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) **July 27, 2005**

CORPORATE OFFICE PROPERTIES TRUST

(Exact name of registrant as specified in its charter)

Maryland	**1-14023**	**23-2947217**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification Number)

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

(410) 730-9092
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition

In connection with its release of earnings on July 27, 2005, the Registrant is making available certain additional information pertaining to its properties and operations as of and for the period ended June 30, 2005. This information is furnished herewith as Exhibit 99.1 and is incorporated herein by reference.

The information included herein, including the exhibits, shall not be deemed "filed" for any purpose, including the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or subject to liabilities of that Section. The information included herein, including the exhibits, shall also not be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act regardless of any general incorporation language in such filing.

The Registrant uses non-GAAP financial measures in earnings press releases and information furnished to the Securities and Exchange Commission. The Registrant believes that these measures are helpful to investors in measuring its performance and comparing such performance to other real estate investment trusts ("REITs"). Descriptions of these measures are set forth below.

<u>Earnings per diluted share ("diluted EPS"), as adjusted for issuance costs associated with redeemed preferred shares</u>

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

<u>Funds from operations ("FFO")</u>

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

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

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

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

Basic funds from operations ("Basic FFO")

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

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

Diluted FFO per share is (1) Basic FFO adjusted to add back any convertible preferred share dividends and any other changes in Basic FFO that would result from the assumed conversion of securities that are convertible or exchangeable into common shares divided by (2) the sum of the (a) weighted average common shares outstanding during a period, (b) weighted average common units outstanding during a period and (c) weighted average number of potential additional common shares that would have been outstanding during a period if other securities that are convertible or exchangeable into common shares were converted or exchanged. However, the computation of Diluted FFO per share does not assume conversion of securities that are convertible into common shares if the conversion of those securities would increase Diluted FFO per share in a given period. The Registrant believes that Diluted FFO per share is useful to investors because it provides investors with a further context for evaluating its FFO results in the same manner that investors use earnings per share in evaluating net income available to common shareholders. In addition, since most equity REITs provide Diluted FFO per share information to the investment community, the Registrant believes Diluted FFO per share is a useful supplemental measure for comparing the Registrant to other equity REITs. The Registrant believes that diluted EPS is the most directly comparable GAAP measure to Diluted FFO per share. Diluted FFO per share has most of the same limitations as Diluted FFO (described below);

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

Diluted funds from operations ("Diluted FFO")

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

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

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

Diluted adjusted funds from operations ("Diluted AFFO")

Diluted AFFO is Diluted FFO adjusted for the following: (1) the elimination of the effect of (a) noncash rental revenues (comprised of straight-line rental adjustments, which includes the amortization of recurring tenant incentives, and amortization of deferred market rental revenue, both of which are described under "Cash NOI" below) and (b) accounting charges for original issuance costs associated with redeemed preferred shares; and (2) recurring capital expenditures (defined below). The Registrant believes that Diluted AFFO is an important supplemental measure of liquidity for an equity REIT because it provides management and investors with an indication of its ability to incur and service debt and to fund dividends and other cash needs. In addition, since most equity REITs provide Diluted AFFO information to the investment community, the Registrant believes that Diluted AFFO is a useful supplemental measure for comparing the Registrant to other equity REITs. The Registrant believes that the numerator to diluted EPS is the most directly comparable GAAP measure to Diluted AFFO. Since Diluted AFFO excludes certain items includable in the numerator to diluted EPS, reliance on the measure has limitations; management compensates for these limitations by using the measure simply as a supplemental measure that is weighed in the balance with other GAAP and non-GAAP measures. In addition, see the discussion below regarding the limitations of recurring capital expenditures, which is used to derive Diluted AFFO. Diluted AFFO is not necessarily an indication of the Registrant's cash flow available to fund cash needs. Additionally, it should not be used as an alternative to net income when evaluating the Registrant's financial performance or to cash flow from operating, investing and financing activities when evaluating the Registrant's liquidity or ability to make cash distributions or pay debt service. The Diluted AFFO presented by the Registrant may not be comparable to similar measures presented by other equity REITs.

Recurring capital expenditures

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

Combined real estate revenue

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

Combined net operating income ("Combined NOI")

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

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

Cash net operating income ("Cash NOI")

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

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

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

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

with other GAAP and non-GAAP measures.   It should not be used as an alternative to net income when evaluating the Registrant's financial performance or to cash flow from operating, investing and financing activities when evaluating the Registrant's liquidity or ability to make cash distributions or pay debt service. Additionally, EBITDA as reported by the Registrant may not be comparable to EBITDA reported by other equity REITs.

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

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

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

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

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

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

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

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

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

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

Recurring Capital Expenditures as a Percentage of Combined NOI

This measure divides recurring capital expenditures by NOI.

FFO Diluted Payout Ratio and AFFO Diluted Payout Ratio

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

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

Dividend Coverage-FFO Diluted and Dividend Coverage-AFFO Diluted

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

Debt to Undepreciated Book Value of Real Estate Assets

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

Item 9.01. Financial Statements and Exhibits

(a) Financial Statements of Businesses Acquired

None

(b) Pro Forma Financial Information

None

(c) Exhibits

Exhibit Number	Description
99.1	Supplemental information dated June 30, 2005 for Corporate Office Properties Trust.

SIGNATURES

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

Dated: July 27, 2005

CORPORATE OFFICE PROPERTIES TRUST

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

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

EXHIBIT INDEX

Exhibit Number	Exhibit Title
99.1	Supplemental information dated June 30, 2005 for Corporate Office Properties Trust.

Exhibit 99.1

Supplemental Information
(Unaudited)

June 30, 2005

CORPORATE OFFICE PROPERTIES

Corporate Office Properties Trust
Index to Supplemental Information (Unaudited)
June 30, 2005

To Members of the Investment Community:

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

Reporting Period Highlights – Second Quarter 2005

Financial Results

- Reported Net Income Available to Common Shareholders of $5,466,000 or $.14 per diluted share for the second quarter of 2005 as compared to $4,408,000 or $.13 per diluted share for the comparable 2004 period, representing an increase of 7.7% per share.

- Reported FFO – diluted of $21,834,000 or $.47 per share/unit for the second quarter of 2005 as compared to $21,410,000 or $.50 per share/unit for the comparable 2004 period, representing a decrease of (6.0%) per share/unit. During the second quarter 2004, we realized an approximate $4 million lease termination fee or $.09 per share for a partial termination of VeriSign space at our 13200 Woodland Park Road building in Northern Virginia.

- Reported AFFO – diluted of $16,981,000 for the second quarter of 2005 as compared to $13,956,000 for the comparable 2004 period, representing an increase of 21.7%.

- Our FFO payout ratio was 53.1% for the second quarter of 2005 as compared to 46.4% for the comparable 2004 period. Our AFFO payout ratio was 68.2% for the second quarter of 2005 as compared to 71.2% for the comparable 2004 period.

Financing Activity and Capital Transactions

- On June 24, 2005, we raised our borrowing capacity in our unsecured line of credit from $300 million to $400 million, with a right to further increase to $600 million. Additionally, the maturity date was extended to March 9, 2008, with the right to extend for an additional one year period, subject to certain conditions.
- We closed on a $44.0 million credit facility to fund the construction of two buildings in our National Business Park. We have borrowed $12.6 million as of June 30, 2005.
- We executed a $73.4 million notional amount forward swap at a fixed rate of 5.0244%, which commences in July 2005 and expires in July 2015.
- As of June 30, 2005, our debt to market capitalization was 43.5% and our debt to undepreciated book value of real estate assets was 61.3%. We achieved an EBITDA interest coverage ratio of 2.91x and an EBITDA fixed charge coverage ratio of 2.28x for this quarter.

Acquisitions / Dispositions

- On April 7, 2005 we acquired, for $43.3 million, two office buildings containing 221,702 square feet and an adjacent 9.7 acres of land for future development that will support 215,000 square feet in Rockville, Maryland. We funded this purchase with proceeds from a $55.0 million bridge loan, subsequently increased to $77.0 million, and then repaid on June 24, 2005 when we amended our unsecured line of credit.

- On April 18, 2005, we reacquired our membership interest in 6711 Gateway, LLC and Airport Square XXII in exchange for 142,776 common units valued at $3.7 million.
- On June 14, 2005, we acquired 27 acres of land for $5.9 million, which can accommodate 350,000 developable square feet. This land parcel is located in San Antonio, Texas, adjacent to our existing portfolio.
- We executed a contract to sell three properties within our New Jersey portfolio for $22.8 million and anticipate closing to occur in the third quarter of 2005. The operations from these properties have been classified as discontinued operations.

Development /Joint Venture

- On April 11, 2005, we executed a contribution agreement that formed a joint venture relationship with a limited partnership to develop up to 1.8 million square feet of office space on 63 acres of land (known as Arundel Preserve) located in Hanover, Maryland, in the Baltimore/Washington Corridor. Under the contribution agreement, we agreed to fund up to $2.2 million in pre-construction costs associated with the property. We will have a 50% interest in the joint venture relationship.
- On June 9, 2005, we acquired the remaining 20% interest in the Gateway 70 joint venture for $1.2 million. Gateway 70 includes an 85,106 rentable square foot building under construction in Columbia Gateway Business Park and an adjacent land parcel. On June 10, 2005, we sold the adjacent land parcel for $2.6 million and realized a gain of $186,000.

Operations

- Overall occupancy was 92.92%, up from 92.44% at March 31, 2005, and our portfolio was 93.75% leased as of June 30, 2005.
- Our same property cash NOI decreased by (6.1%) or $2.2 million as compared to the quarter ended June 30, 2004. The primary driver of the decrease in cash NOI for our same office portfolio as compared to second quarter of 2004, among other effects, was a drop of $5.0 million in lease termination fees offset by an increase of $3.1 million in rental revenues. In our Northern Virginia same office portfolio, we realized a drop of $4.2 million in lease termination fees associated with a partial lease buyout in our 13200 Woodland Park Road property, which was partially offset by increased rental revenues for that property of $1.4 million, as compared to the second quarter of 2004. Our same property portfolio consists of 128 properties and represents 85.7% of our total square feet owned as of June 30, 2005. (Note: For purposes of this bullet only, the term "revenues" excludes those items deducted from GAAP NOI to compute cash NOI.)
- Weighted average lease term of our office portfolio is 4.8 years as of June 30, 2005, with an average contractual rental rate (including tenant reimbursements of operating costs) of $20.61 per square foot.
- We renewed 208,400 square feet, or 64.0%, of our expiring office leases (based upon square footage) with an average committed cost of $4.44 per square foot during the second quarter. For our renewed and retenanted space of approximately 320,311 square feet, we realized an increase in total rent of 5.5%, as measured from the GAAP straight-line rent in effect preceding the renewal date and a decrease of (0.3%) in total cash rent. We incurred an average committed cost of $9.28 per square foot for our renewed and retenanted space in the second quarter.

