection or deposit in the ordinary course of business), directly or indirectly, in any manner, of any part or all of such obligation, or (b) an agreement, direct or indirect, contingent or otherwise, and whether or not constituting a guaranty, the practical effect of which is to assure the payment or performance (or payment of damages in the event of nonperformance) of any part or all of such obligation whether by: (i) the purchase of securities or obligations, (ii) the purchase, sale or lease (as lessee or lessor) of property or the purchase or sale of services primarily for the purpose of enabling the obligor with respect to such obligation to make any payment or performance (or payment of damages in the event of nonperformance) of or on account of any part or all of such obligation, or to assure the owner of such obligation against loss, (iii) the supplying of funds to or in any other manner investing in the obligor with respect to such obligation, (iv) repayment of amounts drawn down by beneficiaries of letters of credit (including Letters of Credit), or (v) the supplying of funds to or investing in a Person on account of all or any part of such Person’s obligation under a Guaranty of any obligation or indemnifying or holding harmless, in any way, such Person against any part or all of such obligation. As the context requires, “Guaranty” shall also mean the Guaranty to which the Guarantors are parties substantially in the form of Exhibit K.

“**Hazardous Materials**” means all or any of the following: (a) substances that are defined or listed in, or otherwise classified pursuant to, any applicable Environmental Laws as “hazardous substances”, “hazardous materials”, “hazardous wastes”, “toxic substances” or any other formulation intended to define, list or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, reproductive toxicity, “TCLP” toxicity or “EP toxicity”; (b) oil, petroleum or petroleum derived substances, natural gas, natural gas liquids or synthetic gas and drilling fluids, produced waters and other wastes associated with the exploration, development or production of crude oil, natural gas or geothermal resources; (c) any flammable substances or explosives or any radioactive materials; (d) asbestos in any

form; (e) toxic mold; and (f) electrical equipment which contains any oil or dielectric fluid containing levels of polychlorinated biphenyls in excess of fifty parts per million.

“**Indebtedness**” means, with respect to a Person, at the time of computation thereof, all of the following (without duplication): (a) all obligations of such Person in respect of money borrowed; (b) all obligations of such Person, whether or not for money borrowed (i) represented by notes payable, or drafts accepted, in each case representing extensions of credit, (ii) evidenced by bonds, debentures, notes or similar instruments, or (iii) constituting purchase money indebtedness, conditional sales contracts, title retention debt instruments or other similar instruments, upon which interest charges are customarily paid or that are issued or assumed as full or partial payment for property or services rendered; (c) Capitalized Lease Obligations of such Person; (d) all reimbursement obligations of such Person under any letters of credit or acceptances (whether or not the same have been presented for payment); (e) all Off-Balance Sheet Obligations of such Person; (f) all obligations of such Person to purchase, redeem, retire, defease or otherwise make any payment in respect of any Mandatorily Redeemable Stock issued by such Person or any other Person, valued at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends; (g) all obligations of such Person in respect of any purchase obligation, repurchase obligation, takeout commitment or forward equity commitment, in each case evidenced by a binding agreement (excluding any such obligation to the extent the obligation can be satisfied by the issuance of Equity Interests (other than Mandatorily Redeemable Stock)); (h) net obligations under any Derivatives Contract not entered into as a hedge against existing Indebtedness, in an amount equal to the Derivatives Termination Value thereof; (i) all Indebtedness of other Persons which such Person has Guaranteed or is otherwise recourse to such Person (except for guaranties of customary exceptions for fraud, misapplication of funds, environmental indemnities and other similar exceptions to recourse liability (but not exceptions relating to bankruptcy, insolvency, receivership or other similar events)); (j) all Indebtedness of another Person secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property or assets owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness or other payment obligation; and (k) such Person’s pro rata share of the Indebtedness of any Unconsolidated Affiliate of such Person. Indebtedness of any Person shall include Indebtedness of any partnership or joint venture in which such Person is a general partner or joint venturer to the extent of such Person’s pro rata share of the ownership of such partnership or joint venture (except if such Indebtedness, or portion thereof, is recourse to such Person, in which case the greater of such Person’s pro rata portion of such Indebtedness or the amount of the recourse portion of the Indebtedness, shall be included as Indebtedness of such Person). All Loans and Letter of Credit Liabilities shall constitute Indebtedness of the Borrower.

“**Intangible Assets**” of any Person means at any date the amount of (i) all write-ups (other than write-ups resulting from write-ups of assets of a going concern business made within twelve months after the acquisition of such business) in the book value of any asset owned by such Person and (ii) all unamortized debt discount and expense, unamortized deferred charges, capitalized start-up costs, goodwill, patents,

licenses, trademarks, trade names, copyrights, organization or developmental expenses, covenants not to compete and other intangible items.

“**Intellectual Property**” has the meaning given that term in Section 7.1.(t).

“**Interest Expense**” means, for any period of determination, the Parent’s total interest expense for such period determined in accordance with GAAP on a consolidated basis plus the Parent’s pro rata share of Interest Expense from Unconsolidated Affiliates of the Parent, without duplication for the most recent period. Interest Expense shall include capitalized interest other than capitalized interest funded under a construction loan interest reserve account.

“**Interest Period**” means with respect to any LIBOR Loan, each period commencing on the date such LIBOR Loan is made or the last day of the next preceding Interest Period for such Loan and ending 1, 2, 3 or 6 months thereafter, as the Borrower may select in a Notice of Borrowing, Notice of Continuation or Notice of Conversion, as the case may be, except that each Interest Period that commences on the last Business Day of a calendar month shall end on the last Business Day of the appropriate subsequent calendar month. Notwithstanding the foregoing: (i) if any Interest Period would otherwise end after the Termination Date, such Interest Period shall end on the Termination Date; and (ii) each Interest Period that would otherwise end on a day which is not a Business Day shall end on the immediately following Business Day (or, if such immediately following Business Day falls in the next calendar month, on the immediately preceding Business Day).

“**Internal Revenue Code**” means the Internal Revenue Code of 1986, as amended.

“**Investment**” means, (x) with respect to any Person, any acquisition or investment (whether or not of a controlling interest) by such Person, by means of any of the following: (a) the purchase or other acquisition of any Equity Interest in another Person, (b) a loan, advance or extension of credit to, capital contribution to, Guaranty of Indebtedness of, or purchase or other acquisition of any Indebtedness of, another Person, including any partnership or joint venture interest in such other Person, or (c) the purchase or other acquisition (in one transaction or a series of transactions) of assets of another Person that constitute the business or a division or operating unit of another Person and (y) with respect to any Property or other asset, the acquisition thereof. Any binding commitment to make an Investment in any other Person, as well as any option of another Person to require an Investment in such Person, shall constitute an Investment. Except as expressly provided otherwise, for purposes of determining compliance with any covenant contained in a Loan Document, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment.

“**L/C Commitment Amount**” equals \$25,000,000.

“**Lender**” means each financial institution from time to time party hereto as a “Lender”, together with its respective successors and permitted assigns, and as the context requires, includes the Swingline Lender.

“**Lending Office**” means, for each Lender and for each Type of Loan, the office of such Lender specified as such on its signature page hereto or in the applicable Assignment and Acceptance Agreement, or such other office of such Lender of which such Lender may notify the Agent in writing from time to time.

“**Letter of Credit**” has the meaning given that term in Section 2.3.(a).

“**Letter of Credit Documents**” means, with respect to any Letter of Credit, collectively, any application therefor, any certificate or other document presented in connection with a drawing under such Letter of Credit and any other agreement, instrument or other document governing or providing for (a) the rights and obligations of the parties concerned or at risk with respect to such Letter of Credit or (b) any collateral security for any of such obligations.

“**Letter of Credit Liabilities**” means, without duplication, at any time and in respect of any Letter of Credit, the sum of (a) the Stated Amount of such Letter of Credit plus (b) the aggregate unpaid principal amount of all Reimbursement Obligations of the Borrower at such time due and payable in respect of all drawings made under such Letter of Credit. For purposes of this Agreement, a Lender (other than the Lender acting as the Agent) shall be deemed to hold a Letter of Credit Liability in an amount equal to its participation interest in the related Letter of Credit under Section 2.3.(i), and the Lender acting as the Agent shall be deemed to hold a Letter of Credit Liability in an amount equal to its retained interest in the related Letter of Credit after giving effect to the acquisition by the Lenders other than the Lender acting as the Agent of their participation interests under such Section.

“**Level**” has the meaning given that term in the definition of the term “Applicable Margin.”

“**LIBOR**” means, for any LIBOR Loan for any Interest Period therefor, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on Telerate Page 3750 (or any successor page) as the London interbank offered rate for deposits in Dollars at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period. If for any reason such rate is not available, the term “LIBOR” shall mean, for any LIBOR Loan for any Interest Period therefor, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on the Reuters Screen LIBO Page as the London interbank offered rate for deposits in Dollars at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period; provided, however, if more than one rate is specified on the Reuters Screen LIBO Page, the applicable rate shall be the arithmetic mean of all such rates. If for any reason none of the foregoing rates is available, LIBOR shall be, for any Interest

14

---

Period, the rate per annum reasonably determined by the Agent as the rate of interest at which Dollar deposits in the approximate amount of the LIBOR Loan comprising part of such borrowing would be offered by the Agent to major banks in the London interbank Eurodollar market at their request at or about 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period.

“**LIBOR Loan**” means a Revolving Loan bearing interest at a rate based on LIBOR.

“**Lien**” as applied to the property of any Person means: (a) any security interest, encumbrance, mortgage, deed to secure debt, deed of trust, assignment of leases and rents, pledge, lien, charge or lease constituting a Capitalized Lease Obligation, conditional sale or other title retention agreement, or other security title or encumbrance of any kind in respect of any property of such Person, or upon the income, rents or profits therefrom; (b) any arrangement, express or implied, under which any property of such Person is transferred, sequestered or otherwise identified for the purpose of subjecting the same to the payment of Indebtedness or performance of any other obligation in priority to the payment of the general, unsecured creditors of such Person; (c) the filing of any financing statement under the Uniform Commercial Code or its equivalent in any jurisdiction, other than any precautionary filing not otherwise constituting or giving rise to a Lien, including a financing statement filed (i) in respect of a lease not constituting a Capitalized Lease Obligation pursuant to Section 9-505 (or a successor provision) of the Uniform Commercial Code or its equivalent as in effect in an applicable jurisdiction or (ii) in connection with a sale or other disposition of accounts or other assets not prohibited by this Agreement in a transaction not otherwise constituting or giving rise to a Lien; and (d) any agreement by such Person to grant, give or otherwise convey any of the foregoing.

“**Loan**” means a Revolving Loan or a Swingline Loan.

“**Loan Document**” means this Agreement, each Note, each Letter of Credit Document, the Guaranty and each other document or instrument now or hereafter executed and delivered by a Loan Party in connection with, pursuant to or relating to this Agreement.

“**Loan Party**” means each of the Borrower and each other Person who guarantees all or a portion of the Obligations and/or who pledges any collateral security to secure all or a portion of the Obligations. Schedule 1.1.(A) sets forth the Loan Parties in addition to the Borrower as of the Agreement Date.

“**Mandatorily Redeemable Stock**” means, with respect to any Person, any Equity Interest of such Person which by the terms of such Equity Interest (or by the terms of any security into which it is convertible or for which it is exchangeable or exercisable), upon the happening of any event or otherwise (a) matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise (other than an Equity Interest to the

15

---

extent redeemable in exchange for common stock or other equivalent common Equity Interests), (b) is convertible into or exchangeable or exercisable for Indebtedness or Mandatorily Redeemable Stock, or (c) is redeemable at the option of the holder thereof, in whole or in part (other than an Equity Interest which is redeemable solely in exchange for common stock or other equivalent common Equity Interests), in each case on or prior to the date on which all Revolving Loans are scheduled to be due and payable in full.

“**Material Adverse Effect**” means a materially adverse effect on (a) the business, assets, liabilities, condition (financial or otherwise), results of operations or business prospects of the Parent and its Subsidiaries taken as a whole, (b) the ability of the Borrower or any other Loan Party to perform its obligations under any Loan Document to which it is a party, (c) the validity or enforceability of any of the Loan Documents, (d) the rights and remedies of the Lenders and the Agent under any of the Loan Documents or (e) the timely payment of the principal of or interest on the Loans or other amounts payable in connection therewith or the timely payment of all Reimbursement Obligations.

“**Material Contract**” means any contract or other arrangement (other than Loan Documents), whether written or oral, to which the Parent, the Borrower, any Subsidiary or any other Loan Party is a party as to which the breach, nonperformance, cancellation or failure to renew by any party thereto could reasonably be expected to have a Material Adverse Effect.

“**Material Subsidiary**” means any Subsidiary to which more than 2.0% of Adjusted Total Asset Value (excluding cash and cash equivalents) is attributable on an individual basis.

“**Moody’s**” means Moody’s Investors Service, Inc., and its successors.

“**Mortgage**” means a mortgage, deed of trust, deed to secure debt or similar security instrument made by a Person owning an interest in real property granting a Lien on such interest in real property as security for the payment of Indebtedness of such Person or another Person.

“**Mortgage Receivable**” means a promissory note secured by a Mortgage of which the Borrower, a Guarantor or one of their respective Subsidiaries is the holder and retains the rights of collection of all payments thereunder.

“**Multiemployer Plan**” means at any time a multiemployer plan within the meaning of Section 4001(a)(3) of ERISA to which any member of the ERISA Group is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions, including for these purposes any Person which ceased to be a member of the ERISA Group during such five year period.

“**Negative Pledge**” means, with respect to a given asset, any provision of a document, instrument or agreement (other than any Loan Document) which prohibits or

purports to prohibit the creation or assumption of any Lien on such asset as security for Indebtedness of the Person owning such asset or any other Person; provided, however, that an agreement that conditions a Person's ability to encumber its assets upon the maintenance of one or more specified ratios that limit such Person's ability to encumber its assets but that do not generally prohibit the encumbrance of its assets, or the encumbrance of specific assets, shall not constitute a Negative Pledge.

**"Net Operating Income"** means, with respect to any Property for any period, the sum of the following (without duplication): (a) rents and other revenues received in the ordinary course from such Property (excluding pre-paid rents and revenues and security deposits except to the extent applied in satisfaction of tenants' obligations for rent) minus (b) all expenses paid or accrued related to the ownership, operation or maintenance of such Property, including but not limited to taxes, assessments and the like, insurance, utilities, payroll costs, maintenance, repair and landscaping expenses, marketing expenses, and general and administrative expenses (including an appropriate allocation for legal, accounting, advertising, marketing and other expenses incurred in connection with such Property, but specifically excluding general overhead expenses of the Parent or any Subsidiary and any property management fees) minus (c) the Capital Reserves for such Property as of the end of such period minus (d) the greater of (i) the actual property management fee paid during such period and (ii) an imputed management fee in the amount of 3.0% of the gross revenues for such Property for such period. Net Operating Income of any Person shall include such Person's pro rata share of Net Operating Income of its Unconsolidated Affiliates. Net Operating Income shall be adjusted to remove any impact from straight line rent leveling adjustments required under GAAP and amortization of intangibles pursuant to Statement of Financial Accounting Standards number 141.

**"Net Proceeds"** means with respect to any Equity Issuance by a Person, the aggregate amount of all cash and the Fair Market Value of all other property received by such Person in respect of such Equity Issuance net of investment banking fees, legal fees, accountants' fees, underwriting discounts and commissions and other customary fees and expenses actually incurred by such Person in connection with such Equity Issuance.

**"Nonrecourse Indebtedness"** means, with respect to a Person, Indebtedness for borrowed money (other than construction completion guarantees with respect to Development Properties) in respect of which recourse for payment is contractually limited to specific assets of such Person encumbered by a Lien securing such Indebtedness; provided such contractual limitation to specific assets may include customary exceptions for fraud, misapplication of funds, environmental indemnities, and other similar exceptions to recourse liability.

**"Note"** means a Revolving Note or a Swingline Note.

**"Notice of Borrowing"** means a notice in the form of Exhibit C to be delivered to the Agent pursuant to Section 2.1.(b) evidencing the Borrower's request for a borrowing of Revolving Loans.

**"Notice of Continuation"** means a notice in the form of Exhibit D to be delivered to the Agent pursuant to Section 2.8. evidencing the Borrower's request for the Continuation of a LIBOR Loan.

**"Notice of Conversion"** means a notice in the form of Exhibit E to be delivered to the Agent pursuant to Section 2.9. evidencing the Borrower's request for the Conversion of a Loan from one Type to another Type.

**"Notice of Swingline Borrowing"** means a notice in the form of Exhibit F to be delivered to the Agent pursuant to Section 2.2. evidencing the Borrower's request for a borrowing of Swingline Loans.

**"Obligations"** means, individually and collectively: (a) the aggregate principal balance of, and all accrued and unpaid interest on, all Loans; (b) all Reimbursement Obligations and all other Letter of Credit Liabilities; and (c) all other indebtedness, liabilities, obligations, covenants and duties of the Borrower and the other Loan Parties owing to the Agent or any Lender of every kind, nature and description, under or in respect of this Agreement or any of the other Loan Documents, including, without limitation, the Fees and indemnification obligations, whether direct or indirect, absolute or contingent, due or not due, contractual or tortious, liquidated or unliquidated, and whether or not evidenced by any promissory note.

**"Occupancy Rate"** means, with respect to a Property at any time, the ratio, expressed as a percentage, of (a) the net rentable square footage of such Property occupied by tenants that are not Affiliates paying rent at market rates pursuant to binding leases as to which no monetary default has occurred and is continuing to (b) the aggregate net rentable square footage of such Property; provided, however, for purposes of the immediately preceding clause (a), net rentable square footage occupied by the Parent or any Affiliate paying rent at market rates pursuant to binding leases as to which no monetary default has occurred and is continuing ("Affiliate Rented Space") may be included in such calculation; provided, no more than 30,000 square feet of Affiliate Rented Space shall be used in the calculation of Occupancy Rates of the Properties; provided, further, to the extent Affiliate Rented Space exceeds 30,000 square feet in the aggregate with respect to all Properties, such excess shall be allocated pro rata among each Property with respect to which Affiliate Rented Space was included in the calculation of the Occupancy Rate for such Property to reduce the Affiliate Rented Space used in such calculation.

**"Off-Balance Sheet Obligations"** means liabilities and obligations of the Parent, the Borrower, any Subsidiary or any other Person in respect of "off-balance sheet arrangements" (as defined in the SEC Off-Balance Sheet Rules) which the Parent would be required to disclose in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of the Parent's report on Form 10-Q or Form 10-K (or their equivalents) which the Parent is required to file with the Securities and Exchange Commission (or any Governmental Authority substituted therefor). As

used in this definition, the term "SEC Off-Balance Sheet Rules" means the Disclosure in Management's Discussion and Analysis About Off-Balance Sheet Arrangements, Securities Act Release No. 33-8182, 68 Fed. Reg. 5982 (Feb. 5, 2003) (codified at 17 CFR pts. 228, 229 and 249).

**"Office Property"** means any Property improved with, and from which 80% of the rental income is derived from the use of the Property as, office space.

**"Parent"** has the meaning set forth in the introductory paragraph hereof and shall include the Parent's successors and permitted assigns.

**"Participant"** has the meaning given that term in Section 13.5.(c).

**"PBGC"** means the Pension Benefit Guaranty Corporation and any successor agency.

**"Permitted Liens"** means, as to any Person: (a) Liens securing taxes, assessments and other charges or levies imposed by any Governmental Authority (excluding any Lien imposed pursuant to any of the provisions of ERISA or pursuant to any Environmental Laws) or the claims of materialmen, mechanics, carriers, warehousemen or landlords for labor, materials, supplies or rentals incurred in the ordinary course of business, which are not at the time required to be paid or discharged under Section 8.6.; (b) Liens consisting of deposits or pledges made, in the ordinary course of business, in connection with, or to secure payment of, obligations under workers' compensation,



unemployment insurance or similar Applicable Laws; (c) Liens consisting of encumbrances in the nature of zoning restrictions, easements, and rights or restrictions of record on the use of real property, which do not materially detract from the value of such property or impair the use thereof in the business of such Person; (d) the rights of tenants under leases or subleases not interfering with the ordinary conduct of business of such Person; (e) Liens in favor of the Agent for the benefit of the Lenders; (f) Liens in favor of the Borrower or a Guarantor securing obligations owing by a Subsidiary to the Borrower or a Guarantor, which obligations have been subordinated to the obligations owing by the Borrower and the Guarantors under the Loan Documents on terms satisfactory to the Agent; and (g) Liens in existence as of the Agreement Date and set forth in Part II of Schedule 7.1.(f).

“**Person**” means an individual, corporation, partnership, limited liability company, association, trust or unincorporated organization, or a government or any agency or political subdivision thereof.

“**Plan**” means at any time an employee pension benefit plan (other than a Multiemployer Plan) which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Internal Revenue Code and either (a) is maintained, or contributed to, by any member of the ERISA Group for employees of any member of the ERISA Group or (b) has at any time within the preceding five years been maintained, or contributed to, by any Person which was at such time a member of the

19

---

ERISA Group for employees of any Person which was at such time a member of the ERISA Group.

“**Post-Default Rate**” means, in respect of any principal of any Loan or any other Obligation that is not paid when due (whether at stated maturity, by acceleration, by optional or mandatory prepayment or otherwise), a rate per annum equal to the Base Rate as in effect from time to time plus the Applicable Margin for Base Rate Loans plus four percent (4%).

“**Preferred Dividends**” means, for any period and without duplication, all Restricted Payments paid during such period on Preferred Securities issued by the Parent or a Subsidiary. Preferred Dividends shall not include dividends or distributions paid or payable (a) solely in Equity Interests (other than Mandatorily Redeemable Stock) payable to holders of such class of Equity Interests; (b) to the Parent or a Subsidiary; or (c) constituting or resulting in the redemption of Preferred Securities, other than scheduled redemptions not constituting balloon, bullet or similar redemptions in full.

“**Preferred Securities**” means, with respect to any Person, Equity Interests in such Person which are entitled to preference or priority over any other Equity Interest in such Person in respect of the payment of dividends or distribution of assets upon liquidation or both.

“**Prime Rate**” means the rate of interest per annum announced publicly by the Lender then acting as the Agent as its prime rate from time to time. The Prime Rate is not necessarily the best or the lowest rate of interest offered by the Lender acting as the Agent or any other Lender.

“**Principal Office**” means the office of the Agent located at One Wachovia Center, Charlotte, North Carolina, or such other office of the Agent as the Agent may designate from time to time.

“**Property**” means any parcel of real property owned or leased (in whole or in part) or operated by the Parent, the Borrower, any Subsidiary or any Unconsolidated Affiliate of the Parent.

“**Register**” has the meaning given that term in Section 13.5.(e).

“**Regulatory Change**” means, with respect to any Lender, any change effective after the Agreement Date in Applicable Law (including without limitation, Regulation D of the Board of Governors of the Federal Reserve System) or the adoption or making after such date of any interpretation, directive or request applying to a class of banks, including such Lender, of or under any Applicable Law (whether or not having the force of law and whether or not failure to comply therewith would be unlawful) by any Governmental Authority or monetary authority charged with the interpretation or administration thereof or compliance by any Lender with any request or directive regarding capital adequacy.

20

---

“**Reimbursement Obligation**” means the absolute, unconditional and irrevocable obligation of the Borrower to reimburse the Agent for any drawing honored by the Agent under a Letter of Credit.

“**REIT**” means a Person qualifying for treatment as a “real estate investment trust” under the Internal Revenue Code.

“**Requisite Lenders**” means, as of any date, Lenders having at least 66-2/3% of the aggregate amount of the Commitments (not held by Defaulting Lenders who are not entitled to vote), or, if the Commitments have been terminated or reduced to zero, Lenders holding at least 66-2/3% of the principal amount of the aggregate outstanding Loans and Letter of Credit Liabilities (not held by Defaulting Lenders who are not entitled to vote). Commitments, Revolving Loans and Letter of Credit Liabilities held by Defaulting Lenders shall be disregarded when determining the Requisite Lenders.

“**Responsible Officer**” means with respect to the Parent or any Subsidiary, the chief executive officer, the chief financial officer, or president of the Parent or such Subsidiary.

“**Restricted Payment**” means: (a) any dividend or other distribution, direct or indirect, on account of any Equity Interest of the Parent or any Subsidiary now or hereafter outstanding, except a dividend payable solely in Equity Interests of identical class to the holders of that class; (b) any redemption, conversion, exchange, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any Equity Interest of the Parent or any Subsidiary now or hereafter outstanding; and (c) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire any Equity Interests of the Parent or any Subsidiary now or hereafter outstanding.

“**Revolving Loan**” means a loan made by a Lender to the Borrower pursuant to Section 2.1.(a).

“**Revolving Note**” has the meaning given that term in Section 2.10.(a).

“**Secured Indebtedness**” means, with respect to a Person as of any given date, the aggregate principal amount of all Indebtedness of such Person outstanding at such date and that is secured in any manner by any Lien, and in the case of the Parent or the Borrower, shall include (without duplication) the Parent’s or the Borrower’s, respectively, pro rata share of the Secured Indebtedness of its Unconsolidated Affiliates.

“**Secured Recourse Indebtedness**” means Secured Indebtedness of the Parent and its Subsidiaries which is not Nonrecourse Indebtedness.

“**Securities Act**” means the Securities Act of 1933, as amended from time to time, together with all rules and regulations issued thereunder.

21

---

“**Solvent**” means, when used with respect to any Person, that (a) the fair value and the fair salable value of its assets (excluding any Indebtedness due from any affiliate of such Person) are each in excess of the fair valuation of its total liabilities (including all contingent liabilities computed at the amount which, in light of all the facts and circumstances existing at such time, represents the amount that could reasonably be expected to become an actual and matured liability); (b) such Person is able to pay its debts or other obligations in the ordinary course as they mature; and (c) such Person has capital not unreasonably small to carry on its business and all business in which it proposes to be engaged.

“**S&P**” means Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies, Inc., and its successors.

“**Stabilized Property**” means, any Property that is not a Development Property.

“**Stated Amount**” means the amount available to be drawn by a beneficiary under a Letter of Credit from time to time, as such amount may be increased or reduced from time to time in accordance with the terms of such Letter of Credit.

“**Subsidiary**” means, for any Person, any corporation, partnership or other entity of which at least a majority of the securities or other ownership interests having by the terms thereof ordinary voting power to elect a majority of the board of directors or other persons performing similar functions of such corporation, partnership or other entity (without regard to the occurrence of any contingency) is at the time directly or indirectly owned or controlled by such Person or one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, and shall include all Persons the accounts of which are consolidated with those of such Person pursuant to GAAP.

“**Swingline Commitment**” means the Swingline Lender’s obligation to make Swingline Loans pursuant to Section 2.2. in an amount up to, but not exceeding, \$10,000,000, as such amount may be reduced from time to time in accordance with the terms hereof.

“**Swingline Lender**” means Wachovia.

“**Swingline Loan**” means a loan made by the Swingline Lender to the Borrower pursuant to Section 2.2.(a).

“**Swingline Note**” means the promissory note of the Borrower payable to the order of the Swingline Lender in a principal amount equal to the amount of the Swingline Commitment as originally in effect and otherwise duly completed, substantially in the form of Exhibit G.

“**Tangible Net Worth**” means, as of any date of determination, the stockholders’ equity of the Parent and its Subsidiaries determined on a consolidated basis plus (a) accumulated depreciation and amortization minus the following (to the extent reflected in

determining stockholders’ equity of the Parent and its Subsidiaries); (b) the amount of any write-up in the book value of any assets contained in any balance sheet resulting from revaluation thereof or any write-up in excess of the cost of such assets acquired; and (c) all amounts appearing on the assets side of any such balance sheet for assets which would be classified as intangible assets under GAAP, all determined on a consolidated basis.

“**Taxes**” has the meaning given that term in Section 3.12.

“**Termination Date**” means March 9, 2007, or such later date to which the Termination Date may be extended pursuant to Section 2.12.

“**Titled Agents**” means each of the Arrangers, each of the Documentation Agents, the Syndication Agent and their respective successors and permitted assigns.

“**Total Asset Value**” means the sum of all of the following of the Parent and its Subsidiaries on a consolidated basis, without duplication, determined in accordance with GAAP applied on a consistent basis: (a) cash and cash equivalents, plus (b) with respect to each Stabilized Property owned by the Parent, the Borrower or any Subsidiary, (i)(A) Net Operating Income attributable to such Stabilized Property for the fiscal quarter most recently ended multiplied by 4, minus (B) Capital Reserves for such Property for a one-year period, divided by (ii) the Capitalization Rate, plus (c) the GAAP book value of Properties acquired during the most recent quarter, plus (d) Construction-in-Process until the earlier of the (i) one year anniversary date of project completion or (ii) the first full fiscal quarter after the project achieves an Occupancy Rate of 85%, plus (e) the GAAP book value of Unimproved Land, Mortgage Receivables and other promissory notes. The Parent’s pro rata share of assets held by Unconsolidated Affiliates will be included in Total Asset Value calculations consistent with the above described treatment for wholly owned assets. For purposes of determining Total Asset Value, Net Operating Income from Properties acquired or disposed of by the Parent and its Subsidiaries during the period of determination shall be excluded from clause (b) above.