Subsequent Events:

- On July 8, 2005, we paid $7.6 million in cash and issued 89,879 common units valued at $2.4 million in exchange for 63.9 acres of land held for development and a 50,000 square foot build-to-suit opportunity located on 4.9 acres of the land. The 59 acre parcel can support 650,000 square feet of development and the build-to-suit is 100% leased. This purchase marks our entry into the East submarket of Colorado Springs, Colorado, which supports Peterson Air Force Base. This acquisition represents our second expansion city announced this year.
- On July 11, 2005, we closed a $36.0 million bridge loan, which matures in October 2005, unless extended to January 2006.
- On July 21, 2005, we executed a ten year lease for 61,038 square feet with Applied Signal Technology, Inc. at our development property located at 306 Carina Road (known as 306 NBP).

Forward-Looking Statements

This supplemental information contains "forward-looking" statements, as defined in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, that are based on our current expectations, estimates and projections about future events and financial trends affecting us. Forward-looking statements can be identified by the use of words such as "may", "will", "should", "expect", "estimate" or other comparable terminology. Forward-looking statements are inherently subject to risks and uncertainties, many of which we cannot predict with accuracy and some of which we might not even anticipate. Accordingly, we can give no assurance that these expectations, estimates and projections will be achieved. Future events and actual results may differ materially from those discussed in the forward-looking statements.

Important factors that may affect these expectations, estimates, and projections include, but are not limited to:

- our ability to borrow on favorable terms;
- general economic and business conditions, which will, among other things, affect office property demand and rents, tenant creditworthiness, interest rates and financing availability;
- adverse changes in the real estate markets including, among other things, increased competition with other companies;
- risk of real estate acquisition and development, including, among other things, risks that development projects may not be completed on schedule, that tenants may not take occupancy or pay rent or that development or operating costs may be greater than anticipated;
- risks of investing through joint venture structures, including risks that our joint venture partners may not fulfill their financial obligations as investors or may take actions that are inconsistent with our objectives;
- governmental actions and initiatives; and

- environmental requirements.

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

Quarterly Selected Financial Summary Data
(Dollars in thousands)

	2005		2004		
	June 30	March 31	December 31	September 30	June 30
Revenues from Real Estate Operations	$ 60,186	$ 59,705	$ 57,776	$ 52,276	$ 53,091
Total Revenues	78,650	76,802	65,491	59,742	59,161
Combined Net Operating Income	43,133	41,709	41,444	36,900	39,245
EBITDA	40,463	39,366	38,439	34,713	37,020
Net Income	9,120	9,040	9,446	9,750	8,843
Preferred Share dividends	(3,654)	(3,654)	(3,654)	(3,784)	(4,435)
Issuance costs associated with redeemed preferred shares	—	—	—	(1,813)	—
Net Income Available to Common Shareholders	**$ 5,466**	**$ 5,386**	**$ 5,792**	**$ 4,153**	**$ 4,408**
Earnings per diluted share	**$ 0.14**	**$ 0.14**	**$ 0.15**	**$ 0.12**	**$ 0.13**
Earnings per diluted share, as adjusted for issuance costs associated with redeemed preferred shares	**$ 0.14**	**$ 0.14**	**$ 0.15**	**$ 0.17**	**$ 0.13**
Funds From Operations (FFO) - Diluted	$ 21,834	$ 21,143	$ 20,879	$ 17,368	$ 21,410
FFO per diluted share	**$ 0.47**	**$ 0.45**	**$ 0.45**	**$ 0.39**	**$ 0.50**
FFO per diluted share, as adjusted for issuance costs associated with redeemed preferred shares	**$ 0.47**	**$ 0.45**	**$ 0.45**	**$ 0.43**	**$ 0.50**
Adjusted FFO - Diluted	$ 16,981	$ 14,756	$ 13,164	$ 11,759	$ 13,956
Payout Ratios:					
Earnings Payout	**171.6%**	**173.4%**	**160.4%**	**222.4%**	**178.7%**
FFO - Diluted	**53.1%**	**54.5%**	**55.4%**	**65.9%**	**46.4%**
AFFO - Diluted	**68.2%**	**78.1%**	**87.9%**	**97.3%**	**71.2%**
Total Dividends/Distributions	**$ 15,405**	**$ 15,337**	**$ 15,286**	**$ 15,235**	**$ 14,370**

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

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

	2005 June 30	2005 March 31	2004 December 31	2004 September 30	2004 June 30
Assets					
Investment in real estate:					
Land - operational	$ 274,531	$ 268,307	$ 268,327	$ 260,197	$ 236,026
Land - development	108,320	97,085	74,190	75,925	70,407
Construction in progress	138,337	109,345	61,962	49,453	51,387
Buildings and improvements	1,333,526	1,294,457	1,280,537	1,231,518	1,091,865
Investment in and advances to unconsolidated real estate joint ventures	1,233	1,209	1,201	1,094	1,055
Less: accumulated depreciation	(165,101)	(153,127)	(141,716)	(131,018)	(121,630)
Net investment in real estate	**1,690,846**	**1,617,276**	**1,544,501**	**1,487,169**	**1,329,110**
Cash and cash equivalents	21,486	6,212	13,821	6,812	12,202
Restricted cash	15,982	13,830	12,617	10,760	12,137
Accounts receivable, net	13,613	17,529	16,771	10,209	16,002
Investment in and advances to other unconsolidated entities	1,621	1,621	1,621	1,621	1,621
Deferred rent receivable	29,291	27,890	26,282	23,383	20,857
Deferred charges, net	28,662	27,168	27,642	26,407	24,006
Intangible assets on real estate acquisitions, net	66,354	64,965	67,560	67,083	53,874
Prepaid and other assets	19,501	19,658	18,646	14,703	18,380
Furniture, fixtures and equipment, net	3,092	2,771	2,565	2,579	2,512
Total assets	**$ 1,890,448**	**$ 1,798,920**	**$ 1,732,026**	**$ 1,650,726**	**$ 1,490,701**
Liabilities and shareholders' equity					
Liabilities:					
Mortgage and other loans payable	$ 1,177,779	$ 1,091,688	$ 1,022,688	$ 947,332	$ 820,344
Accounts payable and accrued expenses	53,984	46,400	46,307	41,168	37,535
Rents received in advance and security deposits	13,421	13,298	12,781	11,519	11,950
Deferred revenue associated with acquired operating leases	8,092	6,612	7,247	7,670	8,335
Dividends and distributions payable	14,834	14,766	14,713	14,533	13,668
Fair value of derivatives	4,188	—	—	45	106
Other liabilities	4,024	7,661	7,488	7,115	7,105
Total liabilities	**1,276,322**	**1,180,425**	**1,111,224**	**1,029,382**	**899,043**
Minority interests:					
Preferred units in the Operating Partnership	8,800	8,800	8,800	8,800	—
Common units in the Operating Partnership	87,439	87,539	88,355	90,029	84,844
Other consolidated real estate joint ventures	861	1,699	1,723	1,594	5,602
Total minority interests	**97,100**	**98,038**	**98,878**	**100,423**	**90,446**
Commitments and contingencies	—	—	—	—	—
Shareholders' equity:					
Preferred Shares ($0.01 par value; 15,000,000 authorized);					
1,725,000 designated as Series B Cumulative Redeemable Preferred Shares of beneficial interest (no shares issued as of June 30, 2005)	—	—	—	—	13
1,265,000 designated as Series E Cumulative Redeemable Preferred Shares of beneficial interest (1,150,000 shares issued as of June 30, 2005)	11	11	11	11	11
1,425,000 designated as Series F Cumulative Redeemable Preferred Shares of beneficial interest (1,425,000 shares issued as of June 30, 2005)	14	14	14	14	14
2,200,000 designated as Series G Cumulative Redeemable Preferred Shares of beneficial interest (2,200,000 shares issued as of June 30, 2005)	22	22	22	22	22
2,000,000 designated as Series H Cumulative Redeemable Preferred Shares of beneficial interest (2,000,000 shares issued as of June 30, 2005)	20	20	20	20	20
Common Shares of beneficial interest ($0.01 par value; 75,000,000 authorized, 37,191,370 shares issued as of June 30, 2005)	372	370	368	367	340
Additional paid-in capital	586,567	582,805	578,228	573,766	550,927
Cumulative distributions in excess of net income	(59,226)	(55,312)	(51,358)	(47,862)	(44,593)
Value of unearned restricted common share grants	(7,396)	(7,473)	(5,381)	(5,381)	(5,459)
Accumulated other comprehensive income/(loss)	(3,358)	—	—	(36)	(83)
Total shareholders' equity	**517,026**	**520,457**	**521,924**	**520,921**	**501,212**
Total shareholders' equity and minority interests	**614,126**	**618,495**	**620,802**	**621,344**	**591,658**
Total liabilities and shareholders' equity	**$ 1,890,448**	**$ 1,798,920**	**$ 1,732,026**	**$ 1,650,726**	**$ 1,490,701**

Quarterly Consolidated Statements of Operations

(Dollars and units in thousands)

	2005 June 30	2005 March 31	2004 December 31	2004 September 30	2004 June 30
Revenues					
Rental revenue	$ 53,601	$ 52,430	$ 51,902	$ 46,781	$ 48,339
Tenant recoveries and other real estate operations revenue	6,585	7,275	5,874	5,495	4,752
Construction contract revenues	17,445	15,728	6,882	6,766	5,233
Other service operations revenues	1,019	1,369	833	700	837
Total Revenues	**78,650**	**76,802**	**65,491**	**59,742**	**59,161**
Expenses					
Property operating	17,574	18,565	16,876	15,789	14,365
Depreciation and amortization associated with real estate operations	15,068	14,387	13,668	11,619	15,705
Construction contract expenses	17,223	14,897	6,453	6,483	4,979
Other service operations expenses	955	1,291	823	495	853
General and administrative expenses	3,166	3,276	3,467	2,698	2,487
Total operating expenses	**53,986**	**52,416**	**41,287**	**37,084**	**38,389**
Operating Income	24,664	24,386	24,204	22,658	20,772
Interest expense	(13,728)	(13,183)	(12,483)	(10,668)	(10,346)
Amortization of deferred financing costs	(471)	(396)	(495)	(577)	(500)
Income from continuing operations before gain/(loss) on sales of real estate, income taxes and minority interests	**10,465**	**10,807**	**11,226**	**11,413**	**9,926**
Gain/(loss) on sales of real estate, excluding discontinued operations	210	24	24	24	24
Income tax (expense)	(213)	(457)	(420)	(145)	(30)
Income from continuing operations before minority interests	10,462	10,374	10,830	11,292	9,920
Minority interest in income from continuing operations Common units in the Operating Partnership	(1,307)	(1,285)	(1,381)	(1,583)	(1,203)
Preferred units in the Operating Partnership	(165)	(165)	(165)	(14)	—
Other consolidated entities	15	24	12	8	(8)
Income from continuing operations	9,005	8,948	9,296	9,703	8,709
Income from discontinued operations, net of minority interests	115	92	150	47	134
Net Income	**9,120**	**9,040**	**9,446**	**9,750**	**8,843**
Preferred share dividends	(3,654)	(3,654)	(3,654)	(3,784)	(4,435)
Issuance costs associated with redeemed preferred shares	—	—	—	(1,813)	—
Net Income Available to Common Shareholders	**$ 5,466**	**$ 5,386**	**$ 5,792**	**$ 4,153**	**$ 4,408**
For EPS Computations:					
Numerator for Dilutive EPS	$ 5,466	$ 5,386	$ 5,792	$ 4,153	$ 4,408
Denominator:					
Weighted Average Common Shares - Basic	36,692	36,555	36,296	33,797	32,743
Dilutive options	1,528	1,537	1,638	1,655	1,639
Weighted Average Common Shares - Diluted	38,220	38,092	37,934	35,452	34,382
Earnings per diluted share	**$ 0.14**	**$ 0.14**	**$ 0.15**	**$ 0.12**	**$ 0.13**

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

	2005 June 30	2005 March 31	2004 December 31	2004 September 30	2004 June 30
Net Income	**$ 9,120**	**$ 9,040**	**$ 9,446**	**$ 9,750**	**$ 8,843**
Issuance costs associated with redeemed preferred shares	—	—	—	(1,813)	—
Combined real estate related depreciation and other amortization	15,087	14,505	13,625	11,700	15,785
Depreciation and amortization allocable to minority interests in other consol. entities	(30)	(32)	(30)	(56)	—
Gain on sale of real estate properties, excluding development	(24)	(24)	(24)	(24)	(24)
Funds From Operations (FFO)	**24,153**	**23,489**	**23,017**	**19,557**	**24,604**
Minority interest - common units, gross	1,335	1,308	1,418	1,595	1,241
Preferred share dividends	(3,654)	(3,654)	(3,654)	(3,784)	(4,435)
Funds From Operations (FFO) - Basic	**21,834**	**21,143**	**20,781**	**17,368**	**21,410**
Restricted share dividends	—	—	98	—	—
Funds From Operations (FFO) - Diluted	**$ 21,834**	**$ 21,143**	**$ 20,879**	**$ 17,368**	**$ 21,410**
Straight line rent adjustments	(1,369)	(1,583)	(2,895)	(2,519)	(2,184)
Amortization of deferred market rental revenue	(191)	(70)	(125)	(224)	(273)
Issuance costs associated with redeemed preferred shares	—	—	—	1,813	—

Recurring capital expenditures		(3,293)		(4,734)		(4,695)		(4,679)		(4,997)
Adjusted Funds from Operations - Diluted	$	**16,981**	$	**14,756**	$	**13,164**	$	**11,759**	$	**13,956**
Preferred dividends - redeemable non-convertible (1)		3,654		3,654		3,654		3,784		4,435
Preferred distributions		165		165		165		14		—
Common distributions		2,205		2,179		2,179		2,202		2,057
Common dividends		9,381		9,339		9,288		9,235		7,878
Total Dividends/Distributions	$	**15,405**	$	**15,337**	$	**15,286**	$	**15,235**	$	**14,370**
Denominator for earnings per share - Diluted		**38,220**		**38,092**		**37,934**		**35,452**		**34,382**
Common units		8,676		8,544		8,588		8,690		8,765
Denominator for funds from operations per share - Diluted		**46,896**		**46,636**		**46,522**		**44,142**		**43,147**
Funds From Operations (FFO) - Diluted	$	**21,834**	$	**21,143**	$	**20,879**	$	**17,368**	$	**21,410**
Issuance costs associated with redeemed preferred shares (1)		n/a		n/a		n/a		1,813		n/a
FFO diluted, as adjusted for issuance costs associated with redeemed preferred shares	$	**21,834**	$	**21,143**	$	**20,879**	$	**19,181**	$	**21,410**
Numerator for Dilutive EPS Computation	$	**5,466**	$	**5,386**	$	**5,792**	$	**4,153**	$	**4,408**
Issuance costs associated with redeemed preferred shares (1)		n/a		n/a		n/a		1,813		n/a
Numerator for Dilutive EPS Computation, as adjusted	$	**5,466**	$	**5,386**	$	**5,792**	$	**5,966**	$	**4,408**
Earnings per diluted share, as adjusted for issuance costs associated with redeemed preferred shares	$	**0.14**	$	**0.14**	$	**0.15**	$	**0.17**	$	**0.13**

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

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

	2005				2004					
	June 30		**March 31**		**December 31**		**September 30**		**June 30**	
Net Income	$	**9,120**	$	**9,040**	$	**9,446**	$	**9,750**	$	**8,843**
Combined interest expense		13,916		13,358		12,648		10,839		10,514
Amortization of deferred financing costs		471		396		495		577		500
Income tax expense, gross		213		457		420		145		30
Depreciation of furniture, fixtures and equipment		171		161		234		101		99
Combined real estate related depreciation and other amortization		15,087		14,505		13,625		11,700		15,785
Minority interest - preferred units		165		165		165		14		—
Minority interest - consolidated partnerships		(15)		(24)		(12)		(8)		8
Minority interest - common units, gross		1,335		1,308		1,418		1,595		1,241
Earnings Before Interest, Income Taxes, Depreciation and Amortization (EBITDA)	$	**40,463**	$	**39,366**	$	**38,439**	$	**34,713**	$	**37,020**
Addback:										
General and administrative		3,166		3,276		3,467		2,698		2,487
(Income) from service operations		(286)		(909)		(439)		(488)		(238)
Gain on sale of depreciated real estate properties		(24)		(24)		(24)		(24)		(24)
Merchant sales and real estate services		(186)		—		1		1		—
Combined Net Operating Income (NOI)	$	**43,133**	$	**41,709**	$	**41,444**	$	**36,900**	$	**39,245**
Discontinued Operations:										
Revenues from real estate operations	$	**855**	$	**922**	$	**837**	$	**821**	$	**801**
Property operating expenses		(334)		(353)		(294)		(408)		(282)
Depreciation and amortization		(190)		(279)		(191)		(183)		(179)
Interest		(188)		(175)		(165)		(171)		(168)
Income from discontinued operations		143		115		187		59		172
Minority interests in discontinued operations		(28)		(23)		(37)		(12)		(38)
Income from discontinued operations, net of minority interests	$	**115**	$	**92**	$	**150**	$	**47**	$	**134**
Gain/(loss) on sales of real estate per statement of operations	$	**210**	$	**24**	$	**24**	$	**24**	$	**24**
(Loss)/gain on sales of real estate from discontinued operations		—		—		—		—		—
Combined gain/(loss) on sales of real estate		**210**		**24**		**24**		**24**		**24**
Merchant sales and real estate services		(186)		—		1		1		—
Gain on sales of depreciated real estate properties	$	**24**	$	**24**	$	**25**	$	**25**	$	**24**

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

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

Common Equity - End of Quarter					
Common Shares	37,191	37,043	36,842	36,635	33,952
Common Units	8,675	8,544	8,544	8,634	8,754
Total	**45,866**	**45,587**	**45,386**	**45,269**	**42,706**
End of Quarter Common Share Price	$ 29.45	$ 26.48	$ 29.35	$ 25.62	$ 24.85
Market Value of Common Shares/Units	**$ 1,350,754**	**$ 1,207,144**	**$ 1,332,079**	**$ 1,159,792**	**$ 1,061,244**
Common Shares Trading Volume					
Average Daily Volume (Shares)	145	129	140	135	187
Average Daily Volume (Dollars in thousands)	$ 4,031.40	$ 3,437.50	$ 3,829.59	$ 3,432.70	$ 4,226.56
As a Percentage of Weighted Average Common Shares	0.4%	0.4%	0.4%	0.4%	0.6%
Common Share Price Range					
Quarterly High	$ 29.78	$ 29.30	$ 29.37	$ 26.91	$ 25.10
Quarterly Low	$ 25.39	$ 25.14	$ 25.70	$ 24.09	$ 19.00
Quarterly Average	$ 27.71	$ 26.55	$ 27.39	$ 25.38	$ 22.55
Convertible Preferred Equity - End of Quarter					
Convertible Series I Preferred Units Outstanding (1)	352	352	352	352	n/a
Conversion Ratio	0.5000	0.5000	0.5000	0.5000	n/a
Common Shares Issued Assuming Conversion	176	176	176	176	n/a
Nonconvertible Preferred Equity - End of Quarter					
Redeemable Series B Shares Outstanding (2)	—	—	—	—	1,250
Redeemable Series E Shares Outstanding	1,150	1,150	1,150	1,150	1,150
Redeemable Series F Shares Outstanding	1,425	1,425	1,425	1,425	1,425
Redeemable Series G Shares Outstanding	2,200	2,200	2,200	2,200	2,200
Redeemable Series H Shares Outstanding	2,000	2,000	2,000	2,000	2,000
Total Nonconvertible Preferred Equity	**6,775**	**6,775**	**6,775**	**6,775**	**8,025**
Total Convertible Preferred Equity	**352**	**352**	**352**	**352**	**n/a**
Total Preferred Equity	**7,127**	**7,127**	**7,127**	**7,127**	**8,025**
Preferred Share Recorded Book Value	$ 25.00	$ 25.00	$ 25.00	$ 25.00	$ 25.00
Recorded Book Value of Preferred Equity	**$ 178,175**	**$ 178,175**	**$ 178,175**	**$ 178,175**	**$ 200,625**
Weighted Average Shares:					
Common Shares Outstanding	36,692	36,555	36,296	33,797	32,743
Restricted shares	—	—	238	—	—
Dilutive options	1,528	1,537	1,638	1,655	1,639
Common Units	8,676	8,544	8,588	8,690	8,765
Denominator for funds from operations per share - diluted	**46,896**	**46,636**	**46,760**	**44,142**	**43,147**
Capitalization					
Recorded Book Value of Preferred Shares	$ 178,175	$ 178,175	$ 178,175	$ 178,175	$ 200,625
Market Value of Common Shares/Units	1,350,754	1,207,144	1,332,079	1,159,792	1,061,244
Total Equity Market Capitalization	**$ 1,528,929**	**$ 1,385,319**	**$ 1,510,254**	**$ 1,337,967**	**$ 1,261,869**
Total Debt	**$ 1,177,779**	**$ 1,091,688**	**$ 1,022,688**	**$ 947,332**	**$ 820,344**
Total Market Capitalization	**$ 2,706,708**	**$ 2,477,007**	**$ 2,532,942**	**$ 2,285,299**	**$ 2,082,213**
Debt to Total Market Capitalization	**43.5%**	**44.1%**	**40.4%**	**41.5%**	**39.4%**
Debt to Total Assets	**62.3%**	**60.7%**	**59.0%**	**57.4%**	**55.0%**
Debt to Undepreciated Book Value of Real Estate Assets	**61.3%**	**59.5%**	**58.3%**	**56.2%**	**54.5%**