“**Total Indebtedness**” means all Indebtedness of the Parent and its Subsidiaries determined on a consolidated basis.

“**Type**” with respect to any Revolving Loan, refers to whether such Loan is a LIBOR Loan or Base Rate Loan.

“**Unconsolidated Affiliate**” means, with respect to any Person, any other Person in whom such Person holds an Investment, which Investment is accounted for in the financial statements of such Person on an equity basis of accounting and whose financial results would not be consolidated under GAAP with the financial results of such Person on the consolidated financial statements of such Person.

“**Unencumbered Adjusted NOI**” means, for any period of determination, Net Operating Income from Wholly Owned Properties which have been owned for the entire

period less the Capital Reserve for such period as adjusted for any non-recurring items during the reporting period.

“**Unencumbered Asset Value**” means, without duplication, (a) the Unencumbered Adjusted NOI (excluding Net Operating Income attributable to Development Properties) for the fiscal quarter most recently ending times 4 divided by the Capitalization Rate, plus (b) the GAAP book value of all Wholly Owned Properties acquired during the fiscal quarter most recently ended, plus (c) the GAAP book value of Development Property, until the earlier of (i) the one year anniversary date of project completion or (ii) the first full fiscal quarter after the project achieves an Occupancy Rate of 85%. For purposes of this definition, to the extent the Unencumbered Asset Value attributable to Development Properties would exceed 10% of the Unencumbered Asset Value, such excess shall be excluded.

“**Unfunded Liabilities**” means, with respect to any Plan at any time, the amount (if any) by which (a) the value of all benefit liabilities under such Plan, determined on a plan termination basis using the assumptions prescribed by the PBGC for purposes of Section 4044 of ERISA, exceeds (b) the fair market value of all Plan assets allocable to such liabilities under Title IV of ERISA (excluding any accrued but unpaid contributions), all determined as of the then most recent valuation date for such Plan, but only

to the extent that such excess represents a potential liability of a member of the ERISA Group to the PBGC or any other Person under Title IV of ERISA.

“**Unimproved Land**” means land with respect to which no development (other than improvements that are not material and are temporary in nature) has occurred and for which no development is planned in the 12 months following the date of determination.

“**Unsecured Indebtedness**” means Indebtedness which is not Secured Indebtedness.

“**Unsecured Interest Expense**” means, for any period of determination, Interest Expense for such period attributable to Unsecured Indebtedness of the Parent and its Subsidiaries.

“**Unstabilized Property**” means a Property (a) the improvements on which were completed within twelve months prior to any date of determination; and (b) which has not achieved an Occupancy Rate of 85%.

“**Value**” means, with respect to a Stabilized Property, (a)(i) the Net Operating Income of such Stabilized Property for the fiscal quarter most recently ended minus (ii) Capital Reserves for such period, times (b) 4 divided by (c) the Capitalization Rate; provided, with respect to any Stabilized Property acquired during the most recent quarter, the Value of such Stabilized Property shall be its GAAP book value.

24

---

“**Wachovia**” means Wachovia Bank, National Association, together with its successors and assigns.

“**Wholly Owned Property**” means an Eligible Property which is wholly owned in fee simple (or leased under a Ground Lease) by the Parent, the Borrower or a Guarantor.

“**Wholly Owned Subsidiary**” means any Subsidiary of a Person in respect of which all of the equity securities or other ownership interests (other than, in the case of a corporation, directors’ qualifying shares) are at the time directly or indirectly owned or controlled by such Person or one or more other Subsidiaries of such Person or by such Person and one or more other Subsidiaries of such Person.

### Section 1.2. General; References to Times.

Unless otherwise indicated, all accounting terms, ratios and measurements shall be interpreted or determined in accordance with GAAP; provided that, if at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the Borrower or the Requisite Lenders shall so request, the Agent, the Lenders and the Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Requisite Lenders); provided further that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Parent shall provide to the Agent and the Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP. References in this Agreement to “Sections”, “Articles”, “Exhibits” and “Schedules” are to sections, articles, exhibits and schedules herein and hereto unless otherwise indicated. References in this Agreement to any document, instrument or agreement (a) shall include all exhibits, schedules and other attachments thereto, (b) shall include all documents, instruments or agreements issued or executed in replacement thereof, to the extent permitted hereby and (c) shall mean such document, instrument or agreement, or replacement or predecessor thereto, as amended, supplemented, restated or otherwise modified as of the date of this Agreement and from time to time thereafter to the extent not prohibited hereby and in effect at any given time. Wherever from the context it appears appropriate, each term stated in either the singular or plural shall include the singular and plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, the feminine and the neuter. Unless explicitly set forth to the contrary, a reference to “Subsidiary” means a Subsidiary of the Parent or a Subsidiary of such Subsidiary, a reference to an “Affiliate” means a reference to an Affiliate of the Parent and a reference to an “Unconsolidated Affiliate” means a reference to an Unconsolidated Affiliate of the Parent. Titles and captions of Articles, Sections, subsections and clauses in this Agreement are for convenience only, and neither limit nor amplify the provisions of this Agreement. Unless otherwise indicated, all references to time are references to Charlotte, North Carolina time.

25

---

### Section 1.3. Financial Attributes of Non-Wholly Owned Subsidiaries.

When determining the Parent’s or the Borrower’s compliance with any financial covenant contained in any of the Loan Documents, only the Parent’s or the Borrower’s, respectively, pro rata share of the financial attributes of a Subsidiary that is not a Wholly Owned Subsidiary (other than the Borrower) shall be included.

## ARTICLE II. CREDIT FACILITY

### Section 2.1. Revolving Loans.

(a) **Generally.** Subject to the terms and conditions hereof, during the period from the Effective Date to but excluding the Termination Date, each Lender severally and not jointly agrees to make Revolving Loans to the Borrower in an aggregate principal amount at any one time outstanding up to, but not exceeding, lesser of (i) the amount of such Lender’s Commitment and (ii) such Lender’s Commitment Percentage of the Borrowing Base. Subject to the terms and conditions of this Agreement, during the period from the Effective Date to but excluding the Termination Date, the Borrower may borrow, repay and reborrow Revolving Loans hereunder.

(b) **Requesting Revolving Loans.** The Borrower shall give the Agent notice pursuant to a Notice of Borrowing or telephonic notice of each borrowing of Revolving Loans. Each Notice of Borrowing shall be delivered to the Agent before 11:00 a.m. (i) in the case of LIBOR Loans, on the date three Business Days prior to the proposed date of such borrowing and (ii) in the case of Base Rate Loans, on the date one Business Day prior to the proposed date of such borrowing. Any such telephonic notice shall include all information to be specified in a written Notice of Borrowing and shall be promptly confirmed in writing by the Borrower pursuant to a Notice of Borrowing sent to the Agent by telecopy on the same day of the giving of such telephonic notice. The Agent will transmit by telecopy the Notice of Borrowing (or the information contained in such Notice of Borrowing) to each Lender promptly upon receipt by the Agent. Each Notice of Borrowing or telephonic notice of each borrowing shall be irrevocable once given and binding on the Borrower.

(c) **Disbursements of Revolving Loan Proceeds.** No later than 1:00 p.m. on the date specified in the Notice of Borrowing, each Lender will make available for the account of its applicable Lending Office to the Agent at the Principal Office, in immediately available funds, the proceeds of the Revolving Loan to be made by such Lender. With respect to Revolving Loans to be made after the Effective Date, unless the Agent shall have been notified by any Lender prior to the specified date of borrowing that such Lender does not intend to make available to the Agent the Revolving Loan to be made by such Lender on such date, the Agent may assume that such Lender will make the proceeds of such Revolving Loan available to the Agent on the date of the requested borrowing as set forth in the Notice of Borrowing and the Agent may (but shall not be obligated to), in reliance upon such assumption, make available to the Borrower the amount of such Revolving Loan to be provided by such Lender. Subject to satisfaction of the applicable conditions set forth in Article VI. for such borrowing, the Agent will make

26

---

the proceeds of such borrowing available to the Borrower no later than 2:00 p.m. on the date and at the account specified by the Borrower in such Notice of Borrowing.

## Section 2.2. Swingline Loans.

(a) Swingline Loans. Subject to the terms and conditions hereof, during the period from the Effective Date to but excluding the Termination Date, the Swingline Lender agrees to make Swingline Loans to the Borrower in an aggregate principal amount at any one time outstanding up to, but not exceeding, the amount of the Swingline Commitment. If at any time the aggregate principal amount of the Swingline Loans outstanding at such time exceeds the Swingline Commitment in effect at such time, the Borrower shall immediately pay the Agent for the account of the Swingline Lender the amount of such excess. Subject to the terms and conditions of this Agreement, the Borrower may borrow, repay and reborrow Swingline Loans hereunder.

(b) Procedure for Borrowing Swingline Loans. The Borrower shall give the Agent and the Swingline Lender notice pursuant to a Notice of Swingline Borrowing or telephonic notice of each borrowing of a Swingline Loan. Each Notice of Swingline Borrowing shall be delivered to the Swingline Lender no later than 3:00 p.m. on the proposed date of such borrowing. Any such notice given telephonically shall include all information to be specified in a written Notice of Swingline Borrowing and shall be promptly confirmed in writing by the Borrower pursuant to a Notice of Swingline Borrowing sent to the Swingline Lender by telecopy on the same day of the giving of such telephonic notice. On the date of the requested Swingline Loan and subject to satisfaction of the applicable conditions set forth in Article VI. for such borrowing, the Swingline Lender will make the proceeds of such Swingline Loan available to the Borrower in Dollars, in immediately available funds, at the account specified by the Borrower in the Notice of Swingline Borrowing not later than 4:00 p.m. on such date.

(c) Interest. Swingline Loans shall bear interest at a per annum rate equal to the Base Rate plus the Applicable Margin for Base Rate Loans. Interest payable on Swingline Loans is solely for the account of the Swingline Lender. All accrued and unpaid interest on Swingline Loans shall be payable on the dates and in the manner provided in Section 2.4. with respect to interest on Base Rate Loans (except as the Swingline Lender and the Borrower may otherwise agree in writing in connection with any particular Swingline Loan).

27

---

(d) Swingline Loan Amounts, Etc. Each Swingline Loan shall be in the minimum amount of \$1,000,000 and integral multiples of \$500,000 or such other minimum amounts agreed to by the Swingline Lender and the Borrower. Any voluntary prepayment of a Swingline Loan must be in integral multiples of \$100,000 or the aggregate principal amount of all outstanding Swingline Loans (or such other minimum amounts upon which the Swingline Lender and the Borrower may agree) and in connection with any such prepayment, the Borrower must give the Swingline Lender prior written notice thereof no later than 10:00 a.m. on the date of such prepayment. The Swingline Loans shall, in addition to this Agreement, be evidenced by the Swingline Note.

(e) Repayment and Participations of Swingline Loans. The Borrower agrees to repay each Swingline Loan within one Business Day of demand therefor by the Swingline Lender and in any event, within 5 Business Days after the date such Swingline Loan was made. Notwithstanding the foregoing, the Borrower shall repay the entire outstanding principal amount of, and all accrued but unpaid interest on, the Swingline Loans on the Termination Date (or such earlier date as the Swingline Lender and the Borrower may agree in writing). In lieu of demanding repayment of any outstanding Swingline Loan from the Borrower and if the Borrower has not already submitted a timely Notice of Borrowing for the purpose of repaying such Swingline Loan, the Swingline Lender may, on behalf of the Borrower (which hereby irrevocably directs the Swingline Lender to act on its behalf for such purpose), request a borrowing of Base Rate Loans from the Lenders in an amount equal to the principal balance of such Swingline Loan. The amount limitations of Section 3.5.(a) shall not apply to any borrowing of Base Rate Loans made pursuant to this subsection. The Swingline Lender shall give notice to the Agent of any such borrowing of Base Rate Loans not later than 12:00 noon on the proposed date of such borrowing and the Agent shall give prompt notice of such borrowing to the Lenders. No later than 2:00 p.m. on such date, each Lender will make available to the Agent at the Principal Office for the account of Swingline Lender, in immediately available funds, the proceeds of the Base Rate Loan to be made by such Lender. The Agent shall pay the proceeds of such Base Rate Loans to the Swingline Lender, which shall apply such proceeds to repay such Swingline Loan. At the time each Swingline Loan is made, each Lender shall automatically (and without any further notice or action) be deemed to have purchased from the Swingline Lender, without recourse or warranty, an undivided interest and participation to the extent of such Lender's Commitment Percentage in such Swingline Loan. If the Lenders are prohibited from making Loans required to be made under this subsection for any reason, including without limitation, the occurrence of any Default or Event of Default described in Section 11.1.(f) or 11.1.(g), upon notice from the Agent or the Swingline Lender, each Lender severally agrees to pay to the Agent for the account of the Swingline Lender in respect of such participation the amount of such Lender's Commitment Percentage of each outstanding Swingline Loan. If such amount is not in fact made available to the Agent by any Lender, the Swingline Lender shall be entitled to recover such amount on demand from such Lender, together with accrued interest thereon for each day from the date of demand thereof, at the Federal Funds Rate. If such Lender does not pay such

28

---

amount forthwith upon demand therefor by the Agent or the Swingline Lender, and until such time as such Lender makes the required payment, the Swingline Lender shall be deemed to continue to have outstanding Swingline Loans in the amount of such unpaid participation obligation for all purposes of the Loan Documents (other than those provisions requiring the other Lenders to purchase a participation therein). Further, such Lender shall be deemed to have assigned any and all payments made of principal and interest on its Loans, and any other amounts due to it hereunder, to the Swingline Lender to fund Swingline Loans in the amount of the participation in Swingline Loans that such Lender failed to purchase pursuant to this Section until such amount has been purchased (as a result of such assignment or otherwise). A Lender's obligation to make payments in respect of a participation in a Swingline Loan shall be absolute and unconditional and shall not be affected by any circumstance whatsoever, including, without limitation, (i) any claim of setoff, counterclaim, recoupment, defense or other right which such Lender or any other Person may have or claim against the Agent, the Swingline Lender or any other Person whatsoever, (ii) the occurrence or continuation of a Default or Event of Default (including, without limitation, any of the Defaults or Events of Default described in Sections 11.1.(f) or 11.1.(g)) or the termination of any Lender's Revolving Commitment, (iii) the existence (or alleged existence) of an event or condition which has had or could have a Material Adverse Effect, (iv) any breach of any Loan Document by the Agent, any Lender or the Borrower or (v) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

## Section 2.3. Letters of Credit.

(a) Letters of Credit. Subject to the terms and conditions of this Agreement, the Agent, on behalf of the Lenders, agrees to issue for the account of the Borrower during the period from and including the Effective Date to, but excluding, the date 30 days prior to the Termination Date one or more letters of credit (each a "Letter of Credit") up to a maximum aggregate Stated Amount at any one time outstanding not to exceed the L/C Commitment Amount.

(b) Terms of Letters of Credit. At the time of issuance, the amount, form, terms and conditions of each Letter of Credit, and of any drafts or acceptances thereunder, shall be subject to approval by the Agent and the Borrower. Notwithstanding the foregoing, in no event may the expiration date of any Letter of Credit extend beyond the earlier of (i) the date one year from its date of issuance or (ii) the Termination Date; provided, however, a Letter of Credit may contain a provision providing for the automatic extension of the expiration date in the absence of a notice of non-renewal from the Agent but in no event shall any such provision permit the extension of the expiration date of such Letter of Credit beyond the Termination Date.

(c) Requests for Issuance of Letters of Credit. The Borrower shall give the Agent written notice (or telephonic notice promptly confirmed in writing) at least 5 Business Days prior to the requested date of issuance of a Letter of Credit, such notice to describe in reasonable detail the proposed terms of such Letter of Credit and the nature of the transactions or obligations proposed to be supported by such Letter of Credit, and in any event shall set forth with respect to such Letter of Credit the proposed (i) Stated

29

---

Amount, (ii) the beneficiary, and (iii) the expiration date. The Borrower shall also execute and deliver such customary letter of credit application forms as requested from time to time by the Agent. Provided the Borrower has given the notice prescribed by the first sentence of this subsection and subject to the other terms and conditions of this Agreement, including the satisfaction of any applicable conditions precedent set forth in Article VI., the Agent shall issue the requested Letter of Credit on the requested date of issuance for the benefit of the stipulated beneficiary. Upon the written request of the Borrower, the Agent shall deliver to the Borrower a copy of each issued Letter of Credit within a reasonable time after the date of issuance thereof. To the extent any term of a Letter of Credit Document is inconsistent with a term of any Loan Document, the term of such Loan Document shall control.

(d) Reimbursement Obligations. Upon receipt by the Agent from the beneficiary of a Letter of Credit of any demand for payment under such Letter of Credit, the Agent shall promptly notify the Borrower of the amount to be paid by the Agent as a result of such demand and the date on which payment is to be made by the Agent to such beneficiary in respect of such demand; provided, however, the Agent's failure to give, or delay in giving, such notice shall not discharge the Borrower in any respect from the applicable Reimbursement Obligation. The Borrower hereby unconditionally and irrevocably agrees to pay and reimburse the Agent for the amount of each demand for payment under such Letter of Credit on or prior to the date on which payment is to be made by the Agent to the beneficiary thereunder, without presentment, demand, protest or other formalities of any kind (other than notice as provided in this subsection). Upon receipt by the Agent of any payment in respect of any Reimbursement Obligation, the Agent shall promptly pay to each Lender that has acquired a participation therein under the second sentence of Section 2.3.(i) such Lender's Commitment Percentage of such payment.

(e) Manner of Reimbursement. Upon its receipt of a notice referred to in the immediately preceding subsection (d), the Borrower shall advise the Agent whether or not the Borrower intends to borrow hereunder to finance its obligation to reimburse the Agent for the amount of the related demand for payment and, if it does, the Borrower shall submit a timely request for such borrowing as provided in the applicable provisions of this Agreement. If the Borrower fails to so advise the Agent, or if the Borrower fails to reimburse the Agent for a demand for payment under a Letter of Credit by the date of such payment, then (i) if the applicable conditions contained in Article VI. would permit the making of Revolving Loans, the Borrower shall be deemed to have requested a borrowing of Revolving Loans (which shall be Base Rate Loans) in an amount equal to the unpaid Reimbursement Obligation and the Agent shall give each Lender prompt notice of the amount of the Revolving Loan to be made available to the Agent not later than 1:00 p.m. and (ii) if such conditions would not permit the making of Revolving Loans, the provisions of subsection (j) of this Section shall apply. The limitations of Section 3.5.(a) shall not apply to any borrowing of Base Rate Loans under this subsection.

30

---

(f) Effect of Letters of Credit on Commitments. Upon the issuance by the Agent of any Letter of Credit and until such Letter of Credit shall have expired or been terminated, the Commitment of each Lender shall be deemed to be utilized for all purposes of this Agreement in an amount equal to the product of (i) such Lender's Commitment Percentage and (ii) the sum of (A) the Stated Amount of such Letter of Credit plus (B) any related Reimbursement Obligations then outstanding.

(g) Agent's Duties Regarding Letters of Credit; Unconditional Nature of Reimbursement Obligations In examining documents presented in connection with drawings under Letters of Credit and making payments under such Letters of Credit against such documents, the Agent shall only be required to use the same standard of care as it uses in connection with examining documents presented in connection with drawings under letters of credit in which it has not sold participations and making payments under such letters of credit. The Borrower assumes all risks of the acts and omissions of, or misuse of the Letters of Credit by, the respective beneficiaries of such Letters of Credit. In furtherance and not in limitation of the foregoing, neither the Agent nor any of the Lenders shall be responsible for (i) the form, validity, sufficiency, accuracy, genuineness or legal effects of any document submitted by any party in connection with the application for and issuance of or any drawing honored under any Letter of Credit even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged; (ii) the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign any Letter of Credit, or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason; (iii) failure of the beneficiary of any Letter of Credit to comply fully with conditions required in order to draw upon such Letter of Credit; (iv) errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telex, telecopy or otherwise, whether or not they be in cipher; (v) errors in interpretation of technical terms; (vi) any loss or delay in the transmission or otherwise of any document required in order to make a drawing under any Letter of Credit, or of the proceeds thereof; (vii) the misapplication by the beneficiary of any Letter of Credit, or the proceeds of any drawing under any Letter of Credit; or (viii) any consequences arising from causes beyond the control of the Agent or the Lenders. None of the above shall affect, impair or prevent the vesting of any of the Agent's rights or powers hereunder. Any action taken or omitted to be taken by the Agent under or in connection with any Letter of Credit, if taken or omitted in the absence of gross negligence or willful misconduct (as determined by a court of competent jurisdiction in a final, non-appealable judgment), shall not create against the Agent or any Lender any liability to the Borrower or any Lender. In this regard, the obligation of the Borrower to reimburse the Agent for any drawing made under any Letter of Credit shall be absolute, unconditional and irrevocable and shall be paid strictly in accordance with the terms of this Agreement and any other applicable Letter of Credit Document under all circumstances whatsoever, including without limitation, the following circumstances: (A) any lack of validity or enforceability of any Letter of Credit Document or any term or provisions therein; (B) any amendment or waiver of or any consent to departure from all or any of the Letter of Credit Documents; (C) the existence of any claim, setoff, defense or other right which the Borrower may have at any time against the Agent, any Lender,

31

---

any beneficiary of a Letter of Credit or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or in the Letter of Credit Documents or any unrelated transaction; (D) any breach of contract or dispute between the Borrower, the Agent, any Lender or any other Person; (E) any demand, statement or any other document presented under a Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein or made in connection therewith being untrue or inaccurate in any respect whatsoever; (F) any non-application or misapplication by the beneficiary of a Letter of Credit of the proceeds of any drawing under such Letter of Credit; (G) payment by the Agent under any Letter of Credit against presentation of a draft or certificate which does not strictly comply with the terms of such Letter of Credit; and (H) any other act, omission to act, delay or circumstance whatsoever that might, but for the provisions of this Section, constitute a legal or equitable defense to or discharge of the Borrower's Reimbursement Obligations. Notwithstanding anything to the contrary contained in this Section or Section 13.9., but not in limitation of the Borrower's unconditional obligation to reimburse the Agent for any drawing made under a Letter of Credit as provided in this Section, the Borrower shall have no obligation to indemnify the Agent or any Lender in respect of any liability incurred by the Agent or a Lender arising solely out of the gross negligence or willful misconduct of the Agent or a Lender in respect of a Letter of Credit as determined by a court of competent jurisdiction in a final, non-appealable judgment. Except as otherwise provided in this Section, nothing in this Section shall affect any rights the Borrower may have with respect to the gross negligence or willful misconduct of the Agent or any Lender with respect to any Letter of Credit.

(h) Amendments, Etc. The issuance by the Agent of any amendment, supplement or other modification to any Letter of Credit shall be subject to the same conditions applicable under this Agreement to the issuance of new Letters of Credit (including, without limitation, that the request therefor be made through the Agent), and no such amendment, supplement or other modification shall be issued unless either (i) the respective Letter of Credit affected thereby would have complied with such conditions had it originally been issued hereunder in such amended, supplemented or modified form or (ii) the Requisite Lenders shall have consented thereto. In connection with any such amendment, supplement or other modification, the Borrower shall pay the Fees, if any, payable under the last sentence of Section 3.6.(b).

(i) Lenders' Participation in Letters of Credit Immediately upon the issuance by the Agent of any Letter of Credit each Lender shall be deemed to have irrevocably and unconditionally purchased and received from the Agent, without recourse or warranty, an undivided interest and participation to the extent of such Lender's Commitment Percentage of the liability of the Agent with respect to such Letter of Credit, and each Lender thereby shall absolutely, unconditionally and irrevocably assume, as primary obligor and not as surety, and shall be unconditionally obligated to the Agent to pay and discharge when due, such Lender's Commitment Percentage of the Agent's liability under such Letter of Credit. In addition, upon the making of each payment by a Lender to the Agent in respect of any Letter of Credit pursuant to the

of the Agent or such Lender, acquire (i) a participation in an amount equal to such payment in the Reimbursement Obligation owing to the Agent by the Borrower in respect of such Letter of Credit and (ii) a participation in a percentage equal to such Lender's Commitment Percentage in any interest or other amounts payable by the Borrower in respect of such Reimbursement Obligation (other than the Fees payable to the Agent pursuant to the third and last sentences of Section 3.6.(b)).

(j) **Payment Obligation of Lenders.** Each Lender severally agrees to pay to the Agent on demand in immediately available funds in Dollars the amount of such Lender's Commitment Percentage of each drawing paid by the Agent under each Letter of Credit to the extent such amount is not reimbursed by the Borrower pursuant to Section 2.3.(d); provided, however, that in respect of any drawing under any Letter of Credit, the maximum amount that any Lender shall be required to fund, whether as a Revolving Loan or as a participation, shall not exceed such Lender's Commitment Percentage of such drawing. If the notice referenced in the second sentence of Section 2.3.(e) is received by a Lender not later than 11:00 a.m., then such Lender shall make such payment available to the Agent not later than 2:00 p.m. on the date of demand therefor; otherwise, such payment shall be made available to the Agent not later than 1:00 p.m. on the next succeeding Business Day. Each such Lender's obligation to make such payments to the Agent under this subsection, and the Agent's right to receive the same, shall be absolute, irrevocable and unconditional and shall not be affected in any way by any circumstance whatsoever, including without limitation, (i) the failure of any other Lender to make its payment under this subsection, (ii) the financial condition of the Borrower or any other Loan Party, (iii) the existence of any Default or Event of Default, including any Event of Default described in Section 11.1.(f) or 11.1.(g) or (iv) the termination of the Commitments. Each such payment to the Agent shall be made without any offset, abatement, withholding or deduction whatsoever.

(k) **Information to Lenders.** Upon the request of any Lender from time to time, the Agent shall deliver to such Lender information reasonably requested by such Lender with respect to each Letter of Credit then outstanding. Other than as set forth in this subsection, the Agent shall have no duty to notify the Lenders regarding the issuance or other matters regarding Letters of Credit issued hereunder. The failure of the Agent to perform its requirements under this subsection shall not relieve any Lender from its obligations under Section 2.3.(j).

#### **Section 2.4. Rates and Payment of Interest on Loans.**

(a) **Rates.** The Borrower promises to pay to the Agent for the account of each Lender interest on the unpaid principal amount of each Loan made by such Lender for the period from and including the date of the making of such Loan to but excluding the date such Loan shall be paid in full, at the following per annum rates:

(i) during such periods as such Loan is a Base Rate Loan, at the Base Rate (as in effect from time to time) plus the Applicable Margin for Base Rate Loans; and

(ii) during such periods as such Loan is a LIBOR Loan, at Adjusted LIBOR for such Loan for the Interest Period therefor plus the Applicable Margin for LIBOR Loans.

Notwithstanding the foregoing, during the continuance of an Event of Default, the Borrower shall pay to the Agent for the account of each Lender interest at the Post-Default Rate on the outstanding principal amount of any Loan made by such Lender, on all Reimbursement Obligations and on any other amount payable by the Borrower hereunder or under the Notes held by such Lender to or for the account of such Lender (including without limitation, accrued but unpaid interest to the extent permitted under Applicable Law).

(b) **Payment of Interest.** Accrued and unpaid interest on each Loan shall be payable (i) in the case of a Base Rate Loan, monthly in arrears on the first day of each calendar month, (ii) in the case of a LIBOR Loan, in arrears on the last day of each Interest Period therefor, and, if such Interest Period is longer than three months, at three-month intervals following the first day of such Interest Period, and (iii) in the case of any Loan, in arrears upon the payment, prepayment or Continuation thereof or the Conversion of such Loan to a Loan of another Type (but only on the principal amount so paid, prepaid, Continued or Converted). Interest payable at the Post-Default Rate shall be payable from time to time on demand. Promptly after the determination of any interest rate provided for herein or any change therein, the Agent shall give notice thereof to the Lenders to which such interest is payable and to the Borrower. All determinations by the Agent of an interest rate hereunder shall be conclusive and binding on the Lenders and the Borrower for all purposes, absent manifest error.

#### **Section 2.5. Number of Interest Periods.**

There may be no more than 6 different Interest Periods for LIBOR Loans outstanding at the same time (for which purpose Interest Periods described in the definition of the term "Interest Period" shall be deemed to be different Interest Periods even if they are coterminous).

#### **Section 2.6. Repayment of Loans.**

The Borrower shall repay the entire outstanding principal amount of, and all accrued but unpaid interest on, the Revolving Loans on the Termination Date.

#### **Section 2.7. Prepayments.**

(a) **Optional.** Subject to Section 5.4., the Borrower may prepay any Loan at any time without premium or penalty. The Borrower shall give the Agent at least one Business Day's prior written notice of the prepayment of any Revolving Loan.

(b) **Mandatory.**

(i) **Commitment Overadvance.** If at any time the aggregate principal amount of all outstanding Revolving Loans, together with the aggregate amount of all Letter of Credit Liabilities and the aggregate principal amount of all outstanding Swingline Loans, exceeds the aggregate amount of the Commitments in effect at such time, the Borrower shall immediately pay to the Agent for the accounts of the Lenders the amount of such excess.