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

Quarterly Debt Analysis
(Dollars in thousands)

	2005		2004		
	June 30	**March 31**	**December 31**	**September 30**	**June 30**
Debt Outstanding					
Mortgage Loans	$ 769,408	$ 773,315	$ 792,125	$ 793,755	$ 612,936
Construction Loans	72,371	48,773	26,963	31,977	23,408
Unsecured Revolving Credit Facility	336,000	269,600	203,600	121,600	184,000
	$ 1,177,779	$ 1,091,688	$ 1,022,688	$ 947,332	$ 820,344
Average Outstanding Balance					
Mortgage Loans	$ 829,493	$ 778,021	$ 792,876	$ 644,324	$ 635,134
Construction Loans	58,167	41,451	31,147	23,843	20,873
Unsecured Revolving Credit Facility	271,201	226,307	155,422	202,573	175,494
	$ 1,158,861	$ 1,045,779	$ 979,445	$ 870,740	$ 831,501
Interest Rate Structure					
Fixed	$ 724,369	$ 728,232	$ 738,648	$ 725,696	$ 537,088
Variable	380,010	363,456	234,040	171,636	233,256
Variable Subject to Interest Rate Protection (1) (2)	73,400	—	50,000	50,000	50,000

	June 30, 2005	March 31, 2005	December 31, 2004	September 30, 2004	June 30, 2004
	$ 1,177,779	$ 1,091,688	$ 1,022,688	$ 947,332	$ 820,344
% of Fixed Rate Loans (3)	67.74%	66.71%	77.12%	81.88%	71.57%
% of Variable Rate Loans (2)	32.26%	33.29%	22.88%	18.12%	28.43%
	100.00%	100.00%	100.00%	100.00%	100.00%
Average Interest Rates					
Mortgage & Construction Loans	6.17%	6.25%	6.10%	6.24%	6.23%
Unsecured Revolving Credit Facility	4.51%	4.06%	3.48%	3.04%	2.92%
Total Weighted Average	5.74%	5.75%	5.85%	5.63%	5.53%
Coverage Ratios (excluding capitalized interest) — All coverage computations include the effect of discontinued operations					
Interest Coverage - Combined NOI	3.10x	3.12x	3.28x	3.40x	3.73x
Interest Coverage - EBITDA	2.91x	2.95x	3.04x	3.20x	3.52x
Debt Service Coverage - Combined NOI	2.44x	2.01x	2.21x	2.22x	2.49x
Debt Service Coverage - EBITDA	2.29x	1.90x	2.05x	2.09x	2.35x
Fixed Charge Coverage - Combined NOI	2.43x	2.43x	2.52x	2.52x	2.63x
Fixed Charge Coverage - EBITDA	2.28x	2.29x	2.33x	2.37x	2.48x

(1) We had a $50 million notional amount swap exchanging 30-day floating LIBOR for LIBOR of 2.308% which expired January 3, 2005.
(2) On April 7, 2005, we entered into a $73.4 million notional amount forward swap at a fixed rate of 5.0244%, which commences in July 2005 and expires in July 2015.
(3) Includes interest rate protection agreements.

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

	2005		2004		
	June 30	March 31	December 31	September 30	June 30
OPERATING RATIOS — All computations include the effect of discontinued operations					
Net Income as a % of Combined Real Estate Revenues (Net Income / Combined Real Estate Revenues)	14.94%	14.91%	16.12%	18.36%	16.41%
Combined NOI as a % of Combined Real Estate Revenues (Combined NOI / Combined Real Estate Revenues)	70.66%	68.80%	70.71%	69.50%	72.82%
EBITDA as a % of Combined Real Estate Revenues (EBITDA / Combined Real Estate Revenues)	66.29%	64.93%	65.58%	65.38%	68.69%
G&A as a % of Net Income (G&A / Net Income)	34.71%	36.24%	36.70%	27.67%	28.12%
G&A as a % of Combined Real Estate Revenues (G&A / Combined Real Estate Revenues)	5.19%	5.40%	5.91%	5.08%	4.61%
G&A as a % of EBITDA (G&A / EBITDA)	7.82%	8.32%	9.02%	7.77%	6.72%
Quarter end occupancy for operating portfolio	92.92%	92.44%	93.98%	93.04%	92.92%
Quarter end % leased for operating portfolio	93.75%	93.19%	94.96%	94.87%	94.38%
Recurring Capital Expenditures	$ 3,293	$ 4,734	$ 4,695	$ 4,679	$ 4,997
Recurring Capital Expenditures per average square foot	$ 0.27	$ 0.40	$ 0.40	$ 0.42	$ 0.47
Recurring Capital Expenditures as a % of NOI (Combined NOI)	7.63%	11.35%	11.33%	12.68%	12.73%

Quarterly Dividend Analysis

	2005		2004		
	June 30	March 31	December 31	September 30	June 30
Common Share Dividends					
Dividends per share/unit	$ 0.255	$ 0.255	$ 0.255	$ 0.255	$ 0.235
Increase over prior quarter	0.0%	0.0%	0.0%	8.5%	0.0%
Common Dividend Payout Ratios					
Payout - Earnings	171.6%	173.4%	160.4%	222.4%	178.7%
Payout - FFO - Diluted	53.1%	54.5%	55.4%	65.9%	46.4%
Payout - AFFO - Diluted	68.2%	78.1%	87.9%	97.3%	71.2%
Dividend Coverage - FFO - Diluted	1.88x	1.84x	1.81x	1.52x	2.16x
Dividend Coverage - AFFO - Diluted	1.47x	1.28x	1.14x	1.03x	1.40x

Common Dividend Yields					
Dividend Yield	3.46%	3.85%	3.48%	3.98%	3.78%
Series I Preferred Unit Distributions (1)					
Preferred Unit Distributions Per Unit	$ 0.46875	$ 0.46875	$ 0.46875	$ 0.46875	n/a
Preferred Unit Distributions Yield	7.50%	7.50%	7.50%	7.50%	n/a
Quarter End Recorded Book Value	$ 25.00	$ 25.00	$ 25.00	$ 25.00	n/a
Series B Preferred Share Dividends (2)					
Preferred Share Dividends Per Share	n/a	n/a	n/a	n/a	$ 0.62500
Preferred Share Dividend Yield	n/a	n/a	n/a	n/a	10.00%
Quarter End Recorded Book Value	n/a	n/a	n/a	n/a	$ 25.00
Series E Preferred Share Dividends					
Preferred Share Dividends Per Share	$ 0.64063	$ 0.64063	$ 0.64063	$ 0.64063	$ 0.64063
Preferred Share Dividend Yield	10.25%	10.25%	10.25%	10.25%	10.25%
Quarter End Recorded Book Value	$ 25.00	$ 25.00	$ 25.00	$ 25.00	$ 25.00
Series F Preferred Share Dividends					
Preferred Share Dividends Per Share	$ 0.61719	$ 0.61719	$ 0.61719	$ 0.61719	$ 0.61719
Preferred Share Dividend Yield	9.875%	9.875%	9.875%	9.875%	9.875%
Quarter End Recorded Book Value	$ 25.00	$ 25.00	$ 25.00	$ 25.00	$ 25.00
Series G Preferred Share Dividends					
Preferred Share Dividends Per Share	$ 0.50000	$ 0.50000	$ 0.50000	$ 0.50000	$ 0.50000
Preferred Share Dividend Yield	8.000%	8.000%	8.000%	8.000%	8.000%
Quarter End Recorded Book Value	$ 25.00	$ 25.00	$ 25.00	$ 25.00	$ 25.00
Series H Preferred Share Dividends					
Preferred Share Dividends Per Share	$ 0.46875	$ 0.46875	$ 0.46875	$ 0.46875	$ 0.46875
Preferred Share Dividend Yield	7.500%	7.500%	7.500%	7.500%	7.500%
Quarter End Recorded Book Value	$ 25.00	$ 25.00	$ 25.00	$ 25.00	$ 25.00

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

Investor Composition and Analyst Coverage
(as of June 30, 2005)

SHAREHOLDER CLASSIFICATION	Common Shares	Common Units	As if Converted Preferred Shares / Units	Total	Fully Diluted Ownership % of Total
Insiders	974,411	7,582,238	—	8,556,649	18.58%
Institutional Ownership	31,164,151	—	—	31,164,151	67.69%
Other / Retail	5,052,808	1,092,426	176,000	6,321,234	13.73%
	37,191,370	8,674,664	176,000	46,042,034	100.00%

RESEARCH COVERAGE	June 30, 2005	March 31, 2005	December 31, 2004	September 30, 2004	June 30, 2004
A. G. Edwards	x	x	x	x	x
Credit Suisse First Boston	x	x	x	x	n/a
Ferris, Baker Watts, Incorporated	x	x	n/a	n/a	n/a
Legg Mason Wood Walker, Inc.	x	x	x	x	x
Maxcor Financial Group, Inc.	x	x	x	x	x
McDonald Investments	x	x	x	x	x
Raymond James	x	x	x	x	x
Robert W. Baird & Co. Incorporated	x	x	x	n/a	n/a
Stifel, Nicolaus & Company, Incorporated	x	x	x	x	n/a
Wachovia Securities	x	x	x	x	x

Source: Institutional ownership was obtained from filed Forms 13(f) as of March 31, 2005 per Vickers Stock Research Corporation.

Debt Maturity Schedule - June 30, 2005
(Dollars in thousands)

	Non-Recourse Debt (1) (4)		Recourse Debt (1) (4)			
Year of Maturity	Annual Amortization of Monthly Payments	Due on Maturity	Annual Amortization of Monthly Payments	Due on Maturity	Wachovia Revolver (2)	Total Scheduled Payments
2005	$ 7,196	$ 16,446	$ 225	$ 18,893	$ —	$ 42,760

2006	14,758	59,975	4,164	3,685	—	82,582
2007	13,492	65,698	4,199	73,497	—	156,886
2008	11,543	142,903	549	25,217	336,000	516,212
2009	7,945	52,228	589	—	—	60,762
2010 (3)	7,324	52,177	50	12,481	—	72,032
2011	5,420	102,264	—	—	—	107,684
2012	3,818	36,123	—	—	—	39,941
2013	1,183	96,376	—	—	—	97,559
	$ 72,679	**$ 624,190**	**$ 9,776**	**$ 133,773**	**$ 336,000**	**$ 1,176,418**
		Net premium / (discount) to adjust to fair value of debt				1,361
			Debt per the Balance Sheet			**$ 1,177,779**

Notes:

(1) Certain mortgages contain extension options, generally either for a period of six months or one year, subject to certain conditions. The maturity dates presented above in the table assume that the extension options have not been exercised.

(2) We have the right to extend the Wachovia Revolver for a one-year period, subject to certain conditions, upon maturity in March 2008.

(3) We assumed that our $9.8 million non-recourse loan that matures in September 2025 will be called in October 2010. The above table includes the $8.5 million amount due on maturity in 2010.

(4) The non-recourse debt presented above includes $20.0 million of recourse debt relating to the construction of 4851 Stonecroft Boulevard.

Property Summary by Region - June 30, 2005

Operating Property Count		Submarket	Business Park	Year Built or Renovated	S or M	Total Operational Square Feet	Total Square Feet Under Construction / Redevelopment
	Office Properties						
	Baltimore /Washington Corridor						
1	2730 Hercules Road	BWI Airport	NBP	1990	M	240,336	
	304 Carina Road (304 NBP)	BWI Airport	NBP		M		162,498
	306 Carina Road (306 NBP)	BWI Airport	NBP		M		157,146
2	2720 Technology Drive (220 NBP)	BWI Airport	NBP	2004	M	156,730	
3	2711 Technology Drive (211 NBP)	BWI Airport	NBP	2002	M	152,000	
	322 Carina Road (322 NBP)	BWI Airport	NBP		M		125,847
	318 Carina Road (318 NBP)	BWI Airport	NBP		M		125,681
4	140 National Business Parkway	BWI Airport	NBP	2003	M	119,904	
5	132 National Business Parkway	BWI Airport	NBP	2000	M	118,456	
6	2721 Technology Drive (221 NBP)	BWI Airport	NBP	2000	M	118,093	
7	2701 Technology Drive (201 NBP)	BWI Airport	NBP	2001	M	117,450	
	2691 Technology Drive (191 NBP)	BWI Airport	NBP		M		103,683
8	134 National Business Parkway	BWI Airport	NBP	1999	M	93,482	
9	133 National Business Parkway	BWI Airport	NBP	1997	M	88,666	
10	135 National Business Parkway	BWI Airport	NBP	1998	M	87,484	
11	141 National Business Parkway	BWI Airport	NBP	1990	M	87,318	
12	131 National Business Parkway	BWI Airport	NBP	1990	M	69,039	
13	114 National Business Parkway	BWI Airport	NBP	2002	M	9,908	
						1,458,866	**674,855**
1	1306 Concourse Drive	BWI Airport	APS	1990	M	114,046	
2	870-880 Elkridge Landing Road	BWI Airport	APS	1981	M	105,151	
3	1304 Concourse Drive	BWI Airport	APS	2002	M	102,964	
4	900 Elkridge Landing Road	BWI Airport	APS	1982	M	97,261	
5	1199 Winterson Road	BWI Airport	APS	1988	M	96,636	
6	920 Elkridge Landing Road	BWI Airport	APS	1982	M	96,566	
7	1302 Concourse Drive	BWI Airport	APS	1996	M	84,505	
8	881 Elkridge Landing Road	BWI Airport	APS	1986	M	73,572	
9	1099 Winterson Road	BWI Airport	APS	1988	M	71,076	
10	1190 Winterson Road	BWI Airport	APS	1987	M	69,024	
11	849 International Drive	BWI Airport	APS	1988	M	68,865	
12	911 Elkridge Landing Road	BWI Airport	APS	1985	M	68,296	
13	1201 Winterson Road	BWI Airport	APS	1985	M	67,903	
14	999 Corporate Boulevard	BWI Airport	APS	2000	M	67,456	
15	891 Elkridge Landing Road	BWI Airport	APS	1984	M	58,454	
16	901 Elkridge Landing Road	BWI Airport	APS	1984	M	57,593	
17	930 International Drive	BWI Airport	APS	1986	S	57,409	
18	800 International Drive	BWI Airport	APS	1988	S	57,379	
19	900 International Drive	BWI Airport	APS	1986	S	57,140	
20	921 Elkridge Landing Road	BWI Airport	APS	1983	M	54,175	
21	939 Elkridge Landing Road	BWI Airport	APS	1983	M	53,031	
22	938 Elkridge Landing Road	BWI Airport	APS	1984	M	52,988	
23	940 Elkridge Landing Road	BWI Airport	APS	1984	M	51,704	
						1,683,194	—
1	7467 Ridge Road	BWI Airport	Comm./Pkwy.	1990	M	74,326	
2	7240 Parkway Drive	BWI Airport	Comm./Pkwy.	1985	M	73,960	
3	7318 Parkway Drive	BWI Airport	Comm./Pkwy.	1984	M	59,204	
4	7320 Parkway Drive	BWI Airport	Comm./Pkwy.	1983	S	58,453	
5	1340 Ashton Road	BWI Airport	Comm./Pkwy.	1989	S	46,400	
6	7321 Parkway Drive	BWI Airport	Comm./Pkwy.	1984	S	39,822	
7	1334 Ashton Road	BWI Airport	Comm./Pkwy.	1989	S	37,565	
8	1331 Ashton Road	BWI Airport	Comm./Pkwy.	1989	S	29,936	
9	1350 Dorsey Road	BWI Airport	Comm./Pkwy.	1989	S	19,992	
10	1344 Ashton Road	BWI Airport	Comm./Pkwy.	1989	M	17,061	
11	1341 Ashton Road	BWI Airport	Comm./Pkwy.	1989	S	15,841	
12	1343 Ashton Road	BWI Airport	Comm./Pkwy.	1989	S	9,962	
13	1348 Ashton Road	BWI Airport	Comm./Pkwy.	1988	S	3,108	
						485,630	—
49	**Subtotal (continued on next page)**					**3,627,690**	**674,855**

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

Property Summary by Region - June 30, 2005 (continued)

Operating Property Count		Submarket	Business Park	Year Built or Renovated	S or M	Total Operational Square Feet	Total Square Feet Under Construction / Redevelopment
49	Subtotal (continued from prior page)					**3,627,690**	**674,855**
1	2500 Riva Road	Annapolis		2000	M	**155,000**	
1	9140 Route 108	Howard Co. Perimeter	Oakland Ridge	1985	S	**150,000**	
1	7000 Columbia Gateway Drive	Howard Co. Perimeter	Columbia Gateway	1999	M	145,806	
	6711 Columbia Gateway Drive	Howard Co. Perimeter	Columbia Gateway		M		125,000
2	6731 Columbia Gateway Drive	Howard Co. Perimeter	Columbia Gateway	2002	M	123,760	
3	6940 Columbia Gateway Drive	Howard Co. Perimeter	Columbia Gateway	1999	M	108,909	
4	6950 Columbia Gateway Drive	Howard Co. Perimeter	Columbia Gateway	1998	M	107,778	
5	7067 Columbia Gateway Drive	Howard Co. Perimeter	Columbia Gateway	2001	M	82,953	
	8621 Robert Fulton Drive	Howard Co. Perimeter	Columbia Gateway		M		85,106
6	6750 Alexander Bell Drive	Howard Co. Perimeter	Columbia Gateway	2001	M	78,460	
7	6700 Alexander Bell Drive	Howard Co. Perimeter	Columbia Gateway	1988	M	74,684	
8	6740 Alexander Bell Drive	Howard Co. Perimeter	Columbia Gateway	1992	M	61,957	
9	8671 Robert Fulton Drive	Howard Co. Perimeter	Columbia Gateway	2002	S	56,350	
10	6716 Alexander Bell Drive	Howard Co. Perimeter	Columbia Gateway	1990	M	52,002	
11	8661 Robert Fulton Drive	Howard Co. Perimeter	Columbia Gateway	2002	S	49,500	
12	6708 Alexander Bell Drive	Howard Co. Perimeter	Columbia Gateway	1988	M	39,203	
13	7065 Columbia Gateway Drive	Howard Co. Perimeter	Columbia Gateway	2000	S	38,560	
14	7063 Columbia Gateway Drive	Howard Co. Perimeter	Columbia Gateway	2000	S	36,936	
15	6760 Alexander Bell Drive	Howard Co. Perimeter	Columbia Gateway	1991	M	36,423	
16	7061 Columbia Gateway Drive	Howard Co. Perimeter	Columbia Gateway	2000	M	29,604	
17	6724 Alexander Bell Drive	Howard Co. Perimeter	Columbia Gateway	2001	M	28,420	
						1,151,305	**210,106**
1	7200 Riverwood Drive	Howard Co. Perimeter	Rivers 95	1986	S	160,000	
2	9140 Guilford Road	Howard Co. Perimeter	Rivers 95	1983	S	41,704	
3	9160 Guilford Road	Howard Co. Perimeter	Rivers 95	1984	M	36,528	
4	9150 Guilford Road	Howard Co. Perimeter	Rivers 95	1984	S	18,592	
5	9130 Guilford Road	Howard Co. Perimeter	Rivers 95	1984	S	13,700	
						270,524	—
73	**Total Baltimore / Washington Corridor**					**5,354,519**	**884,961**
	Suburban Maryland						
1	11800 Tech Road	North Silver Spring	Montgomery Industrial	1989	M	235,954	
2	400 Professional Drive	Gaithersburg	Crown Point	2000	M	129,030	
3	15 West Gude Drive	Rockville		1986	M	113,114	
4	45 West Gude Drive	Rockville		1987	M	108,588	
5	14502 Greenview Drive	Laurel		1988	M	72,449	
6	14504 Greenview Drive	Laurel		1985	M	69,334	
7	4230 Forbes Boulevard	Lanham	Forbes 50	2003	S	55,866	
	Total Suburban Maryland					**784,335**	—
	Other						
1	10150 York Road	North Baltimore Co.		1985	M	176,689	
2	9690 Deereco Road	North Baltimore Co.		1988	M	134,175	
3	375 West Padonia Road	North Baltimore Co.		1986	M	110,328	
4	1615 and 1629 Thames Street	Baltimore City		1989	M	104,214	
	Total Other					**525,406**	—

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

Property Summary by Region - June 30, 2005 (continued)