(ii) **Borrowing Base Overadvance.** If at any time the aggregate principal amount of all outstanding Revolving Loans, together with the aggregate amount of all Letter of Credit Liabilities and the aggregate principal amount of all outstanding Swingline Loans, exceeds the Borrowing Base, the Borrower shall within 5 Business Days of the Borrower obtaining knowledge of the occurrence of any such excess, eliminate such excess. If such excess is not eliminated within such time, then the entire outstanding principal balance of all Loans, together with all accrued interest thereon, and an amount equal to all Letter of Credit Liabilities for deposit into the Letter of Credit Collateral Account, shall be immediately due and payable in full.

All payments under this subsection (b) shall be applied to pay all amounts of principal outstanding on the Loans and any Reimbursement Obligations pro rata in accordance

with Section 3.2. and if any Letters of Credit are outstanding at such time the remainder, if any, shall be deposited into the Collateral Account for application to any Reimbursement Obligations. If the Borrower is required to pay any outstanding LIBOR Loans by reason of this Section prior to the end of the applicable Interest Period therefor, the Borrower shall pay all amounts due under Section 5.4.

#### **Section 2.8. Continuation.**

So long as no Event of Default shall exist, the Borrower may on any Business Day, with respect to any LIBOR Loan, elect to maintain such LIBOR Loan or any portion thereof as a LIBOR Loan by selecting a new Interest Period for such LIBOR Loan. Each new Interest Period selected under this Section shall commence on the last day of the immediately preceding Interest Period. Each selection of a new Interest Period shall be made by the Borrower giving to the Agent a Notice of Continuation not later than 11:00 a.m. on the third Business Day prior to the date of any such Continuation. Such notice by the Borrower of a Continuation shall be by telephone or teletype, confirmed immediately in writing if by telephone, in the form of a Notice of Continuation, specifying (a) the proposed date of such Continuation, (b) the LIBOR Loans and portions thereof subject to such Continuation and (c) the duration of the selected Interest Period, all of which shall be specified in such manner as is necessary to comply with all limitations on Loans outstanding hereunder. Each Notice of Continuation shall be irrevocable by and binding on the Borrower once given. Promptly after receipt of a Notice of Continuation, the Agent shall notify each Lender by teletype, or other similar form of transmission, of the proposed Continuation. If the Borrower shall fail to select in a timely manner a new Interest Period for any LIBOR Loan in accordance with this Section, or if an Event of Default shall exist, such Loan will automatically, on the last day of the current Interest Period therefore, Convert into a Base Rate Loan

35

---

notwithstanding the first sentence of Section 2.9. or the Borrower's failure to comply with any of the terms of such Section.

#### **Section 2.9. Conversion.**

The Borrower may on any Business Day, upon the Borrower's giving of a Notice of Conversion to the Agent, Convert all or a portion of a Loan of one Type into a Loan of another Type; provided, however, a Base Rate Loan may not be Converted to a LIBOR Loan if an Event of Default shall exist. Any Conversion of a LIBOR Loan into a Base Rate Loan shall be made on, and only on, the last day of an Interest Period for such LIBOR Loan and, upon Conversion of a Base Rate Loan into a LIBOR Loan, the Borrower shall pay accrued interest to the date of Conversion on the principal amount so Converted. Each such Notice of Conversion shall be given not later than 11:00 a.m. on the Business Day prior to the date of any proposed Conversion into Base Rate Loans and on the third Business Day prior to the date of any proposed Conversion into LIBOR Loans. Promptly after receipt of a Notice of Conversion, the Agent shall notify each Lender by teletype, or other similar form of transmission, of the proposed Conversion. Subject to the restrictions specified above, each Notice of Conversion shall be by telephone (confirmed immediately in writing) or teletype in the form of a Notice of Conversion specifying (a) the requested date of such Conversion, (b) the Type of Loan to be Converted, (c) the portion of such Type of Loan to be Converted, (d) the Type of Loan such Loan is to be Converted into and (e) if such Conversion is into a LIBOR Loan, the requested duration of the Interest Period of such Loan. Each Notice of Conversion shall be irrevocable by and binding on the Borrower once given.

#### **Section 2.10. Notes.**

(a) Revolving Note. The Revolving Loans made by each Lender shall, in addition to this Agreement, also be evidenced by a promissory note of the Borrower substantially in the form of Exhibit H (each a "Revolving Note"), payable to the order of such Lender in a principal amount equal to the amount of its Commitment as originally in effect and otherwise duly completed.

(b) Records. The date, amount, interest rate, Type and duration of Interest Periods (if applicable) of each Loan made by each Lender to the Borrower, and each payment made on account of the principal thereof, shall be recorded by such Lender on its books and such entries shall be binding on the Borrower, absent manifest error; provided, however, that the failure of a Lender to make any such record shall not affect the obligations of the Borrower under any of the Loan Documents.

(c) Lost, Stolen, Destroyed or Mutilated Notes Upon receipt by the Borrower of (i) written notice from a Lender that a Note of such Lender has been lost, stolen, destroyed or mutilated, and (ii) (A) in the case of loss, theft or destruction, an unsecured agreement of indemnity from such Lender in form reasonably satisfactory to the Borrower, or (B) in the case of mutilation, upon surrender and cancellation of such Note, the Borrower shall at its own expense execute and deliver to such Lender a new Note dated the date of such lost, stolen, destroyed or mutilated Note.

36

---

#### **Section 2.11. Voluntary Reductions of the Commitment.**

The Borrower shall have the right to terminate or reduce the aggregate unused amount of the Commitments (for which purpose use of the Commitments shall be deemed to include the aggregate amount of Letter of Credit Liabilities and the aggregate principal amount of all outstanding Swingline Loans) at any time and from time to time without penalty or premium upon not less than 5 Business Days prior written notice to the Agent of each such termination or reduction, which notice shall specify the effective date thereof and the amount of any such reduction and shall be irrevocable once given and effective only upon receipt by the Agent; provided, however, if the Borrower seeks to reduce the aggregate amount of the Commitments below \$150,000,000, then the Commitments shall all automatically and permanently be reduced to zero. The Agent will promptly transmit such notice to each Lender. The Commitments, once terminated or reduced may not be increased or reinstated.

#### **Section 2.12. Extension of Termination Date.**

The Borrower shall have the right, exercisable one time, to extend the Termination Date by one year. The Borrower may exercise such right only by executing and delivering to the Agent at least 90 days but not more than 180 days prior to the current Termination Date, a written request for such extension (an "Extension Request"). The Agent shall forward to each Lender a copy of the Extension Request delivered to the Agent promptly upon receipt thereof. Subject to satisfaction of the following conditions, the Termination Date shall be extended for one year: (a) immediately prior to such extension and immediately after giving effect thereto, (i) no Default or Event of Default shall exist and (ii) the representations and warranties made or deemed made by the Borrower and each other Loan Party in the Loan Documents to which any of them is a party, shall be true and correct on and as of the date of such extension with the same force and effect as if made on and as of such date except to the extent that such representations and warranties expressly relate solely to an earlier date (in which case such representations and warranties shall have been true and accurate on and as of such earlier date) and (b) the Borrower shall have paid the Fees payable under Section 3.6.(c).

#### **Section 2.13. Expiration or Maturity Date of Letters of Credit Past Termination Date.**

If on the date the Commitments are terminated or reduced to zero (whether voluntarily, by reason of the occurrence of an Event of Default or otherwise), there are any Letters of Credit outstanding hereunder, the Borrower shall, on such date, pay to the Agent an amount of money equal to the Stated Amount of such Letter(s) of Credit for deposit into the Collateral Account.

#### **Section 2.14. Amount Limitations.**

Notwithstanding any other term of this Agreement or any other Loan Document, no Lender shall be required to make a Loan, the Agent shall not be required to issue

Letter of Credit and no reduction of the Commitments pursuant to Section 2.11. shall take effect, if immediately after the making of such Loan, the issuance of such Letter of Credit or such reduction in the Commitments, the aggregate principal amount of all outstanding Revolving Loans, together with the aggregate principal amount of all outstanding Swingline Loans and the aggregate amount of all Letter of Credit Liabilities, would exceed the lesser of (i) aggregate amount of the Commitments at such time or (ii) the Borrowing Base.

#### **Section 2.15. Increase of Commitments.**

With the prior consent of the Agent, such consent not to be unreasonably withheld, conditioned or delayed, the Borrower shall have the right at any time and from time to time to request increases in the aggregate amount of the Commitments (provided that after giving effect to any increases in the Commitments pursuant to this Section, the aggregate amount of the Commitments may not exceed \$500,000,000) by providing written notice to the Agent, which notice shall be irrevocable once given and shall be forwarded by the Agent to each Lender; provided, however, the Borrower shall not have the right to make more than 4 requests for increases in the aggregate amount of the Commitments during the term of this Agreement. Each such increase in the Commitments must be in an aggregate minimum amount of \$25,000,000 and integral multiples of \$5,000,000 in excess thereof. No Lender shall be required to increase its Commitment and any new Lender becoming a party to this Agreement in connection with any such requested increase must be an Eligible Assignee. If a new Lender becomes a party to this Agreement, or if any existing Lender agrees to increase its Commitment, such Lender shall on the date it becomes a Lender hereunder (or increases its Commitment, in the case of an existing Lender) (and as a condition thereto) purchase from the other Lenders its Commitment Percentage (as determined after giving effect to the increase of Commitments) of any outstanding Revolving Loans, by making available to the Agent for the account of such other Lenders at the Principal Office, in same day funds, an amount equal to the sum of (A) the portion of the outstanding principal amount of such Revolving Loans to be purchased by such Lender plus (B) the aggregate amount of payments previously made by the other Lenders under Section 2.3.(j) which have not been repaid plus (C) interest accrued and unpaid to and as of such date on such portion of the outstanding principal amount of such Revolving Loans. The Borrower shall pay to the Lenders amounts payable, if any, to such Lenders under Section 5.4. as a result of the prepayment of any such Revolving Loans. No increase of the Commitments may be effected under this Section if (x) a Default or Event of Default shall be in existence on the effective date of such increase or (y) any representation or warranty made or deemed made by the Borrower or any other Loan Party in any Loan Document to which any such Loan Party is a party is not (or would not be) true or correct on the effective date of such increase and after giving effect thereto (except for representations or warranties which expressly relate solely to an earlier date). In connection with any increase in the aggregate amount of the Commitments pursuant to this subsection, (a) any Lender becoming a party hereto shall execute such documents and agreements as the Agent may reasonably request and (b) the Borrower shall make appropriate arrangements so that each new Lender, and any existing Lender increasing its Commitment, receives a new or replacement Note, as appropriate, in the amount of such Lender's Commitment within 5

Business Days of the effectiveness of the applicable increase in the aggregate amount of Commitments.

### **ARTICLE III. PAYMENTS, FEES AND OTHER GENERAL PROVISIONS**

#### **Section 3.1. Payments.**

Except to the extent otherwise provided herein, all payments of principal, interest and other amounts to be made by the Borrower under this Agreement or any other Loan Document shall be made in Dollars, in immediately available funds, without deduction, set-off or counterclaim, to the Agent at its Principal Office, not later than 2:00 p.m. on the date on which such payment shall become due (each such payment made after such time on such due date to be deemed to have been made on the next succeeding Business Day). Subject to Section 11.4., the Borrower may, at the time of making each payment under this Agreement or any Note, specify to the Agent the amounts payable by the Borrower hereunder to which such payment is to be applied. Each payment received by the Agent for the account of a Lender under this Agreement or any Note shall be paid to such Lender at the applicable Lending Office of such Lender no later than 4:00 p.m. on the date of receipt. If the Agent fails to pay such amount to a Lender as provided in the previous sentence, the Agent shall pay interest on such amount until paid at a rate per annum equal to the Federal Funds Rate from time to time in effect. If the due date of any payment under this Agreement or any other Loan Document would otherwise fall on a day which is not a Business Day such date shall be extended to the next succeeding Business Day and interest shall be payable for the period of such extension.

#### **Section 3.2. Pro Rata Treatment.**

Except to the extent otherwise provided herein: (a) each borrowing from the Lenders under Section 2.1.(a), 2.2.(e) and 2.3.(e) shall be made from the Lenders, each payment of the Fees under Section 3.6.(a), the first sentence of Section 3.6.(b), and Section 3.6.(c) shall be made for the account of the Lenders, and each termination or reduction of the amount of the Commitments under Section 2.11. shall be applied to the respective Commitments of the Lenders, pro rata according to the amounts of their respective Commitments; (b) each payment or prepayment of principal of Revolving Loans by the Borrower shall be made for the account of the Lenders pro rata in accordance with the respective unpaid principal amounts of the Revolving Loans held by them, provided that if immediately prior to giving effect to any such payment in respect of any Revolving Loans the outstanding principal amount of the Revolving Loans shall not be held by the Lenders pro rata in accordance with their respective Commitments in effect at the time such Loans were made, then such payment shall be applied to the Revolving Loans in such manner as shall result, as nearly as is practicable, in the outstanding principal amount of the Revolving Loans being held by the Lenders pro rata in accordance with their respective Commitments; (c) each payment of interest on Revolving Loans by the Borrower shall be made for the account of the Lenders pro rata in accordance with the amounts of interest on such Loans then due and payable to the respective Lenders; (d) the making, Conversion and Continuation of Revolving Loans of

a particular Type (other than Conversions provided for by Section 5.5.) shall be made pro rata among the Lenders according to the amounts of their respective Commitments (in the case of making of Loans) or their respective Loans (in the case of Conversions and Continuations of Loans) and the then current Interest Period for each Lender's portion of each Loan of such Type shall be coterminous; (e) the Lenders' participation in, and payment obligations in respect of, Letters of Credit under Section 2.3., shall be pro rata in accordance with their respective Commitments; and (f) the Lenders' participation in, and payment obligations in respect of, Swingline Loans under Section 2.2., shall be pro rata in accordance with their respective Commitments. All payments of principal, interest, fees and other amounts in respect of the Swingline Loans shall be for the account of the Swingline Lender only (except to the extent any Lender shall have acquired a participating interest in any such Swingline Loan pursuant to Section 2.2.(e), in which case such payments shall be pro rata in accordance with such participating interests).

#### **Section 3.3. Sharing of Payments, Etc.**

If a Lender shall obtain payment of any principal of, or interest on, any Loan made by it to the Borrower under this Agreement, or shall obtain payment on any other Obligation owing by the Borrower or a Loan Party through the exercise of any right of set-off, banker's lien or counterclaim or similar right or otherwise or through voluntary prepayments directly to a Lender or other payments made by the Borrower to a Lender not in accordance with the terms of this Agreement and such payment should be distributed to the Lenders pro rata in accordance with Section 3.2. or Section 11.4., as applicable, such Lender shall promptly purchase from the other Lenders participations in (or, if and to the extent specified by such Lender, direct interests in) the Loans made by the other Lenders or other Obligations owed to such other Lenders in such amounts, and make such other adjustments from time to time as shall be equitable, to the end that all the Lenders shall share the benefit of such payment (net of any reasonable expenses



which may be incurred by such Lender in obtaining or preserving such benefit) pro rata in accordance with Section 3.2. or Section 11.4., as applicable. To such end, all the Lenders shall make appropriate adjustments among themselves (by the resale of participations sold or otherwise) if such payment is rescinded or must otherwise be restored. The Borrower agrees that any Lender so purchasing a participation (or direct interest) in the Loans or other Obligations owed to such other Lenders may exercise all rights of set-off, banker's lien, counterclaim or similar rights with respect to such participation as fully as if such Lender were a direct holder of Loans in the amount of such participation. Nothing contained herein shall require any Lender to exercise any such right or shall affect the right of any Lender to exercise, and retain the benefits of exercising, any such right with respect to any other indebtedness or obligation of the Borrower.

#### Section 3.4. Several Obligations.

No Lender shall be responsible for the failure of any other Lender to make a Loan or to perform any other obligation to be made or performed by such other Lender hereunder, and the failure of any Lender to make a Loan or to perform any other obligation to be made or performed by it hereunder shall not relieve the obligation of any

40

other Lender to make any Loan or to perform any other obligation to be made or performed by such other Lender.

#### Section 3.5. Minimum Amounts.

(a) Borrowings and Conversions. Except as otherwise provided in Sections 2.2.(e) and 2.3.(e), each borrowing of Base Rate Loans shall be in an aggregate minimum amount of \$1,000,000 and integral multiples of \$100,000 in excess thereof. Each borrowing and each Conversion of LIBOR Loans shall be in an aggregate minimum amount of \$1,000,000 and integral multiples of \$1,000,000 in excess of that amount.

(b) Prepayments. Each voluntary prepayment of Revolving Loans shall be in an aggregate minimum amount of \$1,000,000 and integral multiples of \$500,000 in excess thereof (or, if less, the aggregate principal amount of Revolving Loans then outstanding).

(c) Reductions of Commitments. Each reduction of the Commitments under Section 2.11. shall be in an aggregate minimum amount of \$10,000,000 and integral multiples of \$5,000,000 in excess thereof.

(d) Letters of Credit. The initial Stated Amount of each Letter of Credit shall be at least \$100,000.

#### Section 3.6. Fees.

(a) Unused Fee. During the period from the Effective Date to but excluding the Termination Date, the Borrower agrees to pay to the Agent for the account of the Lenders an unused facility fee with respect to the average daily difference between the (i) aggregate amount of the Commitments and (ii) the aggregate principal amount of all outstanding Revolving Loans plus the aggregate amount of all Letter of Credit Liabilities (the "Unused Amount"). Such fee shall be computed by multiplying the Unused Amount with respect to such quarter by the corresponding per annum rate set forth below:

<u>Unused Amount</u>	<u>Unused Fee</u>
Greater than or equal to 50% of the aggregate amount of Commitments	0.250 %
Less than 50% of the aggregate amount of Commitments	0.125 %

Such fee shall be payable in arrears on the last day of each March, June, September or December of each calendar year. Any such accrued and unpaid fee shall also be payable on the Termination Date or any earlier date of termination of the Commitments or reduction of the Commitments to zero.

(b) Letter of Credit Fees. The Borrower agrees to pay to the Agent for the account of each Lender a letter of credit fee at a rate per annum equal to the Applicable Margin for LIBOR Loans times the daily average Stated Amount of each Letter of Credit for the period from and including the date of issuance of such Letter of Credit (x) through

41

and including the date such Letter of Credit expires or is terminated or (y) to but excluding the date such Letter of Credit is drawn in full. The fees provided for in the immediately preceding sentence shall be nonrefundable and payable in arrears on (i) the last day of March, June, September and December in each year, (ii) the Termination Date, (iii) the date the Commitments are terminated or reduced to zero and (iv) thereafter from time to time on demand of the Agent. In addition, the Borrower shall pay to the Agent for its own account and not the account of any Lender, an issuance fee in respect of each Letter of Credit equal to the greater of (i) \$500 or (ii) one-eighth of one percent (0.125%) per annum on the initial Stated Amount of such Letter of Credit for the period from and including the date of issuance of such Letter of Credit through and including the date such Letter of Credit is to terminate. The fees provided for in the immediately preceding sentence shall be nonrefundable and payable upon issuance. The Borrower shall pay directly to the Agent from time to time on demand all commissions, charges, costs and expenses in the amounts customarily charged by the Agent from time to time in like circumstances with respect to the issuance of each Letter of Credit, drawings, amendments and other transactions relating thereto.

(c) Extension Fee. If the Borrower exercises its right to extend the Termination Date pursuant to Section 2.12., the Borrower agrees to pay to the Agent for the account of each Lender a fee equal to two-tenths of one percent (0.2%) of the amount of such Lender's Commitment (whether or not utilized) at the time of such extension. Such fee shall be due and payable in full on the date the Agent receives the Extension Request pursuant to such Section.

(d) Administrative and Other Fees. The Borrower agrees to pay the administrative and other fees of the Agent as may be agreed to in writing by the Borrower and the Agent from time to time.

#### Section 3.7. Computations.

Unless otherwise expressly set forth herein, any accrued interest on any Loan, any Fees or any other Obligations due hereunder shall be computed on the basis of a year of 360 days and the actual number of days elapsed; provided, however, any accrued interest on any Base Rate Loan shall be computed on the basis of a year of 365 or 366 days, as applicable, and the actual number of days elapsed.

#### Section 3.8. Usury.

In no event shall the amount of interest due or payable on the Loans or other Obligations exceed the maximum rate of interest allowed by Applicable Law and, if any such payment is paid by the Borrower or any other Loan Party or received by any Lender, then such excess sum shall be credited as a payment of principal, unless the Borrower shall notify the respective Lender in writing that the Borrower elects to have such excess sum returned to it forthwith. It is the express intent of the parties hereto that the Borrower not pay and the Lenders not receive, directly or indirectly, in any manner whatsoever, interest in excess of that which may be lawfully paid by the Borrower under Applicable Law.

42

---

### Section 3.9. Agreement Regarding Interest and Charges.

The parties hereto hereby agree and stipulate that the only charge imposed upon the Borrower for the use of money in connection with this Agreement is and shall be the interest specifically described in Section 2.4.(a)(i) and (ii) and in Section 2.2.(c). Notwithstanding the foregoing, the parties hereto further agree and stipulate that all agency fees, syndication fees, facility fees, closing fees, letter of credit fees, underwriting fees, default charges, late charges, funding or "breakage" charges, increased cost charges, attorneys' fees and reimbursement for costs and expenses paid by the Agent or any Lender to third parties or for damages incurred by the Agent or any Lender, in each case in connection with the transactions contemplated by this Agreement and the other Loan Documents, are charges made to compensate the Agent or any such Lender for underwriting or administrative services and costs or losses performed or incurred, and to be performed or incurred, by the Agent and the Lenders in connection with this Agreement and shall under no circumstances be deemed to be charges for the use of money. All charges other than charges for the use of money shall be fully earned and nonrefundable when due.

### Section 3.10. Statements of Account.

The Agent will account to the Borrower monthly with a statement of Loans, Letters of Credit, accrued interest and Fees, charges and payments made pursuant to this Agreement and the other Loan Documents, and such account rendered by the Agent shall be deemed conclusive upon Borrower to the extent the Borrower shall fail to object to such account in writing within 5 Business Days of the receipt thereof. The failure of the Agent to deliver such a statement of accounts shall not relieve or discharge the Borrower from any of its obligations hereunder.

### Section 3.11. Defaulting Lenders.

(a) Generally. If for any reason any Lender (a "Defaulting Lender") shall fail or refuse to perform any of its obligations under this Agreement or any other Loan Document to which it is a party within the time period specified for performance of such obligation or, if no time period is specified, if such failure or refusal continues for a period of two Business Days after notice from the Agent, then, in addition to the rights and remedies that may be available to the Agent or the Borrower under this Agreement or Applicable Law, such Defaulting Lender's right to participate in the administration of the Loans, this Agreement and the other Loan Documents, including without limitation, any right to vote in respect of, to consent to or to direct any action or inaction of the Agent or to be taken into account in the calculation of the Requisite Lenders, shall be suspended during the pendency of such failure or refusal. If a Lender is a Defaulting Lender because it has failed to make timely payment to the Agent of any amount required to be paid to the Agent hereunder (without giving effect to any notice or cure periods), in addition to other rights and remedies which the Agent or the Borrower may have under this Agreement or otherwise, the Agent shall be entitled (i) to collect interest from such Defaulting Lender on such delinquent payment for the period from the date on which the

payment was due until the date on which the payment is made at the Federal Funds Rate, (ii) to withhold or setoff and to apply in satisfaction of the defaulted payment and any related interest, any amounts otherwise payable to such Defaulting Lender under this Agreement or any other Loan Document and (iii) to bring an action or suit against such Defaulting Lender in a court of competent jurisdiction to recover the defaulted amount and any related interest. Any amounts received by the Agent in respect of a Defaulting Lender's Loans shall not be paid to such Defaulting Lender and shall be held uninvested by the Agent and either applied against the purchase price of such Loans under the following subsection (b) or paid to such Defaulting Lender upon the Defaulting Lender's curing of its default.

(b) Purchase or Cancellation of Defaulting Lender's Commitment. The Borrower may request the Agent to notify the Lenders that a Lender has become a Defaulting Lender. Any Lender who is not a Defaulting Lender shall have the right, but not the obligation, in its sole discretion, to acquire all of a Defaulting Lender's Commitment. Any Lender desiring to exercise such right shall give written notice thereof to the Agent and the Borrower no sooner than 2 Business Days and not later than 5 Business Days after such Defaulting Lender became a Defaulting Lender. If more than one Lender exercises such right, each such Lender shall have the right to acquire an amount of such Defaulting Lender's Commitment in proportion to its Commitments to the aggregate Commitments of all Lenders exercising such right. If after such 5th Business Day, the Lenders have not elected to purchase all of the Commitment of such Defaulting Lender, then the Borrower may, by giving written notice thereof to the Agent, such Defaulting Lender and the other Lenders, either (i) demand that such Defaulting Lender assign its Commitment to an Eligible Assignee subject to and in accordance with the provisions of Section 13.5.(d) for the purchase price provided for below or (ii) terminate the Commitment of such Defaulting Lender, whereupon such Defaulting Lender shall no longer be a party hereto or have any rights or obligations hereunder or under any of the other Loan Documents. No party hereto shall have any obligation whatsoever to initiate any such replacement or to assist in finding an Eligible Assignee. Upon any such purchase or assignment, the Defaulting Lender's interest in the Loans and its rights hereunder (but not its liability in respect thereof or under the Loan Documents or this Agreement to the extent the same relate to the period prior to the effective date of the purchase) shall terminate on the date of purchase, and the Defaulting Lender shall promptly execute all documents reasonably requested to surrender and transfer such interest to the purchaser or assignee thereof, including an appropriate Assignment and Acceptance Agreement and, notwithstanding Section 13.5.(d), shall pay to the Agent an assignment fee in the amount of \$7,000. The purchase price for the Commitment of a Defaulting Lender shall be equal to the amount of the principal balance of the Loans outstanding and owed by the Borrower to the Defaulting Lender. Prior to payment of such purchase price to a Defaulting Lender, the Agent shall apply against such purchase price any amounts retained by the Agent pursuant to the last sentence of the immediately preceding subsection (a). The Defaulting Lender shall be entitled to receive amounts owed to it by the Borrower under the Loan Documents which accrued prior to the date of the default by the Defaulting Lender, to the extent the same are received by the Agent from or on behalf of the Borrower. There shall be no recourse against any Lender or the

Agent for the payment of such sums except to the extent of the receipt of payments from any other party or in respect of the Loans.

### Section 3.12. Taxes.

(a) Taxes Generally. All payments by the Borrower of principal of, and interest on, the Loans and all other Obligations shall be made free and clear of and without deduction for any present or future excise, stamp or other taxes, fees, duties, levies, imposts, charges, deductions, withholdings or other charges of any nature whatsoever imposed by any taxing authority, but excluding (i) franchise taxes, (ii) any taxes imposed on or measured by any Lender's assets, net income, receipts or branch profits, (iii) any taxes (other than withholding taxes) with respect to the Agent or a Lender that would not be imposed but for a connection between the Agent or such Lender and the jurisdiction imposing such taxes (other than a connection arising solely by virtue of the activities of the Agent or such Lender pursuant to or in respect of this Agreement or any other Loan Document), and (iv) any taxes, fees, duties, levies, imposts, charges, deductions, withholdings or other charges to the extent imposed as a result of the failure of the Agent or a Lender, as applicable, to provide and keep current (to the extent legally able) any certificates, documents or other evidence required to qualify for an exemption from, or reduced rate of, any such taxes fees, duties, levies, imposts, charges, deductions, withholdings or other charges or required by the immediately following subsection (c) to be furnished by the Agent or such Lender, as applicable (such non-excluded items being collectively called "Taxes"). If any withholding or deduction from any payment to be made by the Borrower hereunder is required in respect of any Taxes pursuant to any Applicable Law, then the Borrower will:

- (i) pay directly to the relevant Governmental Authority the full amount required to be so withheld or deducted;
- (ii) promptly forward to the Agent an official receipt or other documentation satisfactory to the Agent evidencing such payment to such Governmental Authority; and

(iii) pay to the Agent for its account or the account of the applicable Lender, as the case may be, such additional amount or amounts as is necessary to ensure that the net amount actually received by the Agent or such Lender will equal the full amount that the Agent or such Lender would have received had no such withholding or deduction been required.

(b) **Tax Indemnification.** If the Borrower fails to pay any Taxes when due to the appropriate Governmental Authority or fails to remit to the Agent, for its account or the account of the respective Lender, as the case may be, the required receipts or other required documentary evidence, the Borrower shall indemnify the Agent and the Lenders for any incremental Taxes, interest or penalties that may become payable by the Agent or any Lender as a result of any such failure. For purposes of this Section, a distribution hereunder by the Agent or any Lender to or for the account of any Lender shall be deemed a payment by the Borrower.

45

---

(c) **Tax Forms.** Prior to the date that any Lender or Participant organized under the laws of a jurisdiction outside the United States of America becomes a party hereto, such Person shall deliver to the Borrower and the Agent such certificates, documents or other evidence, as required by the Internal Revenue Code or Treasury Regulations issued pursuant thereto (including Internal Revenue Service Forms W-8ECI and W-8BEN, as applicable, or appropriate successor forms), properly completed, currently effective and duly executed by such Lender or Participant establishing that payments to it hereunder and under the Notes are (i) not subject to United States Federal backup withholding tax and (ii) not subject to United States Federal withholding tax imposed under the Internal Revenue Code. Each such Lender or Participant shall, to the extent it may lawfully do so, (x) deliver further copies of such forms or other appropriate certifications on or before the date that any such forms expire or become obsolete and after the occurrence of any event requiring a change in the most recent form delivered to the Borrower or the Agent and (y) obtain such extensions of the time for filing, and renew such forms and certifications thereof, as may be reasonably requested by the Borrower or the Agent. The Borrower shall not be required to pay any amount pursuant to the last sentence of subsection (a) above to any Lender or Participant that is organized under the laws of a jurisdiction outside of the United States of America or the Agent, if it is organized under the laws of a jurisdiction outside of the United States of America, if such Lender, Participant or the Agent, as applicable, fails to comply with the requirements of this subsection. If any such Lender or Participant, to the extent it may lawfully do so, fails to deliver the above forms or other documentation, then the Agent may withhold from any payments to be made to such Lender under any of the Loan Documents such amounts as are required by the Internal Revenue Code. If any Governmental Authority asserts that the Agent did not properly withhold or backup withhold, as the case may be, any tax or other amount from payments made to or for the account of any Lender, such Lender shall indemnify the Agent therefor, including all penalties and interest, any taxes imposed by any jurisdiction on the amounts payable to the Agent under this Section, and costs and expenses (including all reasonable fees and disbursements of any law firm or other external counsel and the allocated cost of internal legal services and all disbursements of internal counsel) of the Agent. The obligation of the Lenders under this Section shall survive the termination of the Commitments, repayment of all Obligations and the resignation or replacement of the Agent.

#### ARTICLE IV. BORROWING BASE PROPERTIES

##### Section 4.1. Eligibility of Properties.

(a) **Initial Borrowing Base Properties.** As of the date hereof, the Lenders have approved for inclusion in calculations of the Borrowing Base, the Properties identified on Schedule 4.1., as well as the Borrowing Base Value initially attributable to each such Property.

(b) **Additional Borrowing Base Properties.** If after the Effective Date the Borrower desires that any additional Property be included in calculations of the Borrowing Base, the Borrower shall so notify the Agent in writing. No Property will be

46

---

evaluated by the Agent unless and until the Borrower delivers to the Agent all of the following, in form and substance satisfactory to the Agent:

(i) An operating statement for such Property audited or certified by a representative of the Borrower as being true and correct in all material respects and prepared in accordance with GAAP for the previous three fiscal years, provided that, with respect to any period such Property was not owned by the Borrower or a Subsidiary, such information shall only be required to be delivered to the extent reasonably available to the Borrower and such certification may be based upon the best of the Borrower's knowledge and provided further, the Borrower shall provide such projections and other information concerning the anticipated operation of such Property as the Agent may reasonably request;

(ii) A current rent roll for such Property certified by a representative of the Borrower as being true and correct in all material respects, and one-year occupancy history of such Property certified by a representative of the Borrower to be true and correct, provided that, with respect to any period such Property was not owned by the Borrower or a Subsidiary, such information shall only be required to be delivered to the extent reasonably available to the Borrower and such certification may be based upon the best of the Borrower's knowledge;

(iii) To the extent not provided under the immediately preceding clause (i), such projections and other information concerning the anticipated operation of such Property as the Agent may reasonably request;

(iv) Budgets with respect to any capital expenditures to be made with respect to such Property within the next twelve months; and

(v) Such other information the Agent may reasonably request in order to evaluate the Property.

If, after receipt and review of all of the foregoing documents and information, the Agent is prepared to accept such Property as a Borrowing Base Property, the Agent will so notify the Borrower and each Lender within 5 Business Days after receipt of all of such documents and information. If the Agent fails to give such notice within such time period, the Agent shall be deemed to have rejected such Property as a Borrowing Base Property. The Agent shall determine whether to accept such Property as a Borrowing Base Property in its reasonable judgment.

(c) **Nonconforming Properties.** If the Agent rejects any Property as a Borrowing Base Property under the immediately preceding subsection (b), or if a Property which the Borrower wants to have included in calculations of the Borrowing Base does not satisfy the requirements of an Eligible Property or is not a Wholly Owned Property, then the Agent, upon written request of the Borrower shall request that the Lenders determine whether such Property shall be included as a Borrowing Base Property. In connection therewith, the Borrower shall deliver the information required by

47

---

the immediately preceding subsection (b) to each of the Lenders. If such a request is made by the Agent to the Lenders, within 10 Business Days of the date on which a Lender has received such request and all of the items referred to in the immediately preceding subsection (b), such Lender shall notify the Agent in writing whether or not such Lender accepts such Property as a Borrowing Base Property. If a Lender fails to give such notice within such time period, such Lender shall be deemed to have approved such Property as a Borrowing Base Property. A Property shall become a Borrowing Base Property under this subsection only upon the approval of the Requisite Lenders.

(d) **Documents with Respect to Guarantor.** Upon the approval of a Property as a Borrowing Base Property, the Borrower shall deliver to the Agent, to the

extent not previously delivered to the Agent, the items that would have been delivered with respect to such Guarantor under Sections 6.1.(a)(iv), (v), (ix) through (xii) and (xvii) if such Guarantor had been a Guarantor on the Effective Date. Until such time as the Agent shall have received the items referred to in the foregoing sentence with respect to any Guarantor, the Borrowing Base Value of any Borrowing Base Property owned by such Guarantor shall be \$0.

#### **Section 4.2. Release of Properties.**

From time to time the Borrower may request, upon not less than 10 days prior written notice to the Agent, that a Borrowing Base Property be no longer considered a Borrowing Base Property, which release (the "Property Release") shall be effected by the Agent if the Agent determines all of the following conditions are satisfied as of the date of such Property Release:

(a) No Default or Event of Default exists or will exist immediately after giving effect to such Property Release and the reduction in the Borrowing Base by reason of the release of such Property; and

(b) The Borrower shall have delivered to the Agent a Borrowing Base Certificate and Compliance Certificate demonstrating on a pro forma basis, and the Agent shall have determined to its satisfaction, that the outstanding principal balance of the Loans, together with the Letter of Credit Liabilities, will not exceed the Borrowing Base after giving effect to such request and any prepayment to be made and/or the acceptance of any Property as an additional or replacement Borrowing Base Property to be given concurrently with such request and that the Parent and the Borrower will be in compliance with the covenants set forth in Section 10.1. after giving effect to the Property Release.

#### **Section 4.3. Frequency of Calculations of Borrowing Base.**

Initially, the Borrowing Base shall be the amount set forth as such in the Borrowing Base Certificate delivered under Section 6.1. Thereafter, the Borrowing Base shall be the amount set forth as such in the Borrowing Base Certificate delivered from time to time under Article IX. or 4.2.(b). Any increase in the Borrowing Base Value of a

48

---

Borrowing Base Property shall become effective as of the next determination of the Borrowing Base Value as provided in this Section.

### **ARTICLE V. YIELD PROTECTION, ETC.**

#### **Section 5.1. Additional Costs; Capital Adequacy.**

(a) Additional Costs. The Borrower shall promptly pay to the Agent for the account of a Lender from time to time such amounts as such Lender may determine to be necessary to compensate such Lender for any costs incurred by such Lender that it determines are attributable to its making or maintaining of any LIBOR Loans or its obligation to make any LIBOR Loans hereunder, any reduction in any amount receivable by such Lender under this Agreement or any of the other Loan Documents in respect of any of such Loans or such obligation or the maintenance by such Lender of capital in respect of its Loans or its Commitment (such increases in costs and reductions in amounts receivable being herein called "Additional Costs"), to the extent any such Additional Costs result from any Regulatory Change that: (i) changes the basis of taxation of any amounts payable to such Lender under this Agreement or any of the other Loan Documents in respect of any of such Loans or its Commitment (other than taxes, fees, duties, levies, imposts, charges, deductions, withholdings or other charges which are excluded from the definition of Taxes pursuant to the first sentence of Section 3.12.(a)); or (ii) imposes or modifies any reserve, special deposit or similar requirements (other than Regulation D of the Board of Governors of the Federal Reserve System or other reserve requirement to the extent utilized in the determination of Adjusted LIBOR for such Loan) relating to any extensions of credit or other assets of, or any deposits with or other liabilities of, such Lender, or any commitment of such Lender (including, without limitation, the Commitment of such Lender hereunder); or (iii) has or would have the effect of reducing the rate of return on capital of such Lender to a level below that which such Lender could have achieved but for such Regulatory Change (taking into consideration such Lender's policies with respect to capital adequacy).

(b) Lender's Suspension of LIBOR Loans. Without limiting the effect of the provisions of the immediately preceding subsection (a), if, by reason of any Regulatory Change, any Lender either (i) incurs or would incur Additional Costs based on or measured by the excess above a specified level of the amount of a category of deposits or other liabilities of such Lender that includes deposits by reference to which the interest rate on LIBOR Loans is determined as provided in this Agreement or a category of extensions of credit or other assets of such Lender that includes LIBOR Loans or (ii) becomes subject to restrictions on the amount of such a category of liabilities or assets that it may hold, then, if such Lender so elects by notice to the Borrower (with a copy to the Agent), the obligation of such Lender to make or Continue, or to Convert any other Type of Loans into, LIBOR Loans hereunder shall be suspended until such Regulatory Change ceases to be in effect (in which case the provisions of Section 5.5. shall apply).

(c) Additional Costs in Respect of Letters of Credit. Without limiting the obligations of the Borrower under the preceding subsections of this Section (but without

49

---

duplication), if as a result of any Regulatory Change or any risk-based capital guideline or other requirement heretofore or hereafter issued by any Governmental Authority there shall be imposed, modified or deemed applicable any tax, reserve, special deposit, capital adequacy or similar requirement against or with respect to or measured by reference to Letters of Credit and the result shall be to increase the cost to the Agent of issuing (or any Lender of purchasing participations in) or maintaining its obligation hereunder to issue (or purchase participations in) any Letter of Credit or reduce any amount receivable by the Agent or any Lender hereunder in respect of any Letter of Credit, then, upon demand by the Agent or such Lender, the Borrower shall pay promptly, and in any event within 3 Business Days of demand, to the Agent for its account or the account of such Lender, as applicable, from time to time as specified by the Agent or a Lender, such additional amounts as shall be sufficient to compensate the Agent or such Lender for such increased costs or reductions in amount.

(d) Notification and Determination of Additional Costs. Each of the Agent and each Lender agrees to notify the Borrower of any event occurring after the Agreement Date entitling the Agent or such Lender to compensation under any of the preceding subsections of this Section as promptly as practicable; provided, however, the failure of the Agent or any Lender to give such notice shall not release the Borrower from any of its obligations hereunder (and in the case of a Lender, to the Agent). The Agent or such Lender agrees to furnish to the Borrower (and in the case of a Lender, to the Agent) a certificate setting forth the basis and amount of each request by the Agent or such Lender for compensation under this Section. Absent manifest error, determinations by the Agent or any Lender of the effect of any Regulatory Change shall be conclusive, provided that such determinations are made on a reasonable basis and in good faith.

#### **Section 5.2. Suspension of LIBOR Loans.**

Anything herein to the contrary notwithstanding, if, on or prior to the determination of any LIBOR Rate for any Interest Period:

(a) the Agent reasonably determines (which determination shall be conclusive) that by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining Adjusted LIBOR for such Interest Period, or

(b) the Agent reasonably determines (which determination shall be conclusive) that Adjusted LIBOR will not adequately and fairly reflect the cost to the Lenders of making or maintaining LIBOR Loans for such Interest Period;

then the Agent shall give the Borrower and each Lender prompt notice thereof and, so long as such condition remains in effect, the Lenders shall be under no obligation to, and shall not, make additional LIBOR Loans, Continue LIBOR Loans or Convert Loans into LIBOR Loans and the Borrower shall, on the last day of each current Interest Period for each outstanding LIBOR Loan, either repay such Loan or Convert such Loan into a Base Rate Loan.

50

---

### **Section 5.3. Illegality.**

Notwithstanding any other provision of this Agreement, if any Lender shall reasonably determine (which determination shall be conclusive and binding) that it has become unlawful for such Lender to honor its obligation to make or maintain LIBOR Loans hereunder, then such Lender shall promptly notify the Borrower thereof (with a copy to the Agent) and such Lender's obligation to make or Continue, or to Convert Loans of any other Type into, LIBOR Loans shall be suspended until such time as such Lender may again make and maintain LIBOR Loans (in which case the provisions of Section 5.5. shall be applicable).

### **Section 5.4. Compensation.**

The Borrower shall pay to the Agent for the account of each Lender, upon the request of such Lender through the Agent, such amount or amounts as shall be sufficient (in the reasonable opinion of such Lender) to compensate it for any loss, cost or expense that such Lender reasonably determines is attributable to:

- (a) any payment or prepayment (whether mandatory or optional) of a LIBOR Loan, or Conversion of a LIBOR Loan, made by such Lender for any reason (including, without limitation, acceleration) on a date other than the last day of the Interest Period for such Loan; or
- (b) any failure by the Borrower for any reason (including, without limitation, the failure of any of the applicable conditions precedent specified in Article VI. to be satisfied) to borrow a LIBOR Loan from such Lender on the requested date for such borrowing, or to Convert a Base Rate Loan into a LIBOR Loan or Continue a LIBOR Loan on the requested date of such Conversion or Continuation.

Upon the Borrower's request, any Lender requesting compensation under this Section shall provide the Borrower with a statement setting forth the basis for requesting such compensation and the method for determining the amount thereof. Absent manifest error, determinations by any Lender in any such statement shall be conclusive, provided that such determinations are made on a reasonable basis and in good faith.

### **Section 5.5. Treatment of Affected Loans.**

If the obligation of any Lender to make LIBOR Loans or to Continue, or to Convert Base Rate Loans into, LIBOR Loans shall be suspended pursuant to Section 5.1. (b), 5.2. or 5.3., then such Lender's LIBOR Loans shall be automatically Converted into Base Rate Loans on the last day(s) of the then current Interest Period(s) for LIBOR Loans (or, in the case of a Conversion required by Section 5.1.(b) or 5.3., on such earlier date as such Lender may specify to the Borrower with a copy to the Agent) and, unless and until such Lender gives notice as provided below that the circumstances specified in Section 5.1. or 5.3. that gave rise to such Conversion no longer exist:

51

---

- (a) to the extent that such Lender's LIBOR Loans have been so Converted, all payments and prepayments of principal that would otherwise be applied to such Lender's LIBOR Loans shall be applied instead to its Base Rate Loans; and
- (b) all Loans that would otherwise be made or Continued by such Lender as LIBOR Loans shall be made or Continued instead as Base Rate Loans, and all Base Rate Loans of such Lender that would otherwise be Converted into LIBOR Loans shall remain as Base Rate Loans.

If such Lender gives notice to the Borrower (with a copy to the Agent) that the circumstances specified in Section 5.1. or 5.3. that gave rise to the Conversion of such Lender's LIBOR Loans pursuant to this Section no longer exist (which such Lender agrees to do promptly upon such circumstances ceasing to exist) at a time when LIBOR Loans made by other Lenders are outstanding, then such Lender's Base Rate Loans shall be automatically Converted, on the first day(s) of the next succeeding Interest Period(s) for such outstanding LIBOR Loans, to the extent necessary so that, after giving effect thereto, all Loans held by the Lenders holding LIBOR Loans and by such Lender are held pro rata (as to principal amounts, Types and Interest Periods) in accordance with their respective Commitments.

### **Section 5.6. Change of Lending Office.**

Each Lender agrees that it will use reasonable efforts to designate an alternate Lending Office with respect to any of its Loans affected by the matters or circumstances described in Sections 3.12., 5.1. or 5.3. to reduce the liability of the Borrower or avoid the results provided thereunder, so long as such designation is not disadvantageous to such Lender as determined by such Lender in its sole discretion, except that such Lender shall have no obligation to designate a Lending Office located in the United States of America.

### **Section 5.7. Assumptions Concerning Funding of LIBOR Loans.**

Calculation of all amounts payable to a Lender under this Article V. shall be made as though such Lender had actually funded LIBOR Loans through the purchase of deposits in the relevant market bearing interest at the rate applicable to such LIBOR Loans in an amount equal to the amount of the LIBOR Loans and having a maturity comparable to the relevant Interest Period; provided, however, that each Lender may fund each of its LIBOR Loans in any manner it sees fit and the foregoing assumption shall be used only for calculation of amounts payable under this Article V.

52

---

## **ARTICLE VI. CONDITIONS PRECEDENT**

### **Section 6.1. Initial Conditions Precedent.**

The obligation of the Lenders to effect or permit the occurrence of the first Credit Event hereunder, whether as the making of a Loan or the issuance of a Letter of Credit, is subject to the following conditions precedent:

- (a) The Agent shall have received each of the following, in form and substance satisfactory to the Agent:
  - (i) Counterparts of this Agreement executed by each of the parties hereto;

- (ii) Revolving Notes executed by the Borrower, payable to each Lender and complying with the applicable provisions of Section 2.10. and the Swingline Note executed by the Borrower;
- (iii) The Guaranty executed by each Guarantor existing as of the Effective Date;
- (iv) An opinion of the general counsel of the Parent and the Loan Parties, addressed to the Agent, the Lenders and the Swingline Lender, addressing the matters set forth in Exhibit I;
- (v) An opinion of Alston & Bird, LLP, counsel to the Agent, addressed to the Agent, the Lenders and the Swingline Lender, addressing the enforceability of the Loan Documents and such matters as the Agent shall reasonably request;
- (vi) a certificate of incumbency signed by the Secretary or Assistant Secretary of the Parent with respect to each of the officers of the Parent authorized to execute and deliver on behalf of the Parent and the Borrower the Loan Documents to which the Parent or the Borrower is a party and to execute and deliver (or make by telephone in the case of Notices of Conversion or Continuation) on behalf of the Borrower Notices of Borrowing, Notices of Conversion, Notices of Continuation, Notices of Swingline Borrowing and requests for Letters of Credit;
- (vii) a certified copy (certified by the Secretary or Assistant Secretary of the Parent) of all necessary action taken by the Parent to authorize the execution, delivery and performance of the Loan Documents to which either the Parent or the Borrower is a party;
- (viii) the certificate or articles of incorporation, articles of organization, certificate of limited partnership, declaration of trust or other comparable organizational instrument (if any) of the Parent, the Borrower and each Guarantor,

53

---

certified as of a recent date by the Secretary of State of the State of formation of such Person;

- (ix) a Certificate of Good Standing or certificate of similar meaning with respect to the Parent, the Borrower and each Guarantor (and in the case of a limited partnership, the general partner of such Guarantor) issued as of a recent date by the Secretary of State of the State of formation of each such Person and certificates of qualification to transact business or other comparable certificates issued by each Secretary of State (and any state department of taxation, as applicable) of each state in which such Person is required to be so qualified;
- (x) a certificate of incumbency signed by the Secretary or Assistant Secretary (or other individual performing similar functions) of each Guarantor with respect to each of the officers of such Person authorized to execute and deliver the Loan Documents to which such Person is a party;
- (xi) copies certified by the Secretary or Assistant Secretary (or other individual performing similar functions) of the Parent, the Borrower and each Guarantor of the by-laws of such Person, if a corporation, the operating agreement, if a limited liability company, the partnership agreement, if a limited or general partnership, or other comparable document in the case of any other form of legal entity;
- (xii) copies certified by the Secretary or Assistant Secretary (or other individual performing similar functions) of each Guarantor of all corporate, partnership, member or other necessary action taken by each Guarantor to authorize the execution, delivery and performance of the Loan Documents to which it is a party;
- (xiii) a letter from the administrative agent under the Existing Credit Agreement providing information regarding the payment in full of amounts outstanding thereunder and providing for the termination thereof and all Liens securing the Existing Credit Agreement;
- (xiv) the Fees then due and payable under Section 3.6., and any other Fees payable to the Agent, the Titled Agents and the Lenders on or prior to the Effective Date;
- (xv) a Compliance Certificate calculated as of December 31, 2003;
- (xvi) a Borrowing Base Certificate calculated as of the Effective Date; and
- (xvii) Such other documents, agreements and instruments as the Agent on behalf of the Lenders may reasonably request; and

54

---

(b) In the good faith judgment of the Agent and the Lenders:

- (i) There shall not have occurred or become known to the Agent or any of the Lenders any event, condition, situation or status since the date of the information contained in the financial and business projections, budgets, pro forma data and forecasts concerning the Borrower and its Subsidiaries delivered to the Agent and the Lenders prior to the Agreement Date that has had or could reasonably be expected to result in a Material Adverse Effect;
- (ii) No litigation, action, suit, investigation or other arbitral, administrative or judicial proceeding shall be pending or threatened which could reasonably be expected to (1) result in a Material Adverse Effect or (2) restrain or enjoin, impose materially burdensome conditions on, or otherwise materially and adversely affect the ability of the Borrower or any other Loan Party to fulfill its obligations under the Loan Documents to which it is a party;
- (iii) The Borrower and its Subsidiaries shall have received all approvals, consents and waivers, and shall have made or given all necessary filings and notices as shall be required to consummate the transactions contemplated hereby without the occurrence of any default under, conflict with or violation of (1) any Applicable Law or (2) any agreement, document or instrument to which the Borrower or any other Loan Party is a party or by which any of them or their respective properties is bound, except for such approvals, consents, waivers, filings and notices the receipt, making or giving of which would not reasonably be likely to (A) have a Material Adverse Effect, or (B) restrain or enjoin, impose materially burdensome conditions on, or otherwise materially and adversely affect the ability of the Borrower or any other Loan Party to fulfill its obligations under the Loan Documents to which it is a party; and
- (iv) There shall not have occurred or exist any other material disruption of financial or capital markets that could reasonably be expected to materially and adversely affect the transactions contemplated by the Loan Documents.

#### **Section 6.2. Conditions Precedent to All Loans and Letters of Credit.**

The obligations of the Lenders to make any Loans, of the Agent to issue Letters of Credit, and of the Swingline Lender to make any Swingline Loan are all subject to the further condition precedent that: (a) no Default or Event of Default shall exist as of the date of the making of such Loan or date of issuance of such Letter of Credit or

would exist immediately after giving effect thereto; and (b) the representations and warranties made or deemed made by the Borrower and each other Loan Party in the Loan Documents to which any of them is a party, shall be true and correct on and as of the date of the making of such Loan or date of issuance of such Letter of Credit with the same force and effect as if made on and as of such date except to the extent that such representations and warranties expressly relate solely to an earlier date (in which case such representations and warranties shall have been true and accurate on and as of such

earlier date) and except for changes in factual circumstances specifically and expressly permitted hereunder. Each Credit Event shall constitute a certification by the Borrower to the effect set forth in the preceding sentence (both as of the date of the giving of notice relating to such Credit Event and, unless the Borrower otherwise notifies the Agent prior to the date of such Credit Event, as of the date of the occurrence of such Credit Event). In addition, if such Credit Event is the making of a Loan or the issuance of a Letter of Credit, the Borrower shall be deemed to have represented to the Agent and the Lenders at the time such Loan is made or Letter of Credit issued that all conditions to the occurrence of such Credit Event contained in Article VI. have been satisfied.

### Section 6.3. Conditions as Covenants.

If the Lenders make any Loans, or the Agent issues a Letter of Credit, prior to the satisfaction of all conditions precedent set forth in Sections 6.1. and 6.2., the Borrower shall nevertheless cause such condition or conditions to be satisfied within 5 Business Days after the date of the making of such Loans or the issuance of such Letter of Credit. Unless set forth in writing to the contrary, the making of its initial Loan by a Lender shall constitute a certification by such Lender to the Agent and the other Lenders that the Borrower has satisfied the conditions precedent for initial Loans set forth in Sections 6.1. and 6.2.

## ARTICLE VII. REPRESENTATIONS AND WARRANTIES

### Section 7.1. Representations and Warranties.

In order to induce the Agent and each Lender to enter into this Agreement and to make Loans and issue Letters of Credit, the Parent and the Borrower represent and warrant to the Agent and each Lender as follows:

(a) Organization; Power; Qualification. Each of the Parent, its Subsidiaries, the Borrower and the other Loan Parties is a corporation, partnership or other legal entity, duly organized or formed, validly existing and in good standing under the jurisdiction of its incorporation or formation, has the power and authority to own or lease its respective properties and to carry on its respective business as now being and hereafter proposed to be conducted and is duly qualified and is in good standing as a foreign corporation, partnership or other legal entity, and authorized to do business, in each jurisdiction in which the character of its properties or the nature of its business requires such qualification or authorization and where the failure to be so qualified or authorized could reasonably be expected to have, in each instance, a Material Adverse Effect.

(b) Ownership Structure. As of the Agreement Date, Part I of Schedule 7.1.(b) is a complete and correct list of all Subsidiaries of the Parent setting forth for each such Subsidiary, (i) the jurisdiction of organization of such Subsidiary, (ii) each Person holding any Equity Interests in such Subsidiary, (iii) the nature of the Equity Interests held by each such Person, (iv) the percentage of ownership of such Subsidiary represented by such Equity Interests and (v) whether such Subsidiary is a Material Subsidiary and/or an Excluded Subsidiary. Except as disclosed in such

Schedule, as of the Agreement Date (i) each of the Parent and its Subsidiaries owns, free and clear of all Liens (other than Permitted Liens), and has the unencumbered right to vote, all outstanding Equity Interests in each Person shown to be held by it on such Schedule, (ii) all of the issued and outstanding capital stock of each such Person organized as a corporation is validly issued, fully paid and nonassessable and (iii) there are no outstanding subscriptions, options, warrants, commitments, preemptive rights or agreements of any kind (including, without limitation, any stockholders' or voting trust agreements) for the issuance, sale, registration or voting of, or outstanding securities convertible into, any additional shares of capital stock of any class, or partnership or other ownership interests of any type in, any such Person. As of the Agreement Date Part II of Schedule 7.1.(b) correctly sets forth all Unconsolidated Affiliates of the Parent, including the correct legal name of such Person, the type of legal entity which each such Person is, and all Equity Interests in such Person held directly or indirectly by the Parent.

(c) Authorization of Agreement, Etc. The Borrower has the right and power, and has taken all necessary action to authorize it, to borrow and obtain other extensions of credit hereunder. The Parent, the Borrower and each other Loan Party has the right and power, and has taken all necessary action to authorize it, to execute, deliver and perform each of the Loan Documents to which it is a party in accordance with their respective terms and to consummate the transactions contemplated hereby and thereby. The Loan Documents to which the Borrower or any other Loan Party is a party have been duly executed and delivered by the duly authorized officers of such Person and each is a legal, valid and binding obligation of such Person enforceable against such Person in accordance with its respective terms except as the same may be limited by bankruptcy, insolvency, and other similar laws affecting the rights of creditors generally and the availability of equitable remedies for the enforcement of certain obligations (other than the payment of principal) contained herein or therein and as may be limited by equitable principles generally.

(d) Compliance of Loan Documents with Laws, Etc. The execution, delivery and performance of this Agreement, the Notes and the other Loan Documents to which the Borrower or any other Loan Party is a party in accordance with their respective terms and the borrowings and other extensions of credit hereunder do not and will not, by the passage of time, the giving of notice, or both: (i) require any Governmental Approval or violate any Applicable Law (including all Environmental Laws) relating to the Borrower or any other Loan Party; (ii) conflict with, result in a breach of or constitute a default under the organizational documents of the Borrower or any other Loan Party, or any indenture, agreement or other instrument to which the Borrower or any other Loan Party is a party or by which it or any of its respective properties may be bound; or (iii) result in or require the creation or imposition of any Lien upon or with respect to any property now owned or hereafter acquired by the Borrower or any other Loan Party.

(e) Compliance with Law; Governmental Approvals. The Parent, the Borrower, each Subsidiary and each other Loan Party is in compliance with each Governmental Approval applicable to it and in compliance with all other Applicable Laws (including without limitation, Environmental Laws) relating to the Parent, the

Borrower, a Subsidiary or such other Loan Party except for noncompliances which, and Governmental Approvals the failure to possess which, could not, individually or in the aggregate, reasonably be expected to cause a Default or Event of Default or have a Material Adverse Effect.

(f) Title to Properties; Liens. As of the Agreement Date, Part I of Schedule 7.1.(f) sets forth all of the real property owned or leased by the Parent, the Borrower, each other Loan Party and each other Subsidiary. Each such Person has good, marketable and legal title to, or a valid leasehold interest in, its respective assets. As of the Agreement Date, there are no Liens against any assets of the Parent, the Borrower, any Subsidiary or any other Loan Party except for Permitted Liens.

(g) Existing Indebtedness. Schedule 7.1.(g) is, as of the Agreement Date, a complete and correct listing of all Indebtedness of the Parent and its Subsidiaries, including without limitation, Guarantees of the Parent and its Subsidiaries, and indicating whether such Indebtedness is Secured Indebtedness or Unsecured Indebtedness. As of the Agreement Date, the Parent and its Subsidiaries have performed and are in compliance with all of the terms of such Indebtedness and all instruments and agreements relating thereto, and no default or event of default, or event or condition which with the giving of notice, the lapse of time, or both, would constitute such a default or event of

default, exists with respect to any such Indebtedness.