Operating Property Count		Submarket	Business Park	Year Built or Renovated	S or M	Total Operational Square Feet	Total Square Feet Under Construction / Redevelopment
	St. Mary's & King George Counties						
1	22309 Exploration Drive	St. Mary's County	Exploration Park	1984	M	98,860	
2	22289 Exploration Drive	St. Mary's County	Exploration Park	2000	M	61,059	
3	22299 Exploration Drive	St. Mary's County	Exploration Park	1998	M	58,509	
4	22300 Exploration Drive	St. Mary's County	Exploration Park	1997	S	44,830	
						263,258	—
1	46579 Expedition Drive	St. Mary's County	Expedition Park	2002	M	61,156	
	46591 Expedition Drive	St. Mary's County	Expedition Park		M		61,000
						61,156	**61,000**
1	44425 Pecan Court	St. Mary's County	Wildewood Tech Park	1997	M	59,055	
2	44408 Pecan Court	St. Mary's County	Wildewood Tech Park	1986	S	50,532	
3	23535 Cottonwood Parkway	St. Mary's County	Wildewood Tech Park	1984	M	46,656	
4	44417 Pecan Court	St. Mary's County	Wildewood Tech Park	1989	S	29,053	
5	44414 Pecan Court	St. Mary's County	Wildewood Tech Park	1986	S	25,444	
6	44420 Pecan Court	St. Mary's County	Wildewood Tech Park	1989	S	25,200	
						235,940	—
1	16480 Commerce Drive	King George County	Dahlgren Technology Center	2000	S	70,728	
2	16541 Commerce Drive	King George County	Dahlgren Technology Center	1996	S	36,053	
3	16539 Commerce Drive	King George County	Dahlgren Technology Center	1990	S	32,076	
4	16442 Commerce Drive	King George County	Dahlgren Technology Center	2002	S	25,518	
5	16501 Commerce Drive	King George County	Dahlgren Technology Center	2002	S	22,860	
6	16543 Commerce Drive	King George County	Dahlgren Technology Center	2002	S	17,370	
						204,605	—
17	**Total St. Mary's & King George Counties**					**764,959**	**61,000**
	Northern Virginia						
1	15000 Conference Center Drive	Dulles South	Westfields	1989	M	470,406	
	15010 Conference Center Drive	Dulles South	Westfields		M		213,091
2	15059 Conference Center Drive	Dulles South	Westfields	2000	M	145,192	
3	15049 Conference Center Drive	Dulles South	Westfields	1997	M	145,053	
4	14900 Conference Center Drive	Dulles South	Westfields	1999	M	127,572	
5	14280 Park Meadow Drive	Dulles South	Westfields	1999	M	114,126	
6	4851 Stonecroft Boulevard	Dulles South	Westfields	2004	M	88,094	
7	14850 Conference Center Drive	Dulles South	Westfields	2000	M	69,711	
8	14840 Conference Center Drive	Dulles South	Westfields	2000	M	69,710	
						1,229,864	**213,091**
1	13200 Woodland Park Road	Herndon	Woodlands	2002	M	404,665	
						404,665	—

1	13454 Sunrise Valley Road	Herndon	Dulles Tech	1998	M	113,093	
2	13450 Sunrise Valley Road	Herndon	Dulles Tech	1998	M	53,728	
						166,821	—
1	1751 Pinnacle Drive	Tysons Corner		1989/1995	M	261,031	
2	1753 Pinnacle Drive	Tysons Corner		1976/2004	M	181,637	
						442,668	—
13	**Total Northern Virginia**					**2,244,018**	**213,091**
	Greater Harrisburg						
1	2605 Interstate Drive	East Shore	Commerce Park	1990	M	79,456	
2	2601 Market Place	East Shore	Commerce Park	1989	M	65,411	
						144,867	—
2	**Subtotal (continued on next page)**					**144,867**	—

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

Property Summary by Region - June 30, 2005 (continued)

Operating Property Count		Submarket	Business Park	Year Built or Renovated	S or M	Total Operational Square Feet	Total Square Feet Under Construction / Redevelopment
2	Subtotal (continued from prior page)					**144,867**	—
1	6345 Flank Drive	East Shore	Gtwy Corp. Ctr.	1989	S	69,443	
2	6340 Flank Drive	East Shore	Gtwy Corp. Ctr.	1988	S	68,200	
3	6400 Flank Drive	East Shore	Gtwy Corp. Ctr.	1992	S	52,439	
4	6360 Flank Drive	East Shore	Gtwy Corp. Ctr.	1988	S	46,500	
5	6385 Flank Drive	East Shore	Gtwy Corp. Ctr.	1995	S	32,921	
6	6380 Flank Drive	East Shore	Gtwy Corp. Ctr.	1991	S	32,668	
7	6405 Flank Drive	East Shore	Gtwy Corp. Ctr.	1991	S	32,000	
8	95 Shannon Road	East Shore	Gtwy Corp. Ctr.	1999	S	21,976	
9	75 Shannon Road	East Shore	Gtwy Corp. Ctr.	1999	S	20,887	
10	6375 Flank Drive	East Shore	Gtwy Corp. Ctr.	2000	S	19,783	
11	85 Shannon Road	East Shore	Gtwy Corp. Ctr.	1999	S	12,863	
						409,680	—
1	5035 Ritter Road	West Shore	Rossmoyne Bus. Ctr.	1988	S	56,556	
2	5070 Ritter Road - Building A	West Shore	Rossmoyne Bus. Ctr.	1989	S	32,309	
3	5070 Ritter Road - Building B	West Shore	Rossmoyne Bus. Ctr.	1989	S	28,347	
						117,212	—
16	**Total Greater Harrisburg**					**671,759**	—
	Greater Philadelphia						
1	753 Jolly Road	Blue Bell	Unisys campus	1992	M	419,472	
2	785 Jolly Road	Blue Bell	Unisys campus	1996	M	219,065	
3	760 Jolly Road	Blue Bell	Unisys campus	1994	M	208,854	
4	751 Jolly Road	Blue Bell	Unisys campus	1991	M	112,958	
	Total Greater Philadelphia					**960,349**	—
	Northern/Central New Jersey						
1	431 Ridge Road	Exit 8A — Cranbury	Princeton Tech Cntr.	1998	S	170,000	
2	429 Ridge Road	Exit 8A — Cranbury	Princeton Tech Cntr.	1996	M	142,385	
3	68 Culver Road	Exit 8A — Cranbury	Princeton Tech Cntr.	2000	M	57,280	
4	437 Ridge Road	Exit 8A — Cranbury	Princeton Tech Cntr.	1996	S	30,000	
						399,665	—
1	104 Interchange Plaza	Exit 8A — Cranbury	Interchange Plaza	1990	M	47,677	
2	101 Interchange Plaza	Exit 8A — Cranbury	Interchange Plaza	1985	M	43,621	
						91,298	—
1	47 Commerce	Exit 8A — Cranbury	Centrepoint North	1998	S	41,398	
						41,398	—
1	7 Centre Drive	Exit 8A — Cranbury	Monroe Center	1986	S	19,468	
2	8 Centre Drive	Exit 8A — Cranbury	Monroe Center	1989	S	16,199	
3	2 Centre Drive	Exit 8A — Cranbury	Monroe Center	1989	S	16,132	
						51,799	—
1	4301 Route 1	Monmouth Junction	Princeton Exec. Campus	1986	M	61,433	
						61,433	—
1	695 Route 46	Wayne	Fairfield Corp. Cntr.	1990	M	157,394	
2	710 Route 46	Wayne	Fairfield Corp. Cntr.	1985	M	101,263	
						258,657	—
13	**Total Northern / Central New Jersey**					**904,250**	—
	San Antonio, Texas						
	8611 Military Drive	San Antonio		1982 / 1985	M	—	468,994
	Total San Antonio, Texas					—	**468,994**
147	**TOTAL PORTFOLIO**					**12,209,595**	**1,628,046**

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

Property Occupancy Rates by Region by Quarter

	Baltimore / Washington Corridor	Northern Virginia	Northern / Central New Jersey	Greater Philadelphia	Greater Harrisburg	Suburban Maryland	Other	St. Mary's & King George Counties	Total Portfolio
June 30, 2005									
Number of Buildings	73	13	13	4	16	7	4	17	147
Rentable Square Feet	5,354,519	2,244,018	904,250	960,349	671,759	784,335	525,406	764,959	12,209,595
Percent Occupied	95.81%	94.64%	77.44%	100.00%	84.93%	76.01%	98.04%	97.86%	92.92%

March 31, 2005									
Number of Buildings	73	13	13	4	16	5	4	17	145
Rentable Square Feet	5,348,868	2,244,018	904,250	960,349	671,759	562,576	525,406	764,711	11,981,937
Percent Occupied	94.44%	93.37%	74.41%	100.00%	86.75%	81.52%	97.62%	97.06%	92.44%
December 31, 2004									
Number of Buildings	73	13	13	4	16	5	4	17	145
Rentable Square Feet	5,347,828	2,241,452	904,250	960,349	671,759	562,577	525,327	764,711	11,978,253
Percent Occupied	95.64%	94.49%	91.25%	100.00%	85.37%	79.38%	90.98%	96.87%	93.98%
September 30, 2004									
Number of Buildings	73	12	13	4	16	5	4	9	136
Rentable Square Feet	5,347,301	2,153,358	904,250	960,349	672,572	561,979	527,168	489,924	11,616,901
Percent Occupied	94.93%	94.21%	91.09%	100.00%	83.69%	81.03%	82.86%	94.76%	93.04%
June 30, 2004									
Number of Buildings	72	9	13	4	16	5	4	9	132
Rentable Square Feet	5,190,429	1,599,130	904,174	960,349	672,264	532,915	523,944	489,924	10,873,129
Percent Occupied	93.96%	94.93%	89.48%	100.00%	85.08%	83.77%	87.31%	94.50%	92.92%

Top Twenty Office Tenants as of June 30, 2005
(Dollars and square feet in thousands)