(h) Material Contracts. Schedule 7.1.(h) is, as of the Agreement Date, a true, correct and complete listing of all Material Contracts. Each of the Parent, its Subsidiaries and the other Loan Parties that is a party to any Material Contract has performed and is in compliance with all of the terms of such Material Contract, and no default or event of default, or event or condition which with the giving of notice, the lapse of time, or both, would constitute such a default or event of default, exists with respect to any such Material Contract.

(i) Litigation. Except as set forth on Schedule 7.1.(i), there are no actions, suits, investigations or proceedings pending (nor, to the knowledge of the Parent or the Borrower, are there any actions, suits or proceedings threatened, nor to the knowledge of the Parent or the Borrower is there any basis therefor) against or in any other way relating adversely to or affecting the Parent, the Borrower, any Subsidiary or any other Loan Party or any of its respective property in any court or before any arbitrator of any kind or before or by any other Governmental Authority which could reasonably be expected to have a Material Adverse Effect. There are no strikes, slow downs, work stoppages or walkouts or other labor disputes in progress or threatened relating to the Parent, the Borrower, any Subsidiary or any other Loan Party which could reasonably be expected to have a Material Adverse Effect.

(j) Taxes. All federal, state and other tax returns of the Parent, the Borrower, any Subsidiary or any other Loan Party required by Applicable Law to be filed have been duly filed, and all federal, state and other taxes, assessments and other governmental charges or levies upon the Parent, the Borrower, any Subsidiary and each other Loan

58

---

Party and its respective properties, income, profits and assets which are due and payable have been paid, except any such nonpayment which is at the time permitted under Section 8.6. As of the Agreement Date, none of the United States income tax returns of the Parent, the Borrower, its Subsidiaries or any other Loan Party is under audit. All charges, accruals and reserves on the books of the Parent, the Borrower and each of its Subsidiaries and each other Loan Party in respect of any taxes or other governmental charges are in accordance with GAAP.

(k) Financial Statements. The Parent and the Borrower have furnished to each Lender copies of (i) the audited consolidated balance sheet of the Parent and its consolidated Subsidiaries for the fiscal year ending December 31, 2002, and the related audited consolidated statements of operations, cash flows and shareholders' equity for the fiscal year ending on such dates, with the opinion thereon of PricewaterhouseCoopers LLP, and (ii) the unaudited consolidated balance sheet of the Parent and its consolidated Subsidiaries for the fiscal quarter ending September 30, 2003, and the related unaudited consolidated statements of operations, cash flows and shareholders' equity of the Parent and its consolidated Subsidiaries for the period of three fiscal quarters ending on such date. Such financial statements (including in each case related schedules and notes) are complete and correct and present fairly, in accordance with GAAP consistently applied throughout the periods involved, the consolidated financial position of the Parent and its consolidated Subsidiaries as at their respective dates and the results of operations and the cash flow for such periods (subject, as to interim statements, to changes resulting from normal year-end audit adjustments). Neither the Parent nor any of its Subsidiaries has on the Agreement Date any material contingent liabilities, liabilities, liabilities for taxes, unusual or long-term commitments or unrealized or forward anticipated losses from any unfavorable commitments, except as referred to or reflected or provided for in said financial statements.

(l) No Material Adverse Change. Since December 31, 2002, there has been no material adverse change in the business, assets, liabilities, financial condition, results of operations, business or prospects of the Parent and its Subsidiaries taken as a whole. Each of the Parent, its Subsidiaries and the other Loan Parties is Solvent.

(m) ERISA. Each member of the ERISA Group is in compliance with its obligations under the minimum funding standards of ERISA and the Internal Revenue Code with respect to each Plan and is in compliance with the presently applicable provisions of ERISA and the Internal Revenue Code with respect to each Plan, except in each case for noncompliances which could not reasonably be expected to have a Material Adverse Effect. As of the Agreement Date, no member of the ERISA Group has (i) sought a waiver of the minimum funding standard under Section 412 of the Internal Revenue Code in respect of any Plan, (ii) failed to make any contribution or payment to any Plan or Multiemployer Plan or in respect of any Benefit Arrangement, or made any amendment to any Plan or Benefit Arrangement, which has resulted or could result in the imposition of a Lien or the posting of a bond or other security under ERISA or the Internal Revenue Code or (iii) incurred any liability under Title IV of ERISA other than a liability to the PBGC for premiums under Section 4007 of ERISA.

59

---

(n) Not Plan Assets; No Prohibited Transaction. None of the assets of the Parent, the Borrower, any Subsidiary or any other Loan Party constitute "plan assets" within the meaning of ERISA, the Internal Revenue Code and the respective regulations promulgated thereunder. The execution, delivery and performance of this Agreement and the other Loan Documents, and the borrowing and repayment of amounts hereunder, do not and will not constitute "prohibited transactions" under ERISA or the Internal Revenue Code.

(o) Absence of Defaults. Neither the Parent, the Borrower, any Subsidiary nor any other Loan Party is in default under its articles of incorporation, bylaws, partnership agreement or other similar organizational documents, and no event has occurred, which has not been remedied, cured or waived, which, in any such case: (i) constitutes a Default or an Event of Default; or (ii) constitutes, or which with the passage of time, the giving of notice, a determination of materiality, the satisfaction of any condition, or any combination of the foregoing, would constitute, a default or event of default by the Parent, the Borrower, any Subsidiary or any other Loan Party under any agreement (other than this Agreement) or judgment, decree or order to which the Parent, the Borrower or any Subsidiary or other Loan Party is a party or by which the Parent, the Borrower or any Subsidiary or other Loan Party or any of their respective properties may be bound where such default or event of default could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(p) Environmental Laws. Each of the Parent, the Borrower, the Subsidiaries and the other Loan Parties has obtained all Governmental Approvals which are required under Environmental Laws and is in compliance with all terms and conditions of such Governmental Approvals which the failure to obtain or to comply with could reasonably be expected to have a Material Adverse Effect. Except for any of the following matters that could not be reasonably expected to have a Material Adverse Effect, (i) neither the Parent nor the Borrower is aware of, and has not received notice of, any past, present, or future events, conditions, circumstances, activities, practices, incidents, actions, or plans which, with respect to the Parent or the Borrower, the Subsidiaries and each other Loan Party, may interfere with or prevent compliance or continued compliance with Environmental Laws, or may give rise to any common-law or legal liability, or otherwise form the basis of any claim, action, demand, suit, proceeding, hearing, study, or investigation, based on or related to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling or the emission, discharge, release or threatened release into the environment, of any pollutant, contaminant, chemical, or industrial, toxic, or other Hazardous Material; and (ii) there is no civil, criminal, or administrative action, suit, demand, claim, hearing, notice, or demand letter, notice of violation, investigation, or proceeding pending or, to the Parent's and the Borrower's knowledge after due inquiry, threatened, against the Parent, the Borrower, the Subsidiaries and each other Loan Party relating in any way to Environmental Laws.

(q) Investment Company; Public Utility Holding Company. Neither the Parent nor the Borrower nor any Subsidiary nor any other Loan Party is (i) an

60

---

"investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended, (ii) a "holding



company” or a “subsidiary company” of a “holding company”, or an “affiliate” of a “holding company” or of a “subsidiary company” of a “holding company”, within the meaning of the Public Utility Holding Company Act of 1935, as amended, or (iii) subject to any other Applicable Law which purports to regulate or restrict its ability to borrow money or to consummate the transactions contemplated by this Agreement or to perform its obligations under any Loan Document to which it is a party.

(r) Margin Stock. Neither the Parent nor the Borrower nor any Subsidiary nor any other Loan Party is engaged principally, or as one of its important activities, in the business of extending credit for the purpose, whether immediate, incidental or ultimate, of buying or carrying “margin stock” within the meaning of Regulation U of the Board of Governors of the Federal Reserve System.

(s) Affiliate Transactions. Except as permitted by Section 10.11., neither the Parent nor the Borrower nor any Subsidiary nor any other Loan Party is a party to or bound by any agreement or arrangement (whether oral or written) to which any Affiliate of the Parent, the Borrower, any Subsidiary or any other Loan Party is a party.

(t) Intellectual Property. Each of the Parent, the Borrower, each other Loan Party and each other Subsidiary owns or has the right to use, under valid license agreements or otherwise, all material patents, licenses, franchises, trademarks, trademark rights, trade names, trade name rights, trade secrets and copyrights (collectively, “Intellectual Property”) necessary to the conduct of its businesses as now conducted and as contemplated by the Loan Documents, without known conflict with any patent, license, franchise, trademark, trade secret, trade name, copyright, or other proprietary right of any other Person. The Parent, the Borrower, each other Loan Party and each other Subsidiary have taken all such steps as they deem reasonably necessary to protect their respective rights under and with respect to such Intellectual Property. No material claim has been asserted by any Person with respect to the use of any Intellectual Property by the Parent, the Borrower, any other Loan Party or any other Subsidiary, or challenging or questioning the validity or effectiveness of any Intellectual Property. The use of such Intellectual Property by the Parent, the Borrower, the Subsidiaries and the other Loan Parties, does not infringe on the rights of any Person, subject to such claims and infringements as do not, in the aggregate, give rise to any liabilities on the part of the Parent, the Borrower, any other Loan Party or any other Subsidiary that could reasonably be expected to have a Material Adverse Effect.

(u) Business. As of the Agreement Date, the Parent and its Subsidiaries are engaged in the business of owning, managing, leasing, acquiring and developing suburban office properties located in select submarkets in the Mid-Atlantic region of the United States of America, together with other business activities incidental thereto.

(v) Broker’s Fees. No broker’s or finder’s fee, commission or similar compensation will be payable with respect to the transactions contemplated hereby. No

61

---

other similar fees or commissions will be payable by any Loan Party for any other services rendered to the Parent or any of its Subsidiaries ancillary to the transactions contemplated hereby.

(w) Accuracy and Completeness of Information. No written information, report or other papers or data (excluding financial projections and other forward looking statements) furnished to the Agent or any Lender by, on behalf of, or at the direction of, the Parent, the Borrower, any Subsidiary or any other Loan Party in connection with or relating in any way to this Agreement, contained any untrue statement of a fact material to the creditworthiness of the Parent, the Borrower, any Subsidiary or any other Loan Party or omitted to state a material fact necessary in order to make such statements contained therein, in light of the circumstances under which they were made, not misleading. All financial statements furnished to the Agent or any Lender by, on behalf of, or at the direction of, the Parent, the Borrower, any Subsidiary or any other Loan Party in connection with or relating in any way to this Agreement, present fairly, in accordance with GAAP consistently applied throughout the periods involved, the financial position of the Persons involved as at the date thereof and the results of operations for such periods. All financial projections and other forward looking statements prepared by or on behalf of the Parent, the Borrower, any Subsidiary or any other Loan Party that have been or may hereafter be made available to the Agent or any Lender were or will be prepared in good faith based on reasonable assumptions. As of the Effective Date, no fact is known to the Parent or the Borrower which has had, or may in the future have (so far as the Parent or the Borrower can reasonably foresee), a Material Adverse Effect which has not been set forth in the financial statements referred to in Section 7.1.(k) or in such information, reports or other papers or data or otherwise disclosed in writing to the Agent and the Lenders.

(x) REIT Status. The Parent qualifies as a REIT and is in compliance with all requirements and conditions imposed under the Internal Revenue Code to allow the Parent to maintain its status as a REIT.

(y) Properties. As of the Agreement Date, Schedule 7.1.(y) is a correct and complete list of all Properties included in the calculation of Unencumbered Asset Value. Each of the assets included by the Borrower in calculations of Unencumbered Asset Value satisfies all of the requirements contained in the definitions of “Wholly Owned Property”. Each of the Properties included in calculations of the Borrowing Base satisfies all of the requirements contained in the definitions of “Wholly Owned Property” and “Eligible Property” to the extent such requirements were not waived by the Requisite Lenders pursuant to Section 4.1.(c) at the time such Property was included in the Borrowing Base.

## **Section 7.2. Survival of Representations and Warranties, Etc.**

All statements contained in any certificate, financial statement or other instrument delivered by or on behalf of the Parent, the Borrower, any Subsidiary or any other Loan Party to the Agent or any Lender pursuant to or in connection with this Agreement or any of the other Loan Documents (including, but not limited to, any such statement made in

62

---

or in connection with any amendment thereto or any statement contained in any certificate, financial statement or other instrument delivered by or on behalf of the Parent or the Borrower prior to the Agreement Date and delivered to the Agent or any Lender in connection with the underwriting or closing of the transactions contemplated hereby) shall constitute representations and warranties made by the Borrower and the Parent in favor of the Agent or any of the Lenders under this Agreement. All representations and warranties made under this Agreement and the other Loan Documents shall be deemed to be made at and as of the Agreement Date, the Effective Date, the date on which any extension of the Termination Date is effectuated pursuant to Section 2.12. and the date of the occurrence of any Credit Event, except to the extent that such representations and warranties expressly relate solely to an earlier date (in which case such representations and warranties shall have been true and accurate on and as of such earlier date) and except for changes in factual circumstances not prohibited hereunder. All such representations and warranties shall survive the effectiveness of this Agreement, the execution and delivery of the Loan Documents and the making of the Loans and the issuance of the Letters of Credit.

## **ARTICLE VIII. AFFIRMATIVE COVENANTS**

For so long as this Agreement is in effect, unless the Requisite Lenders (or, if required pursuant to Section 13.6., all of the Lenders) shall otherwise consent in the manner provided for in Section 13.6., the Parent and the Borrower shall comply with the following covenants:

### **Section 8.1. Preservation of Existence and Similar Matters.**

Except as otherwise permitted under Section 10.7., the Parent and the Borrower shall, and shall cause each Subsidiary and each other Loan Party to, preserve and maintain its respective existence, rights, franchises, licenses and privileges in the jurisdiction of its incorporation or formation and qualify and remain qualified and authorized to do business in each jurisdiction in which the character of its properties or the nature of its business requires such qualification and authorization and where the failure to be so authorized and qualified could reasonably be expected to have a Material Adverse Effect.

### **Section 8.2. Compliance with Applicable Law and Material Contracts.**

The Parent and the Borrower shall, and shall cause each Subsidiary and each other Loan Party to, comply with (a) all Applicable Laws, including the obtaining of all Governmental Approvals, the failure with which to comply could reasonably be expected to have a Material Adverse Effect, and (b) all terms and conditions of all Material Contracts to which it is a party.

63

---

### **Section 8.3. Maintenance of Property.**

In addition to the requirements of any of the other Loan Documents, the Parent and the Borrower shall, and shall cause each Subsidiary and other Loan Party to, (a) protect and preserve all of its material properties, including, but not limited to, all Intellectual Property, and maintain in good repair, working order and condition all tangible properties, ordinary wear and tear excepted, and (b) make or cause to be made all needed and appropriate repairs, renewals, replacements and additions to such properties, so that the business carried on in connection therewith may be properly and advantageously conducted at all times.

### **Section 8.4. Conduct of Business.**

The Parent and the Borrower shall, and shall cause their Subsidiaries and the other Loan Parties to carry on, their respective businesses as described in Section 7.1. (u).

### **Section 8.5. Insurance.**

In addition to the requirements of any of the other Loan Documents, the Parent and the Borrower shall, and shall cause each Subsidiary and other Loan Party to, maintain insurance (on a replacement cost basis) with financially sound and reputable insurance companies against such risks and in such amounts as is customarily maintained by Persons engaged in similar businesses or as may be required by Applicable Law, and from time to time deliver to the Agent upon its request a detailed list, together with copies of all policies of the insurance then in effect, stating the names of the insurance companies, the amounts and rates of the insurance, the dates of the expiration thereof and the properties and risks covered thereby.

### **Section 8.6. Payment of Taxes and Claims.**

The Parent and the Borrower shall, and shall cause each Subsidiary and other Loan Party to, pay and discharge when due (a) all taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits or upon any properties belonging to it, and (b) all lawful claims of materialmen, mechanics, carriers, warehousemen and landlords for labor, materials, supplies and rentals which, if unpaid, might become a Lien on any properties of such Person; provided, however, that this Section shall not require the payment or discharge of any such tax, assessment, charge, levy or claim which is being contested in good faith by appropriate proceedings which operate to suspend the collection thereof and for which adequate reserves have been established on the books of the Parent, the Borrower, such Subsidiary or such other Loan Party, as applicable, in accordance with GAAP.

### **Section 8.7. Visits and Inspections.**

The Parent and the Borrower shall, and shall cause each Subsidiary and other Loan Party to, permit representatives or agents of any Lender or the Agent, from time to time after reasonable prior notice if no Event of Default shall be in existence, as often as

64

---

may be reasonably requested, but only during normal business hours and at the expense of such Lender or the Agent (unless a Default or Event of Default shall exist, in which case the exercise by the Agent or such Lender of its rights under this Section shall be at the expense of the Borrower), as the case may be, to: (a) visit and inspect all properties of the Parent, the Borrower or such Subsidiary or other Loan Party to the extent any such right to visit or inspect is within the control of such Person; (b) inspect and make extracts from their respective books and records, including but not limited to management letters prepared by independent accountants; and (c) discuss with its officers and employees, and its independent accountants, its business, properties, condition (financial or otherwise), results of operations and performance. If requested by the Agent, the Parent shall execute an authorization letter addressed to its accountants authorizing the Agent or any Lender to discuss the financial affairs of the Parent and any Subsidiary or any other Loan Party with its accountants.

### **Section 8.8. Use of Proceeds; Letters of Credit.**

The Borrower shall use the proceeds of the Loans and the Letters of Credit for general corporate purposes only. No part of the proceeds of any Loan or Letter of Credit will be used for the purpose of buying or carrying "margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System or to extend credit to others for the purpose of purchasing or carrying any such margin stock.

### **Section 8.9. Environmental Matters.**

The Parent shall, and shall cause all of its Subsidiaries and the other Loan Parties to, comply with all Environmental Laws the failure with which to comply could reasonably be expected to have a Material Adverse Effect. If the Parent, the Borrower, any Subsidiary or any other Loan Party shall (a) receive notice that any violation of any Environmental Law may have been committed or is about to be committed by such Person, (b) receive notice that any administrative or judicial complaint or order has been filed or is about to be filed against the Parent, the Borrower, any Subsidiary or any other Loan Party alleging violations of any Environmental Law or requiring the Parent, the Borrower, any Subsidiary or any other Loan Party to take any action in connection with the release of Hazardous Materials or (c) receive any notice from a Governmental Authority or private party alleging that the Parent, the Borrower, any Subsidiary or any other Loan Party may be liable or responsible for costs associated with a response to or cleanup of a release of Hazardous Materials or any damages caused thereby, and such notices, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect, the Borrower shall provide the Agent with a copy of such notice promptly, and in any event within 10 Business Days, after the receipt thereof by the Parent, the Borrower, any Subsidiary or any other Loan Party. The Parent shall, and shall cause its Subsidiaries and the other Loan Parties to, take promptly all actions necessary to prevent the imposition of any Liens on any of their respective properties arising out of or related to any Environmental Laws.

65

---

### **Section 8.10. Books and Records.**

The Parent shall, and shall cause each of its Subsidiaries and the other Loan Parties to, maintain books and records pertaining to its respective business operations in such detail, form and scope as is consistent with good business practice and in accordance with GAAP.

### Section 8.11. Further Assurances.

The Parent and the Borrower shall, at the Borrower's cost and expense and upon request of the Agent, execute and deliver or cause to be executed and delivered, to the Agent such further instruments, documents and certificates, and do and cause to be done such further acts that may be reasonably necessary or advisable in the reasonable opinion of the Agent to carry out more effectively the provisions and purposes of this Agreement and the other Loan Documents.

### Section 8.12. New Subsidiaries/Guarantors.

(a) Requirement to Become Guarantor. Within 30 days of any Person (other than an Excluded Subsidiary) becoming a Material Subsidiary after the Effective Date, the Borrower shall deliver to the Agent an Accession Agreement executed by such Material Subsidiary; provided, however, promptly (and in any event within 30 days) upon any Excluded Subsidiary ceasing to be subject to the restriction which prevented it from becoming a Guarantor on the Effective Date or delivering an Accession Agreement pursuant to this Section, as the case may be, such Subsidiary shall comply with the provisions of this Section. The Borrower shall send each Lender a copy of such Accession Agreement.

(b) Other Guarantors. The Borrower may, at its option, cause any Subsidiary that is not already a Guarantor to become a Guarantor by executing and delivering to the Agent the items required to be delivered under the immediately preceding subsection (a).

(c) Release of a Guarantor. The Borrower may request in writing that the Agent release, and upon receipt of such request the Agent shall release, a Guarantor from the Guaranty so long as: (i) such Guarantor (x) meets, or will meet simultaneously with its release from the Guaranty, all of the provisions of the definition of the term "Excluded Subsidiary" or (y) has ceased to be, or simultaneously with its release from the Guaranty will cease to be, a Material Subsidiary; (ii) no Default or Event of Default shall then be in existence or would occur as a result of such release, including without limitation, a Default or Event of Default resulting from a violation of any of the covenants contained in Section 10.1.; and (iii) the Agent shall have received such written request at least 10 Business Days prior to the requested date of release. Delivery by the Borrower to the Agent of any such request shall constitute a representation by the Borrower that the matters set forth in the preceding sentence (both as of the date of the giving of such request and as of the date of the effectiveness of such request) are true and correct with respect to such request.

66

---

### Section 8.13. REIT Status.

The Parent shall at all times maintain its status as a REIT.

### Section 8.14. Exchange Listing.

The Parent shall maintain at least one class of common shares of the Parent having trading privileges on the New York Stock Exchange or the American Stock Exchange or which is the subject of price quotations in the over-the-counter market as reported by the National Association of Securities Dealers Automated Quotation System.

## ARTICLE IX. INFORMATION

For so long as this Agreement is in effect, unless the Requisite Lenders (or, if required pursuant to Section 13.6., all of the Lenders) shall otherwise consent in the manner set forth in Section 13.6., the Borrower and the Parent shall furnish to each Lender (or to the Agent if so provided below) at its Lending Office:

### Section 9.1. Quarterly Financial Statements.

As soon as available and in any event within 10 days after the same is required to be filed with the Securities and Exchange Commission (but in no event later than 55 days after the end of each of the first, second and third fiscal quarters of the Parent), the unaudited consolidated balance sheet of the Parent and its Subsidiaries as at the end of such period and the related unaudited consolidated statements of income, shareholders' equity and cash flows of the Parent and its Subsidiaries for such period, setting forth in each case in comparative form the figures as of the end of and for the corresponding periods of the previous fiscal year, all of which shall be certified by the chief financial officer or chief accounting officer of the Parent, in his or her opinion, to present fairly, in accordance with GAAP and in all material respects, the consolidated financial position of the Parent and its Subsidiaries as at the date thereof and the results of operations for such period (subject to normal year-end audit adjustments).

### Section 9.2. Year-End Statements.

As soon as available and in any event within 10 days after the same is required to be filed with the Securities and Exchange Commission (but in no event later than 100 days after the end of each fiscal year of the Parent) (including without limitation, the fiscal year ending December 31, 2003), the audited consolidated balance sheet of the Parent and its Subsidiaries as at the end of such fiscal year and the related audited consolidated statements of income, shareholders' equity and cash flows of the Parent and its Subsidiaries for such fiscal year, setting forth in comparative form the figures as at the end of and for the previous fiscal year, all of which shall be certified by (a) the chief financial officer or chief accounting officer of the Parent, in his or her opinion, to present fairly, in accordance with GAAP, the consolidated financial position of the Parent and its Subsidiaries as at the date thereof and the results of operations for such period and (b) independent certified public accountants of recognized national standing acceptable to

67

---

the Agent, whose certificate shall be unqualified and in scope and substance satisfactory to the Requisite Lenders.

### Section 9.3. Compliance Certificate.

At the time financial statements are furnished pursuant to Sections 9.1. and 9.2., and within 5 Business Days of the Agent's request with respect to any other fiscal period, a certificate substantially in the form of Exhibit J (a "Compliance Certificate") executed by the chief financial officer of each of the Parent and the Borrower: (a) setting forth in reasonable detail as at the end of such quarterly accounting period, fiscal year, or other fiscal period, as the case may be, the calculations required to establish whether or not the Parent and the Borrower were in compliance with the covenants contained in Sections 10.1., 10.2. and 10.4. (including without limitation, for the fiscal year ending December 31, 2003) and (b) stating that, to the best of such Person's knowledge, information and belief after due inquiry, no Default or Event of Default exists, or, if such is not the case, specifying such Default or Event of Default and its nature, when it occurred, whether it is continuing and the steps being taken by the Borrower with respect to such event, condition or failure. Together with each Compliance Certificate delivered in connection with quarterly or annual financial statements, the Borrower and the Parent shall deliver a report, in form and detail reasonably satisfactory to the Agent, setting forth a Statement of Funds From Operations for the fiscal period then ending.

### Section 9.4. Other Information.

(a) Management Reports. Promptly upon receipt thereof, copies of all management reports, if any, submitted to the Parent or its respective Boards of Trustees by its independent public accountants;

(b) Securities Filings. Within 5 Business Days of the filing thereof, copies of all registration statements (excluding the exhibits thereto (unless requested by the Agent) and any registration statements on Form S-8 or its equivalent), reports on Forms 10-K, 10-Q and 8-K (or their equivalents) and all other periodic or current reports which the Parent, the Borrower, any of their respective Subsidiaries or any other Loan Party shall file with the Securities and Exchange Commission (or any Governmental Authority substituted therefor) or any national securities exchange;

(c) Shareholder Information. Promptly upon the mailing thereof to the shareholders of the Parent generally, copies of all financial statements, reports and proxy statements so mailed and promptly upon the issuance thereof copies of all press releases issued by the Parent, the Borrower, any Subsidiary or any other Loan Party;

(d) ERISA. If and when any member of the ERISA Group (i) gives or is required to give notice to the PBGC of any "reportable event" (as defined in Section 4043 of ERISA) with respect to any Plan which might constitute grounds for a termination of such Plan under Title IV of ERISA, or knows that the plan administrator of any Plan has given or is required to give notice of any such reportable event, a copy of the notice of such reportable event given or required to be given to the PBGC; (ii) receives notice of

68

---

complete or partial withdrawal liability under Title IV of ERISA or notice that any Multiemployer Plan is in reorganization, is insolvent or has been terminated, a copy of such notice; (iii) receives notice from the PBGC under Title IV of ERISA of an intent to terminate, impose liability (other than for premiums under Section 4007 of ERISA) in respect of, or appoint a trustee to administer any Plan, a copy of such notice; (iv) applies for a waiver of the minimum funding standard under Section 412 of the Internal Revenue Code, a copy of such application; (v) gives notice of intent to terminate any Plan under Section 4041(c) of ERISA, a copy of such notice and other information filed with the PBGC; (vi) gives notice of withdrawal from any Plan pursuant to Section 4063 of ERISA, a copy of such notice; or (vii) fails to make any payment or contribution to any Plan or Multiemployer Plan or in respect of any Benefit Arrangement or makes any amendment to any Plan or Benefit Arrangement which has resulted or could result in the imposition of a Lien or the posting of a bond or other security, a certificate of the chief financial officer of the Borrower or the Parent, as applicable, setting forth details as to such occurrence and the action, if any, which the Parent, the Borrower or applicable member of the ERISA Group is required or proposes to take;

(e) Litigation. To the extent the Parent, the Borrower or any Subsidiary is aware of the same, prompt notice of the commencement of any proceeding or investigation by or before any Governmental Authority and any action or proceeding in any court or other tribunal or before any arbitrator against or in any other way relating adversely to, or adversely affecting, the Parent, the Borrower or any Subsidiary or any of their respective properties, assets or businesses which could reasonably be expected to have a Material Adverse Effect, and prompt notice of the receipt of notice that any United States income tax returns of the Parent, the Borrower or any Subsidiary are being audited;

(f) Modification of Organizational Documents. A copy of all amendments to the articles of incorporation, bylaws, partnership agreement, operating agreement or other similar organizational documents of the Parent, the Borrower or any other Loan Party adopted during any fiscal quarter within 30 Business Days after the end of such fiscal quarter;

(g) Change of Management or Financial Condition. Prompt notice of any change in the senior management of the Parent, the Borrower, any Subsidiary or any other Loan Party and any change in the business, assets, liabilities, financial condition, results of operations or business prospects of the Parent, the Borrower, any Subsidiary or any other Loan Party which has had or could reasonably be expected to have a Material Adverse Effect;

(h) Default. Notice of the occurrence of any of the following promptly upon a Responsible Officer of the Parent or the Borrower obtaining knowledge thereof: (i) any Default or Event of Default or (ii) any event which constitutes or which with the passage of time, the giving of notice, or otherwise, would constitute a default or event of default by the Parent, the Borrower, any Subsidiary or any other Loan Party under any Material Contract to which any such Person is a party or by which any such Person or any of its respective properties may be bound;

69

---

(i) Judgments. Prompt notice of any order, judgment or decree in excess of \$1,000,000 having been entered against the Parent, the Borrower, any Subsidiary or any other Loan Party of any of their respective properties or assets;

(j) Notice of Violations of Law. Prompt notice if the Parent, the Borrower, any Subsidiary or any other Loan Party shall receive any notification from any Governmental Authority alleging a violation of any Applicable Law or any inquiry which, in either case, could reasonably be expected to have a Material Adverse Effect;

(k) Material Subsidiary. Prompt notice of any Person becoming a Material Subsidiary;

(l) Material Asset Sales. Prompt notice of the sale, transfer or other disposition of, in one or a series of related transactions, assets constituting 10% or more of the Total Asset Value to any Person other than the Parent, the Borrower, any Subsidiary or any other Loan Party;

(m) Material Contracts. Promptly upon entering into any Material Contract after the Agreement Date, a copy to the Agent of such Material Contract;

(n) Borrowing Base Certificate. At the time the financial statements are furnished pursuant to Sections 9.1. and 9.2., or within 5 Business Days of request by the Agent, a Borrowing Base Certificate setting forth the information to be contained therein, as of the last day of such fiscal quarter. The Borrower shall also deliver a Borrowing Base Certificate as required pursuant to Section 4.2.(b);

(o) Rent Roll and Operating Summary. At the time the financial statements are furnished pursuant to Sections 9.1. and 9.2., or within 5 Business Days of request by the Agent, an operating summary with respect to each Borrowing Base Property, including without limitation, a quarterly and year-to-date statement of Net Operating Income and a leasing/occupancy status report together with a current rent roll for such Property; and

(p) Other Information. From time to time and promptly upon each request, such data, certificates, reports, statements, opinions of counsel, documents or further information regarding the business, assets, liabilities, financial condition, results of operations or business prospects of the Parent, the Borrower or any of their respective Subsidiaries as the Agent or any Lender may reasonably request.