Tenant	Number of Leases	Total Occupied Square Feet	Percentage of Total Occupied Square Feet	Total Annualized Rental Revenue (1) (6)	Percentage of Total Annualized Rental Revenue	Weighted Average Remaining Lease Term (2)
United States of America (3)	30	1,353,636	11.9%	$ 30,056	12.9%	4.7
Computer Sciences Corporation (4)	5	485,527	4.3%	11,392	4.9%	5.5
Booz Allen Hamilton, Inc.	9	471,067	4.2%	11,391	4.9%	7.1
General Dynamics Corporation	12	448,696	4.0%	9,016	3.9%	4.3
Northrop Grumman Corporation	10	403,701	3.6%	8,466	3.6%	2.8
The Titan Corporation (4)	5	232,136	2.0%	8,457	3.6%	8.2
Unisys (5)	3	741,284	6.5%	7,901	3.4%	4.0
AT&T Corporation (4)	8	316,148	2.8%	6,738	2.9%	3.3
The Aerospace Corporation	2	221,785	2.0%	5,779	2.5%	9.4
Wachovia Bank	3	176,470	1.6%	5,324	2.3%	13.4
VeriSign, Inc.	2	162,841	1.4%	4,596	2.0%	9.1
The Boeing Company (4)	8	162,699	1.4%	4,108	1.8%	3.6
Ciena Corporation	3	221,609	2.0%	3,333	1.4%	2.9
Commonwealth of Pennsylvania (4)	7	209,162	1.8%	3,063	1.3%	4.0
Magellan Health Services, Inc.	2	142,199	1.3%	2,867	1.2%	6.1
PricewaterhouseCoopers	1	97,638	0.9%	2,720	1.2%	0.7
Johns Hopkins University (4)	7	106,473	0.9%	2,573	1.1%	2.2
Merck & Co., Inc. (Unisys) (5)	1	219,065	1.9%	2,372	1.0%	4.0
Carefirst, Inc. and Subsidiaries (4)	3	94,223	0.8%	2,277	1.0%	2.5
BAE Systems	7	199,212	1.8%	2,229	1.0%	1.5
Subtotal Top 20 Office Tenants	**128**	**6,465,571**	**57.0%**	**134,659**	**57.6%**	**5.3**
All remaining tenants	512	4,879,317	43.0%	99,119	42.4%	4.1
Total/Weighted Average	640	11,344,888	100.0%	$ 233,778	100.0%	4.8

(1) Total Annualized Rental Revenue is the monthly contractual base rent as of June 30, 2005 multiplied by 12 plus the estimated annualized expense reimbursements under existing office leases.
(2) The weighting of the lease term was computed using Total Rental Revenue.
(3) Many of our government leases are subject to early termination provisions which are customary to government leases. The weighted average remaining lease term was computed assuming no exercise of such early termination rights.
(4) Includes affiliated organizations or agencies.
(5) Merck & Co., Inc. subleases 219,065 rentable square feet from Unisys' 960,349 leased rentable square feet.
(6) Order of tenants is based on Annualized Rent.

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

	2005		2004		
	June 30	March 31	December 31	September 30	June 30
Office Properties:					
Baltimore/Washington Corridor	$ 29,088	$ 29,679	$ 28,725	$ 26,924	$ 25,018
Northern Virginia	14,385	14,419	14,405	10,120	13,290
Northern/Central New Jersey	3,179	3,871	4,757	4,696	4,661
Greater Philadelphia	2,506	2,506	2,506	2,506	2,506
Greater Harrisburg	2,166	2,244	2,172	2,272	2,168
St. Mary's and King George Counties	3,933	2,878	1,948	1,750	1,662
Suburban Maryland	3,133	2,454	2,389	2,622	2,358
Other	2,692	2,662	2,403	2,173	2,181
Subtotal	61,082	60,713	59,305	53,063	53,844
Eliminations / other	(41)	(87)	(691)	34	48

Combined Real Estate Revenues	**$ 61,041**	**$ 60,626**	**$ 58,614**	**$ 53,097**	**$ 53,892**

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

	2005		2004		
	June 30	March 31	December 31	September 30	June 30
Office Properties:					
Baltimore/Washington Corridor	$ 20,550	$ 20,270	$ 19,873	$ 18,266	$ 17,406
Northern Virginia	9,603	9,404	9,634	6,955	10,216
Northern/Central New Jersey	1,656	2,361	3,508	3,309	3,420
Greater Philadelphia	2,469	2,471	2,459	2,467	2,467
Greater Harrisburg	1,504	1,500	1,489	1,582	1,409
St. Mary’s and King George Counties	3,288	2,172	1,388	1,374	1,304
Suburban Maryland	2,052	1,365	1,321	1,695	1,573
Other	1,724	1,490	1,377	1,216	1,402
Subtotal	42,846	41,033	41,049	36,864	39,197
Eliminations / other	287	676	395	36	48
Combined NOI	**$ 43,133**	**$ 41,709**	**$ 41,444**	**$ 36,900**	**$ 39,245**

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

	2005		2004		
	June 30	March 31	December 31	September 30	June 30
Office Properties: (1)					
Baltimore/Washington Corridor	$ 18,385	$ 18,004	$ 17,652	$ 17,171	$ 16,624
Northern Virginia	6,291	6,130	5,058	5,006	8,915
Northern/Central New Jersey	1,662	2,393	3,503	3,247	3,437
Greater Philadelphia	2,533	2,534	2,523	2,530	2,479
Greater Harrisburg	1,482	1,473	1,504	1,568	1,384
Suburban Maryland	1,465	1,227	1,177	1,535	1,393
St. Mary’s and King George Counties	1,192	1,097	1,069	1,176	1,147
Other	1,160	931	951	894	1,029
Total Office Properties	**$ 34,170**	**$ 33,789**	**$ 33,437**	**$ 33,127**	**$ 36,408**

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

	2005		2004		
	June 30	March 31	December 31	September 30	June 30
Office Properties: (1)					
Baltimore/Washington Corridor	$ 18,928	$ 18,645	$ 18,327	$ 18,073	$ 17,454
Northern Virginia	6,514	6,338	6,655	6,684	10,239
Northern/Central New Jersey	1,662	2,368	3,515	3,310	3,423
Greater Philadelphia	2,471	2,472	2,461	2,469	2,467
Greater Harrisburg	1,504	1,500	1,489	1,582	1,409
Suburban Maryland	1,514	1,296	1,239	1,612	1,484
St. Mary’s and King George Counties	1,202	1,110	1,091	1,208	1,189
Other	1,160	1,008	1,031	894	1,024
Total Office Properties	**$ 34,955**	**$ 34,737**	**$ 35,808**	**$ 35,832**	**$ 38,689**

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

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

	Baltimore / Washington Corridor	Northern Virginia	Northern / Central New Jersey	Greater Philadelphia	Greater Harrisburg	Suburban Maryland	Other	St.Mary’s and King George Counties	Total Office
2nd Quarter 2005 Average									
Number of Buildings	72	9	12	4	16	4	3	8	128
Rentable Square Feet	5,195,975	1,599,130	746,856	960,349	671,759	506,748	348,717	431,186	10,460,720
Percent Occupied	95.28%	93.84%	75.14%	100.00%	85.34%	85.54%	96.36%	97.63%	93.08%
1st Quarter 2005 Average									
Number of Buildings	72	9	12	4	16	4	3	8	128

Rentable Square Feet	5,191,942	1,599,130	746,856	960,349	671,759	506,710	348,691	431,021	10,456,458
Percent Occupied	94.27%	93.81%	79.06%	100.00%	86.52%	84.10%	96.82%	96.26%	92.82%
4th Quarter 2004 Average									
Number of Buildings	72	9	12	4	16	4	3	8	128
Rentable Square Feet	5,191,006	1,599,130	746,856	960,349	672,301	506,553	348,638	431,021	10,455,854
Percent Occupied	94.82%	95.52%	92.68%	100.00%	84.01%	82.92%	93.47%	96.41%	94.00%
3rd Quarter 2004 Average									
Number of Buildings	72	9	12	4	16	4	3	8	128
Rentable Square Feet	5,190,524	1,599,130	746,856	960,349	672,367	506,112	348,656	430,869	10,454,863
Percent Occupied	94.29%	95.22%	93.13%	100.00%	83.40%	84.66%	85.60%	95.68%	93.48%
2nd Quarter 2004 Average									
Number of Buildings	72	9	12	4	16	4	3	8	128
Rentable Square Feet	5,190,429	1,599,132	746,856	960,349	672,264	506,107	339,050	430,869	10,445,056
Percent Occupied	92.67%	94.72%	90.59%	100.00%	86.19%	81.89%	92.09%	95.33%	92.66%

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

Office Lease Expiration Analysis by Year

Year of Lease Expiration (1)	Number of Leases Expiring	Square Footage of Leases Expiring	Percentage of Total Occupied Square Feet	Total Annualized Rental Revenue of Expiring Leases (2) (000s)	Percentage of Total Annualized Rental Revenue Expiring	Total Annual. Rental Revenue of Expiring Leases per Occupied Square Foot
July - September	20	201,575	1.8%	$ 4,602	2.0%	$ 22.83
October - December	24	167,290	1.5%	3,562	1.5%	21.29
Total 2005	**44**	**368,865**	**3.3%**	**8,164**	**3.5%**	**22.13**
January - March	22	280,477	2.5%	6,388	2.7%	22.78
April - June	26	206,119	1.8%	4,301	1.8%	20.87
July - September	16	229,627	2.0%	3,423	1.5%	14.91
October - December	26	298,475	2.6%	6,745	2.9%	22.60
Total 2006	**90**	**1,014,698**	**8.9%**	**20,857**	**8.9%**	**20.55**
2007	**121**	**1,643,377**	**14.5%**	**32,580**	**13.9%**	**19.82**
2008	**97**	**1,317,192**	**11.6%**	**28,291**	**12.1%**	**21.48**
2009	**111**	**2,381,466**	**21.0%**	**38,751**	**16.6%**	**16.27**
2010	**84**	**1,571,216**	**13.8%**	**34,649**	**14.8%**	**22.05**
2011	**20**	**511,566**	**4.5%**	**9,145**	**3.9%**	**17.88**
2012	**15**	**606,829**	**5.3%**	**12,892**	**5.5%**	**21.25**
2013	**6**	**386,290**	**3.4%**	**11,171**	**4.8%**	**28.92**
2014	**13**	**674,636**	**5.9%**	**19,507**	**8.3%**	**28.91**
2015	**8**	**353,401**	**3.1%**	**8,489**	**3.6%**	**24.02**
2016	**1**	**28,008**	**0.2%**	**266**	**0.1%**	**9.50**
2017	**—**	**—**	**0.0%**	**—**	**0.0%**	**0.00**
2018	**3**	**328,944**	**2.9%**	**7,204**	**3.1%**	**21.90**
Other (3)	27	158,400	1.4%	1,811	0.8%	11.43
Total / Average	**640**	**11,344,888**	**100.0%**	**$ 233,778**	**100.0%**	**$ 20.61**

NOTE: As of June 30, 2005, the weighted average lease term is 4.8 years.

(1) Many of our government leases are subject to certain early termination provisions which are customary to government leases. The year of lease expiration was computed assuming no exercise of such early termination rights.

(2) Total Annualized Rental Revenue is the monthly contractual base rent as of June 30, 2005 multiplied by 12 plus the estimated annualized expense reimbursements under existing office leases.

(3) Other consists primarily of amenities, including cafeterias, concierge offices and property management space. In addition, month-to-month leases and leases which have expired but the tenant remains in holdover are included in this line as the exact expiration date is unknown.