#### ARTICLE X. NEGATIVE COVENANTS

For so long as this Agreement is in effect, unless the Requisite Lenders (or, if required pursuant to Section 13.6., all of the Lenders) shall otherwise consent in the manner set forth in Section 13.6., the Borrower and the Parent shall comply with the following covenants:

70

---

Neither the Parent nor the Borrower shall permit:

- (a) Maximum Leverage Ratio. The ratio of (i) Total Indebtedness to (ii) Total Asset Value, to exceed 0.60 to 1.0 at any time.
- (b) Minimum Interest Coverage Ratio. The ratio of (i) Adjusted EBITDA of the Parent and its Subsidiaries determined on a consolidated basis for the fiscal quarter of the Parent most recently ending to (ii) Interest Expense for such period, to be less than 1.85 to 1.00 at any time.
- (c) Minimum Fixed Charge Coverage Ratio. The ratio of (i) Adjusted EBITDA of the Parent and its Subsidiaries determined on a consolidated basis for the fiscal quarter of the Parent most recently ending to (ii) Fixed Charges for such period, to be less than 1.40 to 1.00 at any time.
- (d) Minimum Debt Service Ratio. The ratio of (i) Adjusted EBITDA of the Parent and its Subsidiaries determined on a consolidated basis for the fiscal quarter of the Parent most recently ending to (ii) Debt Service for such period, to be less than 1.75 to 1.00 any time.
- (e) Maximum Secured Indebtedness Ratio. The ratio of (i) Secured Indebtedness of the Parent and its Subsidiaries determined on a consolidated basis to (ii) Total Asset Value, to be greater than 0.55 to 1.00 at any time. In addition, neither the Parent nor the Borrower will permit the ratio of (x) Secured Indebtedness (other than Nonrecourse Indebtedness) of the Parent, the Borrower and the other Guarantors to (y) Total Asset Value, to be greater than 0.15 to 1.00 at any time.
- (f) Unencumbered Leverage Ratio. The ratio of (i) Unsecured Indebtedness of the Parent and its Subsidiaries to (ii) Unencumbered Asset Value, to be greater than 0.60 to 1.00 at the any time.
- (g) Minimum Unencumbered Interest Coverage Ratio. The ratio of (i) Unencumbered Adjusted NOI for the fiscal quarter of the Parent most recently ending to (ii) Unsecured Interest Expense for such period, to be less than 1.75 to 1.00 at any time.
- (h) Minimum Net Worth. Tangible Net Worth at any time to be less than (i) \$400,000,000 plus (ii) 75% of the Net Proceeds of all Equity Issuances effected by the Parent or any Subsidiary after the Effective Date.
- (i) Loan to Value Ratio. The ratio of (x) the principal amount of Secured Recourse Indebtedness secured by a Lien on a Stabilized Property to (y) the Value of such Stabilized Property to exceed 0.75 to 1.00 at any time. In addition, neither the Parent nor the Borrower will permit ratio of (A) the principal amount of Secured Recourse Indebtedness secured by a Lien on a Development Property to (B) the value

71

---

(based on cost determined in accordance with GAAP) of such Development Property to exceed 0.80 to 1.00 at any time.

- (j) Floating Rate Indebtedness. The ratio of (i) Floating Rate Indebtedness of the Parent and its Subsidiaries determined on a consolidated basis, together with the Parent's pro rata share of Floating Rate Debt of Unconsolidated Affiliates which is recourse to the Parent or any Subsidiary, to (ii) Total Indebtedness, to exceed 0.35 to 1.00 at any time.
- (k) Assets Owned by Borrower and Guarantors. The amount of Adjusted Total Asset Value attributable to assets directly owned by the Borrower and the Guarantors to be less than 95.0% of Adjusted Total Asset Value.
- (l) Borrowing Base Property Occupancy Rate. The aggregate weighted average Occupancy Rate of the Borrowing Base Properties to be less than 85%.
- (m) Minimum Number and Value of Borrowing Base Properties. The number of Borrowing Base Properties to be less than 8 or the aggregate Borrowing Base Values of the Borrowing Base Properties to be less than \$200,000,000.

#### **Section 10.2. Restricted Payments.**

The Parent and the Borrower shall not, and shall not permit any Subsidiary to, declare or make any Restricted Payment; provided, however, that the Parent, the Borrower and any Subsidiary may declare and make the following Restricted Payments so long as no Default or Event of Default would result therefrom:

- (a) the Parent may declare or make cash distributions to its shareholders during the period of four consecutive fiscal quarters most recently ending in an aggregate amount not to exceed the greater of (i) 95% of Funds From Operations of the Parent for such period or (ii) the amount required to be distributed for the Parent to remain in compliance with Section 8.13.;
- (b) the Parent may make cash distributions to its shareholders of capital gains resulting from gains from certain asset sales to the extent necessary to avoid payment of taxes on such asset sales imposed under Sections 857(b)(3) and 4981 of the Internal Revenue Code;
- (c) the Borrower or any Subsidiary may acquire the Equity Interests of a Subsidiary that is not a Wholly Owned Subsidiary;
- (d) a Subsidiary that is not a Wholly Owned Subsidiary may make cash distributions to holders of Equity Interests issued by such Subsidiary;
- (e) Subsidiaries may pay Restricted Payments to the Parent, the Borrower or any Subsidiary;

72

---

- (f) the Parent may repurchase outstanding Equity Interests of the Parent in an amount not to exceed \$50,000,000 in the aggregate during the term of this Agreement; and
- (g) the Parent may redeem Equity Interests consisting of Preferred Stock of the Parent through the issuance of Equity Interests of the Parent.

Notwithstanding the foregoing, but subject to the following sentence, if a Default or Event of Default exists, the Parent may only declare or make cash distributions to its shareholders during any fiscal year in an aggregate amount not to exceed the minimum amount necessary for the Parent to remain in compliance with Section 8.13. If a Default or Event of Default specified in Section 11.1.(f) or Section 11.1.(g) shall exist, or if as a result of the occurrence of any other Event of Default any of the Obligations have been accelerated pursuant to Section 11.2.(a), the Parent shall not, and shall not permit any Subsidiary to, make any Restricted Payments to any Person other than to the Parent or any Guarantor.

#### **Section 10.3. Indebtedness.**

The Parent and the Borrower shall not, and shall not permit any Subsidiary or any other Loan Party to, incur, assume, or otherwise become obligated in respect of

any Indebtedness after the Agreement Date if immediately prior to the assumption, incurring or becoming obligated in respect thereof, or immediately thereafter and after giving effect thereto, a Default or Event of Default is or would be in existence, including without limitation, a Default or Event of Default resulting from a violation of any of the covenants contained in Section 10.1.

#### **Section 10.4. Certain Permitted Investments.**

The Parent and the Borrower shall not, and shall not permit any Subsidiary to, make any Investment in or otherwise own the following items which would cause the aggregate value of such holdings of the Parent, the Borrower and such other Subsidiaries to exceed the applicable limits set forth below:

- (a) Investments in Unconsolidated Affiliates and other Persons that are not Subsidiaries, such that the aggregate value of such Investments (determined in a manner consistent with the definition of Total Asset Value or, if not contemplated under the definition of Total Asset Value, as determined in accordance with GAAP) exceeds 20% of Total Asset Value at any time;
- (b) raw land, such that the current book value of all raw land exceeds 10% of Total Asset Value.
- (c) real property under construction (other than real property which is at least 80% pre-leased) such that the aggregate Construction Budget for all such real property exceeds 15% of Total Asset Value at any time; and

73

---

- (d) Properties leased under ground leases by the Parent, the Borrower or any Subsidiary, as lessee, such that the current value (determined in accordance with the applicable provisions of the term "Total Asset Value") of such Properties exceeds 10.0% of Total Asset Value at any time.

In addition to the foregoing limitations, the aggregate value of all of the items subject to the limitations in the preceding clauses (a) through (d), without duplication, shall not exceed 35% of Total Asset Value at any time.

#### **Section 10.5. Investments Generally.**

The Parent and the Borrower shall not, and shall not permit any Subsidiary or other Loan Party to, directly or indirectly, acquire, make or purchase any Investment, or permit any Investment of such Person to be outstanding on and after the Agreement Date, other than the following:

- (a) Investments in Subsidiaries in existence on the Agreement Date and disclosed on Part I of Schedule 7.1.(b);
- (b) Investments to acquire Equity Interests of a Subsidiary or any other Person who after giving effect to such acquisition would be a Subsidiary, so long as in each case (i) immediately prior to such Investment, and after giving effect thereto, no Default or Event of Default is or would be in existence and (ii) if such Subsidiary is (or after giving effect to such Investment would become) a Material Subsidiary, and is not an Excluded Subsidiary, the terms and conditions set forth in Section 8.12. are satisfied;
- (c) Investments permitted under Section 10.4.;
- (d) Investments in Cash Equivalents;
- (e) intercompany Indebtedness among the Borrower and its Wholly Owned Subsidiaries provided that such Indebtedness is permitted by the terms of Section 10.3.;
- (f) loans and advances to officers and employees for moving, entertainment, travel and other similar expenses in the ordinary course of business consistent with past practices; and
- (g) any other Investment so long as immediately prior to making such Investment, and immediately thereafter and after giving effect thereto, no Default or Event of Default is or would be in existence.

#### **Section 10.6. Liens; Negative Pledges; Other Matters.**

- (a) The Parent and the Borrower shall not, and shall not permit any Subsidiary or other Loan Party to, create, assume, or incur any Lien (other than Permitted Liens) upon any of its properties, assets, income or profits of any character whether now owned or hereafter acquired if immediately prior to the creation, assumption or incurring of such

74

---

Lien, or immediately thereafter, a Default or Event of Default is or would be in existence, including without limitation, a Default or Event of Default resulting from a violation of any of the covenants contained in Section 10.1.

- (b) The Parent and the Borrower shall not, and shall not permit any Subsidiary or other Loan Party to, enter into, assume or otherwise be bound by any Negative Pledge on any Borrowing Base Property.

- (c) The Parent and the Borrower shall not, and shall not permit any Subsidiary or other Loan Party to, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or restriction of any kind on the ability of any Subsidiary (other than an Excluded Subsidiary) to: (i) pay dividends or make any other distribution on any of such Subsidiary's capital stock or other equity interests owned by the Parent or any Subsidiary; (ii) pay any Indebtedness owed to the Parent or any Subsidiary; (iii) make loans or advances to the Parent or any Subsidiary; or (iv) transfer any of its property or assets to the Parent or any Subsidiary.

#### **Section 10.7. Merger, Consolidation, Sales of Assets and Other Arrangements.**

The Parent and the Borrower shall not, and shall not permit any Subsidiary or other Loan Party to: (i) enter into any transaction of merger or consolidation; (ii) liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution); or (iii) convey, sell, lease, sublease, transfer or otherwise dispose of, in one transaction or a series of transactions, all or any substantial part of its business or assets, whether now owned or hereafter acquired; provided, however, that:

- (a) any of the actions described in the immediately preceding clauses (i) through (iii) may be taken with respect to any Subsidiary or any other Loan Party (other than the Parent or the Borrower) so long as immediately prior to the taking of such action, and immediately thereafter and after giving effect thereto, no Default or Event of Default is or would be in existence; notwithstanding the foregoing, any such Loan Party may enter into a transaction of merger pursuant to which such Loan Party is not the survivor of such merger only if (i) the Borrower shall have given the Agent and the Lenders at least 30 Business Days' prior written notice of such merger, such notice to include a certification to the effect that immediately after and after giving effect to such action, no Default or Event of Default is or would be in existence; (ii) within 5

Business Days of consummation of such merger, the survivor entity (if not already a Guarantor) shall have executed and delivered an assumption agreement in form and substance satisfactory to the Agent pursuant to which such survivor entity shall expressly assume all of the such Loan Party's Obligations under the Loan Documents to which it is a party; (iii) within 30 days of consummation of such merger, the survivor entity delivers to the Agent the following: (A) items of the type referred to in Sections 6.1.(a) (iv), (v), (ix) through (xii) and (xix) with respect to the survivor entity as in effect after consummation of such merger (if not previously delivered to the Agent and still in effect), (B) copies of all documents entered into by such Loan Party or the survivor entity to effectuate the consummation of such merger, including, but not limited to, articles of merger and the

plan of merger, (C) copies, certified by the Secretary or Assistant Secretary (or other individual performing similar functions) of such Loan Party or the survivor entity, of all corporate and shareholder action authorizing such merger and (D) copies of any filings with the Securities and Exchange Commission in connection with such merger; and (iv) such Loan Party and the survivor entity each takes such other action and delivers such other documents, instruments, opinions and agreements as the Agent may reasonably request;

(b) the Parent, the Borrower, the Subsidiaries and the other Loan Parties may lease and sublease their respective assets, as lessor or sublessor (as the case may be), in the ordinary course of their business;

(c) a Person may merge with and into the Borrower or the Parent so long as (i) the Borrower or the Parent, as the case may be, is the survivor of such merger, (ii) immediately prior to such merger, and immediately thereafter and after giving effect thereto, no Default or Event of Default is or would be in existence, (iii) the Borrower shall have given the Agent and the Lenders at least 30 Business Days' prior written notice of such merger, such notice to include a certification as to the matters described in the immediately preceding clause (ii) (except that in the case of the merger of a Subsidiary with and into the Borrower or the Parent such notice may be given no later 5 Business Days following the consummation of such merger);

(d) the Parent, the Borrower and each Subsidiary may sell, transfer or dispose of assets among themselves; provided, however, no Borrowing Base Property shall be transferred to any Guarantor unless the Agent has previously received the items that would have been required to be delivered under Sections 6.1.(a)(iv), (v), (ix) through (xii) and (xvii) with respect to such Guarantor had such Guarantor been a Guarantor on the Effective Date.

#### **Section 10.8. Fiscal Year.**

Neither the Parent nor the Borrower shall change its fiscal year from that in effect as of the Agreement Date.

#### **Section 10.9. Modifications to Material Contracts.**

The Parent and the Borrower shall not, and shall not permit any Subsidiary or other Loan Party to, enter into any amendment or modification to any Material Contract which could reasonably be expected to have a Material Adverse Effect.

#### **Section 10.10. Modifications of Organizational Documents.**

The Parent and the Borrower shall not, and shall not permit any Loan Party or other Subsidiary to, amend, supplement, restate or otherwise modify its articles or certificate of incorporation, by-laws, operating agreement, declaration of trust, partnership agreement or other applicable organizational document if such amendment,

supplement, restatement or other modification could reasonably be expected to have a Material Adverse Effect.

#### **Section 10.11. Transactions with Affiliates.**

The Parent and the Borrower shall not, and shall not permit any Subsidiary or any other Loan Party to, permit to exist or enter into, any transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate, except transactions in the ordinary course of and pursuant to the reasonable requirements of the business of the Parent or any of its Subsidiaries and upon fair and reasonable terms which are no less favorable to the Parent or such Subsidiary than would be obtained in a comparable arm's length transaction with a Person that is not an Affiliate.

#### **Section 10.12. ERISA Exemptions.**

The Parent and the Borrower shall not, and shall not permit any Subsidiary to, permit any of its respective assets to become or be deemed to be "plan assets" within the meaning of ERISA, the Internal Revenue Code and the respective regulations promulgated thereunder.

### **ARTICLE XI. DEFAULT**

#### **Section 11.1. Events of Default.**

Each of the following shall constitute an Event of Default, whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of Applicable Law or pursuant to any judgment or order of any Governmental Authority:

(a) Default in Payment of Principal. The Borrower shall fail to pay when due (whether upon demand, at maturity, by reason of acceleration or otherwise) the principal of any of the Loans, or any Reimbursement Obligation.

(b) Default in Payment of Interest and Other Obligations. The Borrower shall fail to pay when due any interest on any of the Loans or any of the other payment Obligations owing by the Borrower under this Agreement or any other Loan Document, or any other Loan Party shall fail to pay when due any payment Obligation owing by such other Loan Party under any Loan Document to which it is a party, and such failure shall continue for a period of 5 Business Days.

(c) Default in Performance. (i) The Parent or the Borrower shall fail to perform or observe any term, covenant, condition or agreement contained in Section 9.4.(h) or in Article X, or (ii) the Borrower or any other Loan Party shall fail to perform or observe any term, covenant, condition or agreement contained in this Agreement or any other Loan Document to which it is a party and not otherwise mentioned in this Section and in the case of this clause (ii) only such failure shall continue for a period of 30 days after the earlier of (x) the date upon which a Responsible

Officer of the Borrower or such Loan Party obtains knowledge of such failure or (y) the date upon which the Borrower has received written notice of such failure from the Agent.

(d) Misrepresentations. Any written statement, representation or warranty made or deemed made by or on behalf of the Parent, the Borrower or any other Loan Party under this Agreement or under any other Loan Document, or any amendment hereto or thereto, or in any other writing or statement at any time furnished or made or deemed made by or on behalf of the Borrower or any other Loan Party to the Agent or any Lender, shall at any time prove to have been incorrect or misleading, in light of the circumstances in which made or deemed made, in any material respect when furnished or made or deemed made.

(c) Indebtedness Cross-Default; Derivatives Contracts.

(i) The Parent, the Borrower or any Subsidiary or any other Loan Party shall fail to pay when due and payable the principal of, or interest on, any Indebtedness (other than the Loans) having an aggregate outstanding principal amount of \$10,000,000 or more (or \$20,000,000 or more in the case of Nonrecourse Indebtedness) ("Material Indebtedness"); or

(ii) (x) the maturity of any Material Indebtedness shall have been accelerated in accordance with the provisions of any indenture, contract or instrument evidencing, providing for the creation of or otherwise concerning such Material Indebtedness or (y) any Material Indebtedness shall have been required to be prepaid or repurchased prior to the stated maturity thereof;

(iii) any other event shall have occurred and be continuing which, with or without the passage of time, the giving of notice, or both, would permit any holder or holders of Material Indebtedness, any trustee or agent acting on behalf of such holder or holders or any other Person, to accelerate the maturity of any such Material Indebtedness or require any such Material Indebtedness to be prepaid or repurchased prior to its stated maturity; or

(iv) there occurs under any Derivatives Contract an Early Termination Date (as defined in such Derivatives Contract) resulting from (A) any event of default under such Derivatives Contract as to which any Loan Party is the Defaulting Party (as defined in such Derivatives Contract) or (B) any Termination Event (as so defined) under such Derivatives Contract as to which any Loan Party is an Affected Party (as so defined) and, in either event, the Derivatives Termination Value owed by any Loan Party as a result thereof is \$20,000,000 or more.

(f) Voluntary Bankruptcy Proceeding. The Parent, the Borrower, any other Loan Party or any Material Subsidiary shall: (i) commence a voluntary case under the Bankruptcy Code of 1978, as amended, or other federal bankruptcy laws (as now or hereafter in effect); (ii) file a petition seeking to take advantage of any other Applicable

78

---

Laws, domestic or foreign, relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts; (iii) consent to, or fail to contest in a timely and appropriate manner, any petition filed against it in an involuntary case under such bankruptcy laws or other Applicable Laws or consent to any proceeding or action described in the immediately following subsection; (iv) apply for or consent to, or fail to contest in a timely and appropriate manner, the appointment of, or the taking of possession by, a receiver, custodian, trustee, or liquidator of itself or of a substantial part of its property, domestic or foreign; (v) admit in writing its inability to pay its debts as they become due; (vi) make a general assignment for the benefit of creditors; (vii) make a conveyance fraudulent as to creditors under any Applicable Law; or (viii) take any corporate or partnership action for the purpose of effecting any of the foregoing.

(g) Involuntary Bankruptcy Proceeding. A case or other proceeding shall be commenced against the Parent, the Borrower, any other Loan Party or any Material Subsidiary of the Parent or the Borrower in any court of competent jurisdiction seeking: (i) relief under the Bankruptcy Code of 1978, as amended, or other federal bankruptcy laws (as now or hereafter in effect) or under any other Applicable Laws, domestic or foreign, relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts; or (ii) the appointment of a trustee, receiver, custodian, liquidator or the like of such Person, or of all or any substantial part of the assets, domestic or foreign, of such Person, and such case or proceeding shall continue undismissed or unstayed for a period of 60 consecutive calendar days, or an order granting the remedy or other relief requested in such case or proceeding against the Parent, the Borrower, such Subsidiary or such other Loan Party (including, but not limited to, an order for relief under such Bankruptcy Code or such other federal bankruptcy laws) shall be entered.

(h) Litigation; Enforceability. The Parent, the Borrower, any Subsidiary or any other Loan Party shall disavow, revoke or terminate (or attempt to terminate) any Loan Document to which it is a party or shall otherwise challenge or contest in any action, suit or proceeding in any court or before any Governmental Authority the validity or enforceability of this Agreement, any Note or any other Loan Document or this Agreement, any Note, the Guaranty or any other Loan Document shall cease to be in full force and effect (except as a result of the express terms thereof).

(i) Judgment. A judgment or order for the payment of money or for an injunction shall be entered against the Parent, the Borrower, any Subsidiary or any other Loan Party, by any court or other tribunal and (i) such judgment or order shall continue for a period of 30 days without being paid, stayed or dismissed through appropriate appellate proceedings and (ii) either (A) the amount of such judgment or order for which insurance has not been acknowledged in writing by the applicable insurance carrier (or the amount as to which the insurer has denied liability) exceeds, individually or together with all other such outstanding judgments or orders \$10,000,000 (or \$20,000,000 in the case of any Subsidiary that is not a Loan Party) or (y) (B) in the case of an injunction or other non-monetary judgment, such judgment could reasonably be expected to have a Material Adverse Effect.

79

---

(j) Attachment. A warrant, writ of attachment, execution or similar process shall be issued against any property of the Parent, the Borrower, any Subsidiary of the Parent or the Borrower or any other Loan Party which exceeds, individually or together with all other such warrants, writs, executions and processes, \$10,000,000 (or \$20,000,000 in the case of any Subsidiary that is not a Loan Party) in amount and such warrant, writ, execution or process shall not be discharged, vacated, stayed or bonded for a period of 30 days; provided, however, that if a bond has been issued in favor of the claimant or other Person obtaining such warrant, writ, execution or process, the issuer of such bond shall execute a waiver or subordination agreement in form and substance satisfactory to the Agent pursuant to which the issuer of such bond subordinates its right of reimbursement, contribution or subrogation to the Obligations and waives or subordinates any Lien it may have on the assets of any Loan Party.

(k) ERISA. Any member of the ERISA Group shall fail to pay when due an amount or amounts aggregating in excess of \$10,000,000 which it shall have become liable to pay under Title IV of ERISA; or notice of intent to terminate a Plan or Plans having aggregate Unfunded Liabilities in excess of \$10,000,000 shall be filed under Title IV of ERISA by any member of the ERISA Group, any plan administrator or any combination of the foregoing; or the PBGC shall institute proceedings under Title IV of ERISA to terminate, to impose liability (other than for premiums under Section 4007 of ERISA) in respect of, or to cause a trustee to be appointed to administer, any Plan or Plans having aggregate Unfunded Liabilities in excess of \$10,000,000; or a condition shall exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that any such Plan must be terminated; or there shall occur a complete or partial withdrawal from, or a default, within the meaning of Section 4219(c)(5) of ERISA, with respect to, one or more Multiemployer Plans which could cause one or more members of the ERISA Group to incur a current payment obligation in excess of \$10,000,000.

(l) Loan Documents. An Event of Default (as defined therein) shall occur under any of the other Loan Documents.

(m) Change of Control/Change in Management.

(i) Any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange



Act”), is or becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a Person will be deemed to have “beneficial ownership” of all securities that such Person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 25% of the total voting power of the then outstanding voting stock of the Parent;

(ii) During any period of 12 consecutive months ending after the Agreement Date, individuals who at the beginning of any such 12-month period constituted the Board of Trustees of the Parent (together with any new trustees whose election by such Board or whose nomination for election by the

---

shareholders of the Parent was approved by a vote of a majority of the trustees then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Trustees of the Parent then in office; or

(iii) Parent, or any Wholly Owned Subsidiary of the Parent, shall cease for any reason to be the general partner of the Borrower.

### Section 11.2. Remedies Upon Event of Default.

Upon the occurrence of an Event of Default the following provisions shall apply:

(a) Acceleration; Termination of Facilities.

(i) Automatic. Upon the occurrence of an Event of Default specified in Sections 11.1.(f) or 11.1.(g), (A)(i) the principal of, and all accrued interest on, the Loans and the Notes at the time outstanding, (ii) an amount equal to the Stated Amount of all Letters of Credit outstanding as of the date of the occurrence of such Event of Default and (iii) all of the other Obligations of the Borrower, including, but not limited to, the other amounts owed to the Lenders, the Swingline Lender and the Agent under this Agreement, the Notes or any of the other Loan Documents shall become immediately and automatically due and payable by the Borrower without presentment, demand, protest, or other notice of any kind, all of which are expressly waived by the Borrower and (B) all of the Commitments, the obligation of the Lenders to make Revolving Loans, the Swingline Commitment, the obligation of the Swingline Lender to make Swingline Loans, and the obligation of the Agent to issue Letters of Credit hereunder, shall all immediately and automatically terminate.

(ii) Optional. If any other Event of Default shall exist, the Agent shall, at the direction of the Requisite Lenders: (A) declare (1) the principal of, and accrued interest on, the Loans and the Notes at the time outstanding, (2) an amount equal to the Stated Amount of all Letters of Credit outstanding as of the date of the occurrence of such other Event of Default and (3) all of the other Obligations, including, but not limited to, the other amounts owed to the Lenders and the Agent under this Agreement, the Notes or any of the other Loan Documents to be forthwith due and payable, whereupon the same shall immediately become due and payable without presentment, demand, protest or other notice of any kind, all of which are expressly waived by the Borrower and (B) terminate the Commitments and the obligation of the Lenders to make Loans hereunder and the obligation of the Agent to issue Letters of Credit hereunder. Further, if the Agent has exercised any of the rights provided under the preceding sentence, the Swingline Lender shall: (x) declare the principal of, and accrued interest on, the Swingline Loans and the Swingline Note at the time outstanding, and all of the other Obligations owing to the Swingline Lender, to be forthwith due and payable, whereupon the same shall immediately become due and payable

---

without presentment, demand, protest or other notice of any kind, all of which are expressly waived by the Borrower and (y) terminate the Swingline Commitment and the obligation of the Swingline Lender to make Swingline Loans.

(b) Loan Documents. The Requisite Lenders may direct the Agent to, and the Agent if so directed shall, exercise any and all of its rights under any and all of the other Loan Documents.

(c) Applicable Law. The Requisite Lenders may direct the Agent to, and the Agent if so directed shall, exercise all other rights and remedies it may have under any Applicable Law.

(d) Appointment of Receiver. To the extent permitted by Applicable Law, the Agent and the Lenders shall be entitled to the appointment of a receiver for the assets and properties of the Parent, the Borrower and their respective Subsidiaries, without notice of any kind whatsoever and without regard to the adequacy of any security for the Obligations or the solvency of any party bound for its payment, to take possession of all or any portion of the business operations of the Parent, the Borrower and their respective Subsidiaries and to exercise such power as the court shall confer upon such receiver.

### Section 11.3. Remedies Upon Default.

Upon the occurrence of a Default specified in Sections 11.1.(f) or 11.1.(g), the Commitments shall immediately and automatically terminate.

### Section 11.4. Allocation of Proceeds.

If an Event of Default shall exist and maturity of any of the Obligations has been accelerated, all payments received by the Agent under any of the Loan Documents, in respect of any principal of or interest on the Obligations or any other amounts payable by the Borrower hereunder or thereunder, shall be applied in the following order and priority:

- (a) amounts due to the Agent in respect of fees and expenses due under Section 13.2.;
- (b) amounts due to the Lenders in respect of fees and expenses due under Section 13.2., pro rata in the amount then due each Lender;
- (c) payments of interest on Swingline Loans;
- (d) payments of interest on all other Loans and Reimbursement Obligations, to be applied for the ratable benefit of the Lenders;
- (e) payments of principal of Swingline Loans;

---

(f) payments of principal of all other Loans, Reimbursement Obligations and other Letter of Credit Liabilities, to be applied for the ratable benefit of the Lenders; provided, however, to the extent that any amounts available for distribution pursuant to this subsection are attributable to the issued but undrawn amount of an outstanding Letters of Credit, such amounts shall be paid to the Agent for deposit into the Collateral Account);

- (g) amounts due the Agent and the Lenders pursuant to Sections 12.7. and 13.9.;
- (h) payments of all other Obligations and other amounts due and owing by the Borrower and the other Loan Parties under any of the Loan Documents, if any, to be applied for the ratable benefit of the Lenders; and
- (i) any amount remaining after application as provided above, shall be paid to the Borrower or whomever else may be legally entitled thereto.

#### **Section 11.5. Collateral Account.**

(a) As collateral security for the prompt payment in full when due of all Letter of Credit Liabilities and the other Obligations, the Borrower hereby pledges and grants to the Agent, for the ratable benefit of the Agent and the Lenders as provided herein, a security interest in all of its right, title and interest in and to the Collateral Account and the balances from time to time in the Collateral Account (including the investments and reinvestments therein provided for below). The balances from time to time in the Collateral Account shall not constitute payment of any Letter of Credit Liabilities until applied by the Agent as provided herein. Anything in this Agreement to the contrary notwithstanding, funds held in the Collateral Account shall be subject to withdrawal only as provided in this Section.

(b) Amounts on deposit in the Collateral Account shall be invested and reinvested by the Agent in such Cash Equivalents as the Agent shall determine in its sole discretion. All such investments and reinvestments shall be held in the name of and be under the sole dominion and control of the Agent for the ratable benefit of the Lenders. The Agent shall exercise reasonable care in the custody and preservation of any funds held in the Collateral Account and shall be deemed to have exercised such care if such funds are accorded treatment substantially equivalent to that which the Agent accords other funds deposited with the Agent, it being understood that the Agent shall not have any responsibility for taking any necessary steps to preserve rights against any parties with respect to any funds held in the Collateral Account.

(c) If a drawing pursuant to any Letter of Credit occurs on or prior to the expiration date of such Letter of Credit, the Borrower and the Lenders authorize the Agent to use the monies deposited in the Collateral Account to make payment to the beneficiary with respect to such drawing or the payee with respect to such presentment.

83

---

(d) If an Event of Default exists, the Requisite Lenders may, in their discretion, at any time and from time to time, instruct the Agent to liquidate any such investments and reinvestments and apply proceeds thereof to the Obligations in accordance with Section 11.4.

(e) So long as no Default or Event of Default exists, and to the extent amounts on deposit in the Collateral Account exceed the aggregate amount of the Letter of Credit Liabilities, the Agent shall, from time to time, at the request of the Borrower, deliver to the Borrower within 10 Business Days after the Agent's receipt of such request from the Borrower, against receipt but without any recourse, warranty or representation whatsoever, such of the balances in the Collateral Account as exceed the aggregate amount of Letter of Credit Liabilities at such time.

(f) The Borrower shall pay to the Agent from time to time such fees as the Agent normally charges for similar services in connection with the Agent's administration of the Collateral Account and investments and reinvestments of funds therein.

#### **Section 11.6. Performance by Agent.**

If the Parent or the Borrower shall fail to perform any covenant, duty or agreement contained in any of the Loan Documents, and such failure has continued after the expiration of any cure or grace period set forth herein, the Agent may, after notice to the Parent or the Borrower, perform or attempt to perform such covenant, duty or agreement on behalf of the Parent or the Borrower. In such event, the Borrower shall, at the request of the Agent, promptly pay any amount reasonably expended by the Agent in such performance or attempted performance to the Agent, together with interest thereon at the applicable Post-Default Rate from the date of such expenditure until paid. Notwithstanding the foregoing, neither the Agent nor any Lender shall have any liability or responsibility whatsoever for the performance of any obligation of the Borrower under this Agreement or any other Loan Document.

#### **Section 11.7. Rights Cumulative.**

The rights and remedies of the Agent and the Lenders under this Agreement and each of the other Loan Documents shall be cumulative and not exclusive of any rights or remedies which any of them may otherwise have under Applicable Law. In exercising their respective rights and remedies the Agent and the Lenders may be selective and no failure or delay by the Agent or any of the Lenders in exercising any right shall operate as a waiver of it, nor shall any single or partial exercise of any power or right preclude its other or further exercise or the exercise of any other power or right.

84

---

### **ARTICLE XII. THE AGENT**

#### **Section 12.1. Authorization and Action.**

Each Lender hereby appoints and authorizes the Agent to take such action as contractual representative on such Lender's behalf and to exercise such powers under this Agreement and the other Loan Documents as are specifically delegated to the Agent by the terms hereof and thereof, together with such powers as are reasonably incidental thereto. Not in limitation of the foregoing, each Lender authorizes and directs the Agent to enter into the Loan Documents for the benefit of the Lenders. Each Lender hereby agrees that, except as otherwise set forth herein, any action taken by the Requisite Lenders in accordance with the provisions of this Agreement or the Loan Documents, and the exercise by the Requisite Lenders of the powers set forth herein or therein, together with such other powers as are reasonably incidental thereto, shall be authorized and binding upon all of the Lenders. Nothing herein shall be construed to deem the Agent a trustee or fiduciary for any Lender nor to impose on the Agent duties or obligations other than those expressly provided for herein. At the request of a Lender, the Agent will forward to such Lender copies or, where appropriate, originals of the documents delivered to the Agent pursuant to this Agreement or the other Loan Documents. The Agent will also furnish to any Lender, upon the request of such Lender, a copy of any certificate or notice furnished to the Agent by the Borrower, any Loan Party or any other Affiliate of the Borrower, pursuant to this Agreement or any other Loan Document not already delivered to such Lender pursuant to the terms of this Agreement or any such other Loan Document. As to any matters not expressly provided for by the Loan Documents (including, without limitation, enforcement or collection of any of the Obligations), the Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Requisite Lenders (or all of the Lenders if explicitly required under any other provision of this Agreement), and such instructions shall be binding upon all Lenders and all holders of any of the Obligations; provided, however, that, notwithstanding anything in this Agreement to the contrary, the Agent shall not be required to take any action which exposes the Agent to personal liability or which is contrary to this Agreement or any other Loan Document or Applicable Law. Not in limitation of the foregoing, the Agent shall not exercise any right or remedy it or the Lenders may have under any Loan Document upon the occurrence of a Default or an Event of Default unless the Requisite Lenders have so directed the Agent to exercise such right or remedy.

#### **Section 12.2. Agent's Reliance, Etc.**

Notwithstanding any other provisions of this Agreement or any other Loan Documents, neither the Agent nor any of its directors, officers, agents, employees or

counsel shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement or any other Loan Document, except for its or their own gross negligence or willful misconduct as determined by a court of competent jurisdiction in a final, non-appealable judgment. Without limiting the generality of the foregoing, the Agent: (a) may treat the payee of any Note as the holder thereof until the

Agent receives written notice of the assignment or transfer thereof signed by such payee and in form satisfactory to the Agent; (b) may consult with legal counsel (including its own counsel or counsel for the Borrower or any other Loan Party), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (c) makes no warranty or representation to any Lender or any other Person and shall not be responsible to any Lender or any other Person for any statements, warranties or representations made by any Person in or in connection with this Agreement or any other Loan Document; (d) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of any of this Agreement or any other Loan Document or the satisfaction of any conditions precedent under this Agreement or any Loan Document on the part of the Borrower or other Persons or inspect the property, books or records of the Borrower or any other Person; (e) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other Loan Document, any other instrument or document furnished pursuant thereto or any collateral covered thereby or the perfection or priority of any Lien in favor of the Agent on behalf of the Lenders in any such collateral; and (f) shall incur no liability under or in respect of this Agreement or any other Loan Document by acting upon any notice, consent, certificate or other instrument or writing (which may be by telephone or telecopy) believed by it to be genuine and signed, sent or given by the proper party or parties.

### **Section 12.3. Notice of Defaults.**

The Agent shall not be deemed to have knowledge or notice of the occurrence of a Default or Event of Default unless the Agent has received notice from a Lender, the Parent or the Borrower referring to this Agreement, describing with reasonable specificity such Default or Event of Default and stating that such notice is a "notice of default." If any Lender (excluding the Lender which is also serving as the Agent) becomes aware of any Default or Event of Default, it shall promptly send to the Agent such a "notice of default." Further, if the Agent receives such a "notice of default", the Agent shall give prompt notice thereof to the Lenders.

### **Section 12.4. Wachovia as Lender.**

Wachovia, as a Lender, shall have the same rights and powers under this Agreement and any other Loan Document as any other Lender and may exercise the same as though it were not the Agent; and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated, include Wachovia in each case in its individual capacity. Wachovia and its affiliates may each accept deposits from, maintain deposits or credit balances for, invest in, lend money to, act as trustee under indentures of, serve as financial advisor to, and generally engage in any kind of business with, the Parent, the Borrower, any other Loan Party or any other affiliate thereof as if it were any other bank and without any duty to account therefor to the other Lenders. Further, the Agent and any affiliate may accept fees and other consideration from the Parent or the Borrower for services in connection with this Agreement and otherwise without having to account for

the same to the other Lenders. The Lenders acknowledge that, pursuant to such activities, Wachovia or its affiliates may receive information regarding the Parent, the Borrower, other Loan Parties, other Subsidiaries and other Affiliates (including information that may be subject to confidentiality obligations in favor of such Person) and acknowledge that the Agent shall be under no obligation to provide such information to them.

### **Section 12.5. Approvals of Lenders.**

All communications from the Agent to any Lender requesting such Lender's determination, consent, approval or disapproval (a) shall be given in the form of a written notice to such Lender, (b) shall be accompanied by a description of the matter or issue as to which such determination, approval, consent or disapproval is requested, or shall advise such Lender where information, if any, regarding such matter or issue may be inspected, or shall otherwise describe the matter or issue to be resolved, (c) shall include, if reasonably requested by such Lender and to the extent not previously provided to such Lender, written materials and a summary of all oral information provided to the Agent by the Parent and the Borrower in respect of the matter or issue to be resolved, and (d) shall include the Agent's recommended course of action or determination in respect thereof. Each Lender shall reply promptly, but in any event within 10 Business Days (or such lesser or greater period as may be specifically required under the Loan Documents) of receipt of such communication. Except as otherwise provided in this Agreement, unless a Lender shall give written notice to the Agent that it specifically objects to the recommendation or determination of the Agent (together with a written explanation of the reasons behind such objection) within the applicable time period for reply (which shall be no less than 10 Business Days), such Lender shall be deemed to have conclusively approved of or consented to such recommendation or determination.

### **Section 12.6. Lender Credit Decision, Etc.**

Each Lender expressly acknowledges and agrees that neither the Agent nor any of its officers, directors, employees, agents, counsel, attorneys-in-fact or other affiliates has made any representations or warranties as to the financial condition, operations, creditworthiness, solvency or other information concerning the business or affairs of the Borrower, any other Loan Party, any Subsidiary or any other Person to such Lender and that no act by the Agent hereafter taken, including any review of the affairs of the Parent, the Borrower, any other Loan Party or any other Subsidiary of the Parent or the Borrower, shall be deemed to constitute any such representation or warranty by the Agent to any Lender. Each Lender acknowledges that it has made its own credit and legal analysis and decision to enter into this Agreement and the transactions contemplated hereby, independently and without reliance upon the Agent, any other Lender or counsel to the Agent, or any of their respective officers, directors, employees and agents, and based on the financial statements of the Parent, the Borrower, the Subsidiaries or any other Affiliate thereof, and inquiries of such Persons, its independent due diligence of the business and affairs of the Borrower, the Loan Parties, the Subsidiaries of the Parent and the Borrower and other Persons, its review of the Loan Documents, the legal opinions required to be delivered to it hereunder, the advice of its own counsel and such other

documents and information as it has deemed appropriate. Each Lender also acknowledges that it will, independently and without reliance upon the Agent, any other Lender or counsel to the Agent or any of their respective officers, directors, employees and agents, and based on such review, advice, documents and information as it shall deem appropriate at the time, continue to make its own decisions in taking or not taking action under the Loan Documents. Except for notices, reports and other documents and information expressly required to be furnished to the Lenders by the Agent under this Agreement or any of the other Loan Documents, the Agent shall have no duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, financial and other condition or creditworthiness of the Borrower, any other Loan Party or any other Affiliate thereof which may come into possession of the Agent, or any of its officers, directors, employees, agents, attorneys-in-fact or other affiliates. Each Lender acknowledges that the Agent's legal counsel in connection with the transactions contemplated by this Agreement is only acting as counsel to the Agent and is not acting as counsel to such Lender.

### **Section 12.7. Indemnification of Agent.**

Each Lender agrees to indemnify the Agent (to the extent not reimbursed by the Borrower and without limiting the obligation of the Borrower to do so) pro rata in accordance with such Lender's respective Commitment Percentage, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may at any time be imposed on, incurred by, or asserted against the Agent (in its capacity as Agent but not as a Lender) in any way relating to or arising out of the Loan Documents, any transaction contemplated hereby or thereby or any action taken or omitted by the Agent

under the Loan Documents (collectively, "Indemnifiable Amounts"); provided, however, that no Lender shall be liable for any portion of such Indemnifiable Amounts to the extent resulting from the Agent's gross negligence or willful misconduct as determined by a court of competent jurisdiction in a final, non-appealable judgment or if the Agent fails to follow the written direction of the Requisite Lenders (or all of the Lenders if expressly required hereunder) unless such failure results from the Agent following the advice of counsel to the Agent of which advice the Lenders have received notice. Without limiting the generality of the foregoing but subject to the preceding proviso, each Lender agrees to reimburse the Agent (to the extent not reimbursed by the Borrower and without limiting the obligation of the Borrower to do so), promptly upon demand for its ratable share of any out-of-pocket expenses (including counsel fees of the counsel(s) of the Agent's own choosing) incurred by the Agent in connection with the preparation, negotiation, execution, or enforcement of, or legal advice with respect to the rights or responsibilities of the parties under, the Loan Documents, any suit or action brought by the Agent to enforce the terms of the Loan Documents and/or collect any Obligations, any "lender liability" suit or claim brought against the Agent and/or the Lenders, and any claim or suit brought against the Agent, and/or the Lenders arising under any Environmental Laws. Such out-of-pocket expenses (including counsel fees) shall be advanced by the Lenders on the request of the Agent notwithstanding any claim or assertion that the Agent is not entitled to indemnification hereunder upon receipt of an undertaking by the Agent that the Agent will reimburse the Lenders if it is actually and finally determined by a

---

court of competent jurisdiction that the Agent is not so entitled to indemnification. The agreements in this Section shall survive the payment of the Loans and all other amounts payable hereunder or under the other Loan Documents and the termination of this Agreement. If the Borrower shall reimburse the Agent for any Indemnifiable Amount following payment by any Lender to the Agent in respect of such Indemnifiable Amount pursuant to this Section, the Agent shall share such reimbursement on a ratable basis with each Lender making any such payment.

#### **Section 12.8. Successor Agent.**

The Agent may resign at any time as Agent under the Loan Documents by giving written notice thereof to the Lenders and the Borrower. The Agent may be removed as Agent under the Loan Documents for gross negligence or willful misconduct upon 30-day's prior written notice by all Lenders (other than the Lender then acting as Agent). Upon any such resignation or removal, the Requisite Lenders shall have the right to appoint a successor Agent which appointment shall, provided no Default or Event of Default exists, be subject to the Borrower's approval, which approval shall not be unreasonably withheld or delayed (except that the Borrower shall, in all events, be deemed to have approved each Lender and its affiliates as a successor Agent). If no successor Agent shall have been so appointed in accordance with the immediately preceding sentence, and shall have accepted such appointment, within 30 days after the resigning Agent's giving of notice of resignation or the giving of notice of the removal of the Agent, then the resigning or removed Agent may, on behalf of the Lenders, appoint a successor Agent, which shall be a Lender, if any Lender shall be willing to serve, and otherwise shall be a commercial bank having total combined assets of at least \$50,000,000,000; provided, the resigning or removed Agent shall continue to serve as Agent until such time as a successor Agent shall have accepted such appointment. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under the Loan Documents; provided, however, such retiring Agent shall not be relieved from any obligations arising prior to its discharge the extent resulting from the Agent's gross negligence or willful misconduct as determined by a court of competent jurisdiction in a final, non-appealable judgment or from the failure by the Agent to follow the written direction of the Requisite Lenders (or all of the Lenders if expressly required hereunder) unless such failure results from the Agent following the advice of counsel to the Agent of which advice the Lenders have received notice. Such successor Agent shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or shall make other arrangements satisfactory to the current Agent, in either case, to assume effectively the obligations of the current Agent with respect to such Letters of Credit. After any Agent's resignation or removal hereunder as Agent, the provisions of this Article XII. shall continue to inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under the Loan Documents.

---

#### **Section 12.9. Titled Agents.**

Each of the Titled Agents in each such respective capacity, assumes no responsibility or obligation hereunder, including, without limitation, for servicing, enforcement or collection of any of the Loans, nor any duties as an agent hereunder for the Lenders. The titles of "Arranger", "Syndication Agent" and "Documentation Agent" are solely honorific and imply no fiduciary responsibility on the part of the Titled Agents to the Agent, the Borrower or any Lender and the use of such titles does not impose on the Titled Agents any duties or obligations greater than those of any other Lender or entitle the Titled Agents to any rights other than those to which any other Lender is entitled.

### **ARTICLE XIII. MISCELLANEOUS**

#### **Section 13.1. Notices.**

Unless otherwise provided herein, communications provided for hereunder shall be in writing and shall be mailed, telecopied or delivered as follows:

If to the Parent:

Corporate Office Properties Trust  
8815 Centre Park Drive, Suite 400  
Columbia, Maryland 21045  
Attention: General Counsel  
Telephone Number: (410) 730-9092  
Telecopy Number: (410) 740-1174

If to the Borrower:

Corporate Office Properties, L.P.  
8815 Centre Park Drive, Suite 400  
Columbia, Maryland 21045  
Attention: General Counsel  
Telephone Number: (410) 730-9092  
Telecopy Number: (410) 740-1174

---

If to the Agent:

Wachovia Bank, National Association

301 S. College St., NC0172  
Charlotte, North Carolina 28288  
Attn: Rex E. Rudy  
Telephone: (704) 383-6506  
Telecopy: (704) 383-6205

If to a Lender:

To such Lender's address or telecopy number, as applicable, set forth on its signature page hereto or in the applicable Assignment and Acceptance Agreement;

or, as to each party at such other address as shall be designated by such party in a written notice to the other parties delivered in compliance with this Section. All such notices and other communications shall be effective (i) if mailed, when received; (ii) if telecopied, when transmitted; or (iii) if hand delivered or sent by overnight courier, when delivered. Notwithstanding the immediately preceding sentence, all notices or communications to the Agent or any Lender under Article II. shall be effective only when actually received or when receipt is refused. Neither the Agent nor any Lender shall incur any liability to the Borrower (nor shall the Agent incur any liability to the Lenders) for acting upon any telephonic notice referred to in this Agreement which the Agent or such Lender, as the case may be, believes in good faith to have been given by a Person authorized to deliver such notice or for otherwise acting in good faith hereunder. Failure of a Person designated to get a copy of a notice to receive such copy shall not affect the validity of notice properly given to any other Person.

### **Section 13.2. Expenses.**

The Borrower agrees (a) to pay or reimburse the Agent for all of its reasonable out-of-pocket costs and expenses incurred in connection with the preparation, negotiation and execution of, and any amendment, supplement or modification to, any of the Loan Documents (including due diligence expenses and travel expenses relating to closing), and the consummation and administration of the transactions contemplated thereby, including the reasonable fees and disbursements of counsel to the Agent and costs and expenses in connection with the use of Intralinks, Inc. or other similar information transmission systems in connection with the Loan Documents, (b) to pay or reimburse the Agent, and the Lenders for all their costs and expenses incurred in connection with the enforcement or preservation of any rights under the Loan Documents, including the reasonable fees and disbursements of their respective counsel (including the allocated fees and expenses of in-house counsel) and any payments in indemnification or otherwise payable by the Lenders to the Agent pursuant to the Loan Documents, (c) to pay, and indemnify and hold harmless the Agent, and the Lenders from, any and all recording and filing fees and any and all liabilities with respect to, or resulting from any failure to pay or delay in paying, documentary, stamp, excise and other similar taxes, if any, which may

91

be payable or determined to be payable in connection with the execution and delivery of any of the Loan Documents, or consummation of any amendment, supplement or modification of, or any waiver or consent under or in respect of, any Loan Document; and (d) to the extent not already covered by any of the preceding subsections, to pay or reimburse the Agent, and the Lenders for all their costs and expenses incurred in connection with any bankruptcy or other proceeding of the type described in Sections 11.1.(f) or 11.1.(g), including the reasonable fees and disbursements of counsel to the Agent and any Lender, whether such fees and expenses are incurred prior to, during or after the commencement of such proceeding or the confirmation or conclusion of any such proceeding. If the Borrower shall fail to pay any amounts required to be paid by it pursuant to this Section, the Agent, and/or the Lenders may pay such amounts on behalf of the Borrower and either deem the same to be Loans outstanding hereunder or otherwise Obligations owing hereunder.

### **Section 13.3. Setoff.**

Subject to Section 3.3. and in addition to any rights now or hereafter granted under Applicable Law and not by way of limitation of any such rights, the Agent, each Lender and each Participant is hereby authorized by the Borrower, at any time or from time to time during the continuance of an Event of Default, without prior notice to the Borrower or to any other Person, any such notice being hereby expressly waived, but in the case of a Lender or Participant subject to receipt of the prior written consent of the Agent exercised in its sole discretion, to set off and to appropriate and to apply any and all deposits (general or special, including, but not limited to, indebtedness evidenced by certificates of deposit, whether matured or unmatured) and any other indebtedness at any time held or owing by the Agent, such Lender or any affiliate of the Agent or such Lender, to or for the credit or the account of the Borrower against and on account of any of the Obligations, irrespective of whether or not any or all of the Loans and all other Obligations have been declared to be, or have otherwise become, due and payable as permitted by Section 11.2., and although such obligations shall be contingent or unmatured.

### **Section 13.4. Litigation; Jurisdiction; Other Matters; Waivers.**

(a) EACH PARTY HERETO ACKNOWLEDGES THAT ANY DISPUTE OR CONTROVERSY BETWEEN OR AMONG THE PARENT, THE BORROWER, THE AGENT OR ANY OF THE LENDERS WOULD BE BASED ON DIFFICULT AND COMPLEX ISSUES OF LAW AND FACT AND WOULD RESULT IN DELAY AND EXPENSE TO THE PARTIES. ACCORDINGLY, TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE LENDERS, THE AGENT, THE PARENT AND THE BORROWER HEREBY WAIVES ITS RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING OF ANY KIND OR NATURE IN ANY COURT OR TRIBUNAL IN WHICH AN ACTION MAY BE COMMENCED BY OR AGAINST ANY PARTY HERETO ARISING OUT OF THIS AGREEMENT, THE NOTES, OR ANY OTHER LOAN DOCUMENT OR BY REASON OF ANY OTHER SUIT, CAUSE OF ACTION OR DISPUTE WHATSOEVER BETWEEN OR AMONG

92

THE PARENT, THE BORROWER, THE AGENT OR ANY OF THE LENDERS OF ANY KIND OR NATURE RELATING TO ANY OF THE LOAN DOCUMENTS.

(b) EACH OF THE PARENT, THE BORROWER, THE AGENT AND EACH LENDER HEREBY AGREES THAT THE FEDERAL DISTRICT COURT LOCATED IN NORTH CAROLINA OR, AT THE OPTION OF THE AGENT, ANY STATE COURT LOCATED IN CHARLOTTE, NORTH CAROLINA, SHALL HAVE JURISDICTION TO HEAR AND DETERMINE ANY CLAIMS OR DISPUTES BETWEEN OR AMONG THE PARENT, THE BORROWER, THE AGENT OR ANY OF THE LENDERS, PERTAINING DIRECTLY OR INDIRECTLY TO THIS AGREEMENT, THE LOANS AND LETTERS OF CREDIT, THE NOTES OR ANY OTHER LOAN DOCUMENT OR TO ANY MATTER ARISING HEREFROM OR THEREFROM. THE PARENT, THE BORROWER AND EACH OF THE LENDERS EXPRESSLY SUBMIT AND CONSENT IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR PROCEEDING COMMENCED IN SUCH COURTS WITH RESPECT TO SUCH CLAIMS OR DISPUTES. EACH PARTY FURTHER WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH ACTION OR PROCEEDING IN ANY SUCH COURT OR THAT SUCH ACTION OR PROCEEDING WAS BROUGHT IN AN INCONVENIENT FORUM, AND EACH AGREES NOT TO PLEAD OR CLAIM THE SAME. THE CHOICE OF FORUM SET FORTH IN THIS SECTION SHALL NOT BE DEEMED TO PRECLUDE THE BRINGING OF ANY ACTION BY THE AGENT OR ANY LENDER OR THE ENFORCEMENT BY THE AGENT OR ANY LENDER OF ANY JUDGMENT OBTAINED IN SUCH FORUM IN ANY OTHER APPROPRIATE JURISDICTION.

(c) THE PROVISIONS OF THIS SECTION HAVE BEEN CONSIDERED BY EACH PARTY WITH THE ADVICE OF COUNSEL AND WITH A FULL UNDERSTANDING OF THE LEGAL CONSEQUENCES THEREOF, AND SHALL SURVIVE THE PAYMENT OF THE LOANS AND ALL OTHER AMOUNTS PAYABLE HEREUNDER OR UNDER THE OTHER LOAN DOCUMENTS, THE TERMINATION OR EXPIRATION OF ALL LETTERS OF CREDIT AND THE

**Section 13.5. Successors and Assigns.**

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, except that the Borrower may not assign or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of all Lenders and any such assignment or other transfer to which all of the Lenders have not so consented shall be null and void.

(b) Any Lender may make, carry or transfer Loans at, to or for the account of any of its branch offices or the office of an affiliate of such Lender except to the extent such transfer would result in increased costs to the Borrower.

93

(c) Any Lender may at any time grant to one or more banks or other financial institutions (each a "Participant") participating interests in its Commitment or the Obligations owing to such Lender; provided, however, (i) any such participating interest must be for a constant and not a varying percentage interest, and (ii) after giving effect to any such participation by a Lender, the amount of its Commitment, or if the Commitments have been terminated, the aggregate outstanding principal balance of Notes held by it, in which it has not granted any participating interests must be equal to or exceed \$5,000,000. Except as otherwise provided in Section 13.3., no Participant shall have any rights or benefits under this Agreement or any other Loan Document. In the event of any such grant by a Lender of a participating interest to a Participant, such Lender shall remain responsible for the performance of its obligations hereunder, and the Borrower and the Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement pursuant to which any Lender may grant such a participating interest shall provide that such Lender shall retain the sole right and responsibility to enforce the obligations of the Borrower hereunder including, without limitation, the right to approve any amendment, modification or waiver of any provision of this Agreement; provided, however, such Lender may agree with the Participant that it will not, without the consent of the Participant, agree to (i) increase, or extend the term or extend the time or waive any requirement for the reduction or termination of, such Lender's Commitment, (ii) extend the date fixed for the payment of principal or interest on the Loans or portions thereof owing to such Lender, (iii) reduce the amount of any such payment of principal, (iv) reduce the rate at which interest is payable thereon or (v) release any Guarantor (except as otherwise permitted under Section 8.12.(c)). An assignment or other transfer which is not permitted by subsection (d) or (e) below shall be given effect for purposes of this Agreement only to the extent of a participating interest granted in accordance with this subsection (c). Upon request from the Agent, a Lender shall notify the Agent of the sale of any participation hereunder and, if requested by the Agent, certify to the Agent that such participation is permitted hereunder and that the requirements of Section 3.12. (c) have been satisfied.

(d) Any Lender may with the prior written consent of the Agent and, so long as no Default or Event of Default exists, the Borrower (which consent, in each case, shall not be unreasonably withheld (it being agreed that the Borrower's withholding of consent to an assignment which would result in the Borrower having to pay amounts under Section 3.12. shall be deemed to be reasonable)), assign to one or more Eligible Assignees (each an "Assignee") all or a portion of its rights and obligations under this Agreement and the Notes (including all or a portion of its Commitments and the Loans owing to such Lender); provided, however, (i) no such consent by the Borrower shall be required in the case of any assignment to another Lender or any affiliate of such Lender or another Lender and no such consent by the Agent shall be required in the case of any assignment by a Lender to any affiliate of such Lender; (ii) unless the Borrower and the Agent otherwise agree, after giving effect to any partial assignment by a Lender, the Assignee shall hold, and the assigning Lender shall retain, a Commitment, or if the Commitments have been terminated, Loans having an outstanding principal balance, of at least \$5,000,000 and integral multiples of \$1,000,000 in excess thereof; and (iii) each

94

such assignment shall be effected by means of an Assignment and Acceptance Agreement. Upon execution and delivery of such instrument and payment by such Assignee to such transferor Lender of an amount equal to the purchase price agreed between such transferor Lender and such Assignee, such Assignee shall be a Lender party to this Agreement with respect to the assigned interest as of the effective date of the Assignment and Acceptance Agreement and shall have all the rights and obligations of a Lender with respect to the assigned interest as set forth in such Assignment and Acceptance Agreement, and the transferor Lender shall be released from its obligations hereunder with respect to the assigned interest to a corresponding extent, and no further consent or action by any party shall be required. Upon the consummation of any assignment pursuant to this subsection, the transferor Lender, the Agent and the Borrower shall make appropriate arrangements so that new Notes are issued to the Assignee and such transferor Lender, as appropriate. In connection with any such assignment, the transferor Lender shall pay to the Agent an administrative fee for processing such assignment in the amount of \$3,500.

(e) The Agent shall maintain at the Principal Office a copy of each Assignment and Acceptance Agreement delivered to and accepted by it and a register for the recordation of the names and addresses of the Lenders and the Commitment of each Lender from time to time (the "Register"). The Agent shall give each Lender and the Borrower written notice of the assignment by any Lender of its rights as contemplated by this Section. The Borrower, the Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register and copies of each Assignment and Acceptance Agreement shall be available for inspection by the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice to the Agent and a copy thereof shall be provided to the Borrower upon its request therefor. Upon its receipt of an Assignment and Acceptance Agreement executed by an assigning Lender, together with each Note subject to such assignment, the Agent shall, if such Assignment and Acceptance Agreement has been completed and if the Agent receives the processing and recording fee described in subsection (d) above, (i) accept such Assignment and Acceptance Agreement, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrower.

(f) In addition to the assignments and participations permitted under the foregoing provisions of this Section, any Lender may assign and pledge all or any portion of its Loans and its Notes to any Federal Reserve Bank as collateral security pursuant to Regulation A and any Operating Circular issued by such Federal Reserve Bank, and such Loans and Notes shall be fully transferable as provided therein. No such assignment shall release the assigning Lender from its obligations hereunder.

(g) A Lender may furnish any information concerning the Borrower, any other Loan Party or any of their respective Subsidiaries in the possession of such Lender from time to time to Assignees and Participants (including prospective Assignees and Participants) subject to compliance with Section 13.8.

95

(h) Anything in this Section to the contrary notwithstanding, no Lender may assign or participate any interest in any Loan held by it hereunder to the Borrower, any other Loan Party or any of their respective Affiliates or Subsidiaries.

(i) Each Lender agrees that, without the prior written consent of the Borrower and the Agent, it will not make any assignment hereunder in any manner or under any circumstances that would require registration or qualification of, or filings in respect of, any Loan or Note under the Securities Act or any other securities laws of the United States of America or of any other jurisdiction.

**Section 13.6. Amendments.**

(a) Except as otherwise expressly provided in this Agreement, any consent or approval required or permitted by this Agreement or any other Loan Document to be given by the Lenders may be given, and any term of this Agreement or of any other Loan Document may be amended, and the performance or observance by the Borrower

or any other Loan Party or any Subsidiary of any terms of this Agreement or such other Loan Document or the continuance of any Default or Event of Default may be waived (either generally or in a particular instance and either retroactively or prospectively) with, but only with, the written consent of the Requisite Lenders (and, in the case of an amendment to any Loan Document, the written consent of each Loan Party a party thereto).

(b) Notwithstanding the foregoing, without the prior written consent of each Lender adversely affected thereby, no amendment, waiver or consent shall do any of the following:

- (i) increase the Commitments of the Lenders (except for any increase in the Commitments effectuated pursuant to Section 2.15.) or subject the Lenders to any additional obligations;
- (ii) reduce the principal of, or interest rates that have accrued or that will be charged on the outstanding principal amount of, any Loans or other Obligations;
- (iii) reduce the amount of any Fees payable hereunder or postpone any date fixed for payment thereof;
- (iv) modify the definition of the term "Termination Date" (except as contemplated under Section 2.12.) or otherwise postpone any date fixed for any payment of any principal of, or interest on, any Loans or any other Obligations (including the waiver of any Default or Event of Default as a result of the nonpayment of any such Obligations as and when due), or extend the expiration date of any Letter of Credit beyond the Termination Date;
- (v) amend or otherwise modify the provisions of Section 3.2.;

96

---

- (vi) modify the definition of the term "Requisite Lenders" or otherwise modify in any other manner the number or percentage of the Lenders required to make any determinations or waive any rights hereunder or to modify any provision hereof, including without limitation, any modification of this Section 13.6. if such modification would have such effect;
- (vii) release any Guarantor from its obligations under the Guaranty (except as otherwise permitted under Section 8.12.(c));
- (viii) amend or otherwise modify the provisions of Section 2.14. or Section 11.4.; or
- (ix) increase the number of Interest Periods permitted with respect to Loans under Section 2.5.

(c) No amendment, waiver or consent, unless in writing and signed by the Agent, in such capacity, in addition to the Lenders required hereinabove to take such action, shall affect the rights or duties of the Agent under this Agreement or any of the other Loan Documents. Any amendment, waiver or consent relating to Section 2.2. or the obligations of the Swingline Lender under this Agreement or any other Loan Document shall, in addition to the Lenders required hereinabove to take such action, require the written consent of the Swingline Lender.

(d) No waiver shall extend to or affect any obligation not expressly waived or impair any right consequent thereon and any amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose set forth therein. No course of dealing or delay or omission on the part of the Agent or any Lender in exercising any right shall operate as a waiver thereof or otherwise be prejudicial thereto. Except as otherwise explicitly provided for herein or in any other Loan Document, no notice to or demand upon the Borrower shall entitle the Borrower to any other or further notice or demand in similar or other circumstances.

### **Section 13.7. Nonliability of Agent and Lenders.**

The relationship between the Borrower and the Lenders and the Agent shall be solely that of borrower and lender. Neither the Agent nor any Lender shall have any fiduciary responsibilities to the Parent or the Borrower and no provision in this Agreement or in any of the other Loan Documents, and no course of dealing between or among any of the parties hereto, shall be deemed to create any fiduciary duty owing by the Agent or any Lender to any Lender, the Parent, the Borrower, any Subsidiary of the Parent or the Borrower or any other Loan Party. Neither the Agent nor any Lender undertakes any responsibility to the Borrower or the Parent to review or inform the Borrower or the Parent of any matter in connection with any phase of the Borrower's or Parent's business or operations.

97

---

### **Section 13.8. Confidentiality.**

The Agent and each Lender shall use reasonable efforts to assure that information about the Borrower, the Parent, the other Loan Parties and other Subsidiaries of the Parent and the Borrower, and the Properties thereof and their operations, affairs and financial condition, not generally disclosed to the public, which is furnished to the Agent or any Lender pursuant to the provisions of this Agreement or any other Loan Document, is used only for the purposes of this Agreement and the other Loan Documents and shall not be divulged to any Person other than the Agent, the Lenders, and their respective agents who are actively and directly participating in the evaluation, administration or enforcement of the Loan Documents and other transactions between the Agent or such Lender, as applicable, and the Borrower and the Parent, but in any event the Agent and the Lenders may make disclosure: (a) to any of their respective affiliates (provided such affiliates shall agree to keep such information confidential in accordance with the terms of this Section 13.8.); (b) as reasonably requested by any bona fide Assignee, Participant or other transferee in connection with the contemplated transfer of any Commitment or participations therein as permitted hereunder (provided they shall agree to keep such information confidential in accordance with the terms of this Section); (c) as required or requested by any Governmental Authority or representative thereof or pursuant to legal process or in connection with any legal proceedings; (d) to the Agent's or such Lender's independent auditors and other professional advisors (provided they shall be notified of the confidential nature of the information); (e) after the happening and during the continuance of an Event of Default, to any other Person, in connection with the exercise by the Agent or the Lenders of rights hereunder or under any of the other Loan Documents; (f) upon Borrower's prior consent (which consent shall not be unreasonably withheld), to any contractual counter-parties to any swap or similar hedging agreement or to any rating agency; and (g) to the extent such information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Agent or any Lender on a nonconfidential basis from a source other than the Parent, the Borrower or any Affiliate.

### **Section 13.9. Indemnification.**

(a) The Borrower shall and hereby agrees to indemnify, defend and hold harmless the Agent, each of the Lenders, any affiliate of the Agent or any Lender, and their respective directors, officers, shareholders, agents, employees and counsel (each referred to herein as an "Indemnified Party") from and against any and all of the following (collectively, the "Indemnified Costs"): losses, costs, claims, damages, liabilities, deficiencies, judgments or expenses of every kind and nature (including, without limitation, amounts paid in settlement, court costs and the reasonable fees and disbursements of counsel incurred in connection with any litigation, investigation, claim or proceeding or any advice rendered in connection therewith, but excluding losses, costs, claims, damages, liabilities, deficiencies, judgments or expenses indemnification in respect of which is specifically covered by Section 3.12. or 5.1. or expressly excluded from the coverage of such Sections 3.12. or 5.1.) incurred by an Indemnified Party in connection with, arising out of, or by reason of, any suit, cause of action, claim, arbitration, investigation or settlement, consent decree or other proceeding (the foregoing

referred to herein as an "Indemnity Proceeding") which is in any way related directly or indirectly to: (i) this Agreement or any other Loan Document or the transactions contemplated thereby; (ii) the making of any Loans or issuance of Letters of Credit hereunder; (iii) any actual or proposed use by the Borrower of the proceeds of the Loans or Letters of Credit; (iv) the Agent's or any Lender's entering into this Agreement; (v) the fact that the Agent and the Lenders have established the credit facility evidenced hereby in favor of the Borrower; (vi) the fact that the Agent and the Lenders are creditors of the Borrower and have or are alleged to have information regarding the financial condition, strategic plans or business operations of the Parent, the Borrower and their respective Subsidiaries; (vii) the fact that the Agent and the Lenders are material creditors of the Borrower and are alleged to influence directly or indirectly the business decisions or affairs of the Parent, the Borrower and their respective Subsidiaries or their financial condition; (viii) the exercise of any right or remedy the Agent or the Lenders may have under this Agreement or the other Loan Documents; or (ix) any violation or non-compliance by the Parent, the Borrower or any Subsidiary of any Applicable Law (including any Environmental Law) including, but not limited to, any Indemnity Proceeding commenced by (A) the Internal Revenue Service or state taxing authority or (B) any Governmental Authority or other Person under any Environmental Law, including any Indemnity Proceeding commenced by a Governmental Authority or other Person seeking remedial or other action to cause the Parent, the Borrower or their respective Subsidiaries (or its respective properties) (or the Agent and/or the Lenders as successors to the Borrower) to be in compliance with such Environmental Laws; provided, however, that the Borrower shall not be obligated to indemnify any Indemnified Party for (A) any acts or omissions of such Indemnified Party in connection with matters described in this subsection to the extent arising from the gross negligence or willful misconduct of such Indemnified Party, as determined by a court of competent jurisdiction in a final, non-appealable judgment or (B) Indemnified Costs to the extent arising directly out of or resulting directly from claims of one or more Indemnified Parties against another Indemnified Party.

(b) The Borrower's indemnification obligations under this Section 13.9. shall apply to all Indemnity Proceedings arising out of, or related to, the foregoing whether or not an Indemnified Party is a named party in such Indemnity Proceeding. In this regard, this indemnification shall cover all Indemnified Costs of any Indemnified Party in connection with any deposition of any Indemnified Party or compliance with any subpoena (including any subpoena requesting the production of documents). This indemnification shall, among other things, apply to any Indemnity Proceeding commenced by other creditors of the Parent, the Borrower or any Subsidiary, any shareholder of the Parent, the Borrower or any Subsidiary (whether such shareholder(s) are prosecuting such Indemnity Proceeding in their individual capacity or derivatively on behalf of the Borrower or the Parent), any account debtor of the Parent, the Borrower or any Subsidiary or by any Governmental Authority. If indemnification is to be sought hereunder by an Indemnified Party, then such Indemnified Party shall notify the Borrower in writing of the commencement of any Indemnity Proceeding; provided, however, that the failure to so notify the Borrower shall not relieve the Borrower from any liability that it may have to such Indemnified Party pursuant to this Section 13.9.

(c) This indemnification shall apply to any Indemnity Proceeding arising during the pendency of any bankruptcy proceeding filed by or against the Parent, the Borrower and/or any Subsidiary.

(d) All out-of-pocket fees and expenses of, and all amounts paid to third-persons by, an Indemnified Party shall be advanced by the Borrower at the request of such Indemnified Party notwithstanding any claim or assertion by the Borrower that such Indemnified Party is not entitled to indemnification hereunder, upon receipt of an undertaking by such Indemnified Party that such Indemnified Party will reimburse the Borrower if it is actually and finally determined by a court of competent jurisdiction that such Indemnified Party is not so entitled to indemnification hereunder.

(e) An Indemnified Party may conduct its own investigation and defense of, and may formulate its own strategy with respect to, any Indemnity Proceeding covered by this Section and, as provided above, all Indemnified Costs incurred by such Indemnified Party shall be reimbursed by the Borrower. No action taken by legal counsel chosen by an Indemnified Party in investigating or defending against any such Indemnity Proceeding shall vitiate or in any way impair the obligations and duties of the Borrower hereunder to indemnify and hold harmless each such Indemnified Party; provided, however, that if (i) the Borrower is required to indemnify an Indemnified Party pursuant hereto and (ii) the Borrower has provided evidence reasonably satisfactory to such Indemnified Party that the Borrower has the financial wherewithal to reimburse such Indemnified Party for any amount paid by such Indemnified Party with respect to such Indemnity Proceeding, such Indemnified Party shall not settle or compromise any such Indemnity Proceeding without the prior written consent of the Borrower (which consent shall not be unreasonably withheld or delayed). Notwithstanding the foregoing, an Indemnified Party may settle or compromise any such Indemnity Proceeding without the prior written consent of the Borrower where (x) no monetary relief is sought against such Indemnified Party in such Indemnity Proceeding or (y) there is an allegation of a violation of law by such Indemnified Party.

(f) If and to the extent that the obligations of the Borrower under this Section are unenforceable for any reason, the Borrower hereby agrees to make the maximum contribution to the payment and satisfaction of such obligations which is permissible under Applicable Law.

(g) The Borrower's obligations under this Section shall survive any termination of this Agreement and the other Loan Documents and the payment in full in cash of the Obligations, and are in addition to, and not in substitution of, any other of their obligations set forth in this Agreement or any other Loan Document to which it is a party.

#### **Section 13.10. Termination; Survival.**

At such time as (a) all of the Commitments have been terminated, (b) all Letters of Credit have terminated, (c) none of the Lenders nor the Swingline Lender is obligated

any longer under this Agreement to make any Loans and (d) all Obligations (other than obligations which survive as provided in the following sentence) have been paid and satisfied in full, this Agreement shall terminate. The indemnities to which the Agent, the Lenders and the Swingline Lender are entitled under the provisions of Sections 3.12., 5.1., 5.4., 12.7., 13.2. and 13.9. and any other provision of this Agreement and the other Loan Documents, and the provisions of Section 13.4., shall continue in full force and effect and shall protect the Agent, the Lenders and the Swingline Lender (i) notwithstanding any termination of this Agreement, or of the other Loan Documents, against events arising before such termination as well as, in the case of Sections 12.7., 13.4. and 13.9., after such termination and (ii) at all times after any such party ceases to be a party to this Agreement with respect to all matters and events existing on or prior to the date such party ceased to be a party to this Agreement.

#### **Section 13.11. Severability of Provisions.**

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability without invalidating the remainder of such provision or the remaining provisions or affecting the validity or enforceability of such provision in any other jurisdiction.

#### **Section 13.12. GOVERNING LAW.**

THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NORTH CAROLINA APPLICABLE TO CONTRACTS EXECUTED, AND TO BE FULLY PERFORMED, IN SUCH STATE.



**Section 13.13. Counterparts.**

This Agreement and any amendments, waivers, consents or supplements may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all of which counterparts together shall constitute but one and the same instrument.

**Section 13.14. Obligations with Respect to Loan Parties.**

The obligations of the Parent and the Borrower to direct or prohibit the taking of certain actions by the other Loan Parties as specified herein shall be absolute and not subject to any defense the Parent or the Borrower may have that the Parent or the Borrower does not control such Loan Parties.

**Section 13.15. Limitation of Liability.**

Neither the Agent nor any Lender, nor any affiliate, officer, director, employee, attorney, or agent of the Agent or any Lender shall have any liability with respect to, and the Parent and the Borrower hereby waives, releases, and agrees not to sue any of them

upon, any claim for any special, indirect, incidental, or consequential damages suffered or incurred by the Parent or the Borrower in connection with, arising out of, or in any way related to, this Agreement or any of the other Loan Documents, or any of the transactions contemplated by this Agreement or any of the other Loan Documents. Each of the Parent and the Borrower hereby waives, releases, and agrees not to sue the Agent or any Lender or any of the Agent's or any Lender's affiliates, officers, directors, employees, attorneys, or agents for punitive damages in respect of any claim in connection with, arising out of, or in any way related to, this Agreement or any of the other Loan Documents, or any of the transactions contemplated by this Agreement or financed hereby.

**Section 13.16. Entire Agreement.**

This Agreement, the Notes, and the other Loan Documents referred to herein embody the final, entire agreement among the parties hereto and supersede any and all prior commitments, agreements, representations, and understandings, whether written or oral, relating to the subject matter hereof and thereof and may not be contradicted or varied by evidence of prior, contemporaneous, or subsequent oral agreements or discussions of the parties hereto. There are no oral agreements among the parties hereto.

**Section 13.17. Construction.**

The Agent, the Borrower, the Parent and each Lender acknowledge that each of them has had the benefit of legal counsel of its own choice and has been afforded an opportunity to review this Agreement and the other Loan Documents with its legal counsel and that this Agreement and the other Loan Documents shall be construed as if jointly drafted by the Agent, the Borrower, the Parent and each Lender.

[Signatures on Following Pages]

IN WITNESS WHEREOF, the parties hereto have caused this Credit Agreement to be executed by their authorized officers all as of the day and year first above written.

CORPORATE OFFICE PROPERTIES, L.P.

By: Corporate Office Properties Trust, its  
sole general partner

By: /s/ Roger A. Waesche, Jr.

Name: Roger A. Waesche, Jr.

Title: Executive Vice President

CORPORATE OFFICE PROPERTIES TRUST

By: /s/ Roger A. Waesche, Jr.

Name: Roger A. Waesche, Jr.

Title: Executive Vice President

**[Signature Page to Credit Agreement dated as of  
March 10, 2004 with Corporate Office Properties Trust]**

WACHOVIA BANK, NATIONAL ASSOCIATION, as  
Agent, as a Lender and as Swingline Lender

By: /s/ David M. Blackman

Name: David M. Blackman

Title: Director

Commitment Amount:

\$30,000,000

Lending Office (all Types of Loans):

Wachovia Bank, National Association  
301 South College Street, NC0172  
Charlotte, North Carolina 28288  
Attn: Rex E. Rudy  
Telecopier:  
Telephone:

(704) 383-6205  
(704) 383-6506

104

---

KEYBANK NATIONAL ASSOCIATION

By: /s/ Dan Heberle

Name: Dan Heberle

Title: SVP

Commitment Amount:

\$30,000,000

Lending Office (all Types of Loans):

KeyBank National Association  
1146 19<sup>th</sup> St., N.W.  
4<sup>th</sup> Floor  
Washington, D.C. 20036  
Attn: Jennifer A. Dakin  
Telephone: (202) 452-4941/202-452-4940  
Telecopy: (202) 452-4925

105

---

MANUFACTURERS AND TRADERS TRUST  
COMPANY

By: /s/ Matthew Lind

Name: Matthew Lind

Title: Vice President

Commitment Amount:

\$25,000,000

Lending Office (all Types of Loans):

Manufacturers and Traders Trust Company, a New York Banking Corporation  
25 S. Charles Street  
17<sup>th</sup> Floor  
Baltimore, MD 21201  
Attn: Matthew Lind  
Telephone: (410) 545-2453  
Telecopy: (410) 545-2385

106

---

FLEET NATIONAL BANK

By: /s/ John J. Murphy

Name: John J. Murphy

Title: Director

Commitment Amount:

\$20,000,000

Lending Office (all Types of Loans):

Fleet National Bank  
100 Federal Street

Mail Stop 10008H  
Boston, MA 02110  
Attn: Lynn J. Flynn  
Telephone: (617) 434-8501  
Telecopy: (617) 434-6384

107

---

BRANCH BANKING AND TRUST COMPANY

By: /s/ Elizabeth L. Paulson  
Name: Elizabeth L. Paulson  
Title: SeniorVice President

Commitment Amount:

\$25,000,000

Lending Office (all Types of Loans):

Branch Banking and Trust Company  
2661 Riva Rd.  
Annapolis, MD 21401  
Attn: Liesje Colgan  
Telephone: (410) 266-3458  
Telecopy: (410) 841-1412

108

---

SUNTRUST BANK

By: /s/ Nancy B. Richards  
Name: Nancy B. Richards  
Title: Vice President

Commitment Amount:

\$25,000,000

Lending Office (all Types of Loans):

SunTrust Bank  
8245 Boone Boulevard  
8<sup>th</sup> Floor  
Vienna, Virginia 22182  
Attn: Nancy Richards  
Telephone: (703) 902-9039  
Telecopy: (703) 902-9245

109

---

CHEVY CHASE BANK, FSB

By: /s/ Ronald W. Huffman  
Name: Ronald W. Huffman  
Title: Vice President

Commitment Amount:

\$20,000,000

Lending Office (all Types of Loans):

Chevy Chase Bank, FSB  
135 East Baltimore Street  
Baltimore, MD 21202  
Attn: Amy Hybdzinski  
Telephone: (410) 230-2176  
Telecopy: (410) 685-1990

110

---

PNC BANK, NATIONAL ASSOCIATION

By: /s/ Timothy P. Gleeson  
Name: Timothy P. Gleeson  
Title: Assistant Vice President

Commitment Amount:

\$20,000,000

Lending Office (all Types of Loans):

PNC Bank, National Association  
One PNC Plaza  
259 Fifth Avenue  
Mail Stop P1-POPP-19-2  
Pittsburgh, PA 15222-2707  
Attn: Colleen Choff  
Telecopier: 412-762-6092  
Telephone: 412-768-3930

111

---

BANK OF MONTREAL

By: /s/ Greg K. Steele  
Name: Greg K. Steele  
Title: Vice President

Commitment Amount:

\$15,000,000

Lending Office (all Types of Loans):

Bank of Montreal  
115 S. LaSalle St., 17W  
Chicago, IL 60603  
Attn: Ellen Dancer  
Telephone: (312) 750-3453  
Telecopy: (312) 750-6061

112

---

CITIZENS BANK OF PENNSYLVANIA

By: /s/ Kelli Anderson  
Name: Kellie Anderson  
Title: Vice President

Commitment Amount:

\$15,000,000

Lending Office (all Types of Loans):

Citizens Bank of Pennsylvania  
1 Citizens Drive RDC 160  
Riverside, RI 02915  
Attn: Karen Norysewicz  
Telephone: (401) 734-5298  
Telecopy: (401) 734-5385

113

---

COMERICA BANK

By: /s/ Jessica L. Kempf  
Name: Jessica L. Kempf  
Title: Assistant Vice President

Commitment Amount:

\$15,000,000

Lending Office (all Types of Loans):

Comerica Bank  
500 Woodward Ave  
7<sup>th</sup> Floor  
Detroit, MI 48226-3256  
Attn: Keshia Boone  
Telephone: (313) 222-9284  
Telecopy: (313) 222-3697

114

---

EUROHYPO AG, NEW YORK BRANCH

By: /s/ Johannes Boeckmann  
Name: Johannes Boeckmann  
Title: Managing Director

By: /s/ Jeff Page  
Name: Jeff Page  
Title: Vice President

Commitment Amount:

\$15,000,000

Lending Office (all Types of Loans):

Eurohypo AG, New York Branch  
1114 Avenue of The Americas, 29<sup>th</sup> Floor  
New York, NY 10036  
Attn: Stephanie Ortega  
Telephone: (212) 479-5738  
Telecopy: (866) 267-7680

115

---

FIRST HORIZON BANK, a division of First Tennessee  
Bank N.A.

By: /s/ J. Jordan O'Neill, III  
Name: J. Jordan O'Neill, III  
Title: Senior Vice President

Commitment Amount:

\$12,500,000

Lending Office (all Types of Loans):

First Horizon Bank, a division of First Tennessee Bank N.A.  
Suite 1150  
1650 Tysons Blvd  
McLean, VA 22102  
Attn: Liz McKissick  
Telephone: (703) 394-2533  
Telecopy: (703) 734-1834

116

---

MELLON BANK, N.A.

By: /s/ Robert C. Howard  
Name: Robert C. Howard  
Title: Vice President

Commitment Amount:

\$12,500,000

Lending Office (all Types of Loans):

Mellon Bank, N.A.  
Mellon Bank Center  
1735 Market Street  
AIM # 193-0425  
Philadelphia, PA 19103  
Attn: Cheryl Zaborowski  
Telephone: (215) 553-3711  
Telecopy: (215) 553-3472

117

PROVIDENT BANK

By: /s/ Carole A. Stafford

Name: Carole A. Stafford

Title: VP

Commitment Amount:

\$10,000,000

Lending Office (all Types of Loans):

Provident Bank, a Maryland banking corporation  
114 E. Lexington Street  
Baltimore, MD 21202-1725  
Attn: Janine L. Smith  
Telephone: (410) 277-2775  
Telecopy: (410) 277-2846

118

**SCHEDULE 1.1(A)**

**List of Loan Parties**

<b>Name</b>	<b>Jurisdiction of Formation</b>	<b>Jurisdictions of Foreign Qualification</b>
<b>Borrower</b>		
<b>Corporate Office Properties, L.P.</b>	<b>Delaware</b>	<b>Maryland, New Jersey and Pennsylvania</b>
<b>Parent</b>		
<b>Corporate Office Properties Trust</b>	<b>Maryland</b>	<b>Pennsylvania</b>
<b>Material Subsidiaries</b>		
<b>Blue Bell Investment Company, L.P.</b>	<b>Delaware</b>	<b>Pennsylvania</b>
<b>South Brunswick Investors, L.P.</b>	<b>Delaware</b>	<b>New Jersey</b>
<b>Comcourt Investors, L.P.</b>	<b>Delaware</b>	<b>Pennsylvania</b>
<b>Airport Square Holdings, LLC</b>	<b>Delaware</b>	<b>Maryland</b>
<b>7200 Riverwood, LLC</b>	<b>Maryland</b>	<b>N/A</b>
<b>9690 Deerco Road, LLC</b>	<b>Maryland</b>	<b>N/A</b>
<b>Atrium Building, LLC</b>	<b>Maryland</b>	<b>N/A</b>
<b>Brown's Wharf, LLC</b>	<b>Maryland</b>	<b>N/A</b>
<b>7000 Honeys, LLC</b>	<b>Maryland</b>	<b>N/A</b>
<b>6731 Gateway, LLC</b>	<b>Maryland</b>	<b>N/A</b>
<b>7320 Parkway Drive Enterprises, LLC</b>	<b>Maryland</b>	<b>N/A</b>
<b>2500 Riva Trust</b>	<b>Maryland</b>	<b>N/A</b>
<b>68 Culver, LLC</b>	<b>New Jersey</b>	<b>N/A</b>
<b>Princeton Executive, LLC</b>	<b>New Jersey</b>	<b>N/A</b>
<b>COPT Greens II, LLC</b>	<b>Virginia</b>	<b>N/A</b>
<b>Corporate Office Properties Holdings, Inc.</b>	<b>Delaware</b>	<b>Pennsylvania and New Jersey</b>
<b>Riva Trustee, LLC</b>	<b>Maryland</b>	<b>N/A</b>
<b>MOR Forbes, LLC</b>	<b>Maryland</b>	<b>N/A</b>

Schedule 4.1

INITIAL BORROWING BASE PROPERTIES

	4Q 03 Annualized Unencumbered Adjusted NOI	60.00% Borrowing Base Value
<i>Stabilized Assets in Unencumbered Pool:</i>		
751 - 785 Jolly Road	9,576,436	63,842,907
429 Ridge Road	2,055,386	13,702,573
431 Ridge Road	2,441,528	16,276,853
437 Ridge Road	431,564	2,877,093
2605 Interstate	1,045,417	6,969,447
7200 Riverwood	2,116,136	14,107,573
Princeton Executive	659,104	4,394,027
9690 Deereco Road	1,835,145	12,234,300
375 W. Padonia Road	1,074,891	7,165,940
Brown's Wharf	763,254	5,088,360
68 Culver	979,852	6,532,347
Airport Square I	—	—
7320 Parkway	634,742	4,231,613
7000 Columbia Gateway	1,250,278	8,335,187
15059 Conference Center Drive (Greens II)	2,343,267	15,621,780
6731 Columbia Gateway	1,281,780	8,545,200
2500 Riva Road	1,843,224	12,288,160
	30,332,004	202,213,360
	Cap Rate:	9.00%