Office Renewal Analysis as of June 30, 2005

	Baltimore/ Washington Corridor	Northern Virginia	Northern/ Central New Jersey	Greater Harrisburg	Suburban Maryland	Other	St. Mary's and King George Counties	Total Office
Quarter Ended June 30, 2005:								
Expiring Square Feet	188,694	21,488	24,193	12,206	—	56,517	22,676	325,774
Vacated Square Feet	61,846	4,119	—	12,206	—	39,203	—	117,374
Renewed Square Feet	126,848	17,369	24,193	—	—	17,314	22,676	208,400
Retention Rate (% based upon square feet)	67.22%	80.83%	100.00%	0.00%	0.00%	30.64%	100.00%	63.97%
Renewed Space Only:								
Average Committed Cost per Square Foot	$ 3.82	$ 3.54	$ 4.04	$ —	$ —	$ 14.96	$ 0.92	$ 4.44

Weighted Average Lease Term in years	4.4	3.6	3.7	—	—	5.0	2.4	4.1
Change in Total Rent - GAAP	16.74%	-5.89%	6.79%	0.00%	0.00%	-2.43%	-0.54%	9.23%
Change in Total Rent - Cash	8.53%	-10.84%	-1.05%	0.00%	0.00%	-8.32%	-3.18%	2.37%
Renewed & Retenanted Space:								
Average Committed Cost per Square Foot	$ 8.38	$ 8.22	$ 7.76	$ 16.61	$ 22.01	$ 18.37	$ 0.92	$ 9.28
Weighted Average Lease Term in years	4.6	3.8	4.0	4.2	6.5	5.0	2.4	4.4
Change in Total Rent - GAAP	10.83%	-6.42%	0.07%	-15.36%	-9.63%	0.08%	-0.54%	5.46%
Change in Total Rent - Cash	4.51%	-11.44%	-5.90%	-16.98%	-14.72%	-6.34%	-3.18%	-0.34%

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

Year to Date Acquisition Summary as of June 30, 2005 (1)
(Dollars in thousands)

	Submarket	Acquisition Date	Square Feet	Occupancy Percentage at Acquisition	Contractual Purchase Price	Investment (2)
Individual Property:						
8611 Military Drive (3) (4)	San Antonio	3/30/2005	468,994	100.0%	$ 30,500	$ 30,729
15 West Gude Drive (5)	Rockville	4/7/2005	113,114	22.8%	17,011	17,227
45 West Gude Drive (5)	Rockville	4/7/2005	108,588	100.0%	20,134	20,390
Total			**690,696**	**87.4%**	**$ 67,645**	**$ 68,346**

(1) Excludes land only acquisitions.
(2) Initial accounting investment recorded by property as of June 30, 2005.
(3) This property is under redevelopment as of June 30, 2005.
(4) Contractual purchase price as of June 30, 2005 excludes $3.0 million purchase of adjacent land parcel and $5.9 million purchase of adjacent land parcel.
(5) Contractual purchase price as of June 30, 2005 excludes $6.2 million purchase of adjacent land parcel.

Development Summary as of June 30, 2005
(Dollars in thousands)

Property and Location	Submarket	Wholly Owned or Joint Venture (JV)	Total Rentable Square Feet	Percentage Leased or Committed	Anticipated Total Cost	Cost to date	Outstanding Loan as of 6/30/2005	Anticipated Date of Operations
Under Construction								
2691 Technology Drive (191 NBP) Annapolis Junction, Maryland (1)	BWI Airport	Owned	103,683	100.00%	$ 19,997	$ 16,956	$ 11,684	Construction 3Q 05
318 Carina Road (318 NBP) Annapolis Junction, Maryland (2)	BWI Airport	Owned	125,681	100.00%	21,373	18,740	12,564	Construction 4Q 05
8621 Robert Fulton Drive Columbia, Maryland (3)	Howard Co. Perimeter	Owned	85,106	76.54%	12,854	6,696	4,266	Construction 4Q 05
304 Carina Road (304 NBP) Annapolis Junction, Maryland (4)	BWI Airport	Owned	162,498	100.00%	28,319	19,881	10,867	Construction 1Q 06
46591 Expedition Drive (Expedition 6) Lexington Park, Maryland	St. Mary's County	Owned	61,000	23.57%	8,135	5,293	—	Construction 1Q 06
322 Carina Road (322 NBP) Annapolis Junction, Maryland (5)	BWI Airport	Owned	125,847	0.00%	21,532	12,519	4,976	Construction 2Q 06
15010 Conference Center Drive (WTP II) Chantilly, Virginia (6)	Dulles South	Owned	213,091	0.00%	39,102	23,854	8,321	Construction 3Q 06
306 Carina Road (306 NBP) Annapolis Junction, Maryland (7)	BWI Airport	Owned	157,146	38.84%	27,761	16,356	7,654	Construction 3Q 06
6711 Columbia Gateway Drive Columbia, Maryland	Howard Co. Perimeter	Owned	125,000	0.00%	24,413	10,078	—	Construction 4Q 06
Total Under Construction			**1,159,052**	**45.94%**	**$ 203,486**	**$ 130,373**	**$ 60,332**	
Redevelopment								
8611 Military Drive San Antonio, Texas	San Antonio	Owned	468,994	100.00%	$ 7,500	$ 143	$ —	Redevelopment 4Q 05
Total Redevelopment			**468,994**	**100.00%**	**$ 7,500**	**$ 143**	**$ —**	
Under Development								
320 Carina Road (320 NBP) Annapolis Junction, Maryland	BWI Airport	Owned	125,760	0.00%	$ 22,370	$ 3,467	$ —	Development 4Q 06
302 Carina Road (302 NBP) Annapolis Junction, Maryland	BWI Airport	Owned	160,000	0.00%	30,947	4,560	—	Development 2007
16442 Commerce Drive Dahlgren, Virginia	King George County	Owned	56,000	0.00%	8,586	50	—	Development 2007

Total Under Development	**341,760**	**0.00%**	**$ 61,903**	**$ 8,077**	**$ —**

(1) Total loan commitment is $16.6 million.
(2) Total loan commitment is $19.3 million.
(3) Total loan commitment is $9.6 million. We acquired the remaining 20% joint venture interest on June 9, 2005 and now wholly own this property.
(4) Total loan commitment is $27.1 million.
(5) Total loan commitment is $19.0 million.
(6) Total loan commitment is $32.0 million.
(7) Total loan commitment is $25.0 million.

Land Inventory as of June 30, 2005

Location	Submarket	Status	Acres	Developable Square Feet
Westfields Corporate Center	Dulles South	owned	19	246,800
Westfields Corporate Center	Dulles South	owned	17	377,300
Westfields Corporate Center	Dulles South	owned	32	674,200
Woodland Park	Herndon	owned	5	225,000
Total Northern Virginia			**73**	**1,523,300**
National Business Park	BWI Airport	owned	34	500,000
Columbia Gateway Exchange III	Howard Co. Perimeter	owned	4	126,200
Columbia Gateway Parcel T-11	Howard Co. Perimeter	owned	14	220,000
Columbia Gateway Parcel N-11	Howard Co. Perimeter	owned	3	28,500
MOR Montpelier 3	Howard Co. Perimeter	JV	2	19,000
1243 Winterson Road (AS 22)	BWI Airport	owned	2	30,000
Arundel Preserve	BWI Airport	under contract	63	up to 1,800,000
Total Baltimore / Washington Corridor			**122**	**2,723,700**
Rockville Corporate Center	Rockville	owned	10	215,000
Total Suburban Maryland			**10**	**215,000**
Unisys Campus	Blue Bell	owned	45	600,000
Unisys Campus	Blue Bell	option	27	354,000
Total Greater Philadelphia			**72**	**954,000**
Princeton Technology Center	Exit 8A - Cranbury	owned	19	250,000
Total Northern / Central New Jersey			**19**	**250,000**
Dahlgren Technology Center	King George County	owned	32	65,000
Expedition Park	St. Mary's County	owned	6	60,000
Total St. Mary's & King George Counties			**38**	**125,000**
Commerce Court	Commerce Park	option	6	68,000
Total Harrisburg			**6**	**68,000**
San Antonio	San Antonio	owned	27	350,000
Total San Antonio			**27**	**350,000**
TOTAL			**367**	**6,209,000**

This land inventory schedule excludes all properties listed as under construction, redevelopment or under development as detailed on page 28.

Joint Venture Summary as of June 30, 2005
(Dollars in thousands)

Consolidated Properties

Property and Location	Joint Venture Interest Held By COPT	Status	Square Feet	Acreage	Total Assets	Consolidated Debt as of 6/30/05	Recourse to COPT	Option to Acquire Partner's Interest
4230 Forbes Boulevard Lanham, Maryland	50%	Operating	55,866	5 acres	$ 4,623	$ 3,685	Yes, up to $4.5 million	Yes
MOR Montpelier 3 LLC Laurel, Maryland	50%	Development	19,000	2 acres	1,377	—	N/A	Yes

TOTAL	**$ 6,000**	**$ 3,685**

Unconsolidated Properties

Property and Location	Joint Venture Interest Held By COPT	Status	Square Feet	Acreage	COPT Investment	Off-Balance Sheet Debt as of 6/30/05	Recourse to COPT	Option to Acquire Partner's Interest
695 Route 46 Wayne, New Jersey	20%	Operating	157,394	13 acres	$ 1,233	$ 13,918	No	No
TOTAL					**$ 1,233**	**$ 13,918**		

Reconciliations of Non GAAP Measurements
(Dollars in thousands)

	2005		2004		
	June 30	March 31	December 31	September 30	June 30
Total Assets or Denominator for Debt to Total Assets	**$ 1,890,448**	**$ 1,798,920**	**$ 1,732,026**	**$ 1,650,726**	**$ 1,490,701**
Accumulated depreciation	165,101	153,127	141,716	131,018	121,630
Intangible assets on real estate acquisitions, net	66,354	64,965	67,560	67,083	53,874
Assets other than assets included in investment in real estate	(199,602)	(181,644)	(187,525)	(163,557)	(161,591)
Denominator for Debt to Undepreciated Book Value of Real Estate Assets	**$ 1,922,301**	**$ 1,835,368**	**$ 1,753,777**	**$ 1,685,270**	**$ 1,504,614**
GAAP Revenues from Real Estate Operations	**$ 60,186**	**$ 59,705**	**$ 57,776**	**$ 52,276**	**$ 53,091**
Revenues from discontinued operations	855	922	837	821	801
Other income/(expense)	—	(1)	1	—	—
Combined Real Estate Revenues	**$ 61,041**	**$ 60,626**	**$ 58,614**	**$ 53,097**	**$ 53,892**
GAAP Revenues from Real Estate Operations	**$ 60,186**	**$ 59,705**	**$ 57,776**	**$ 52,276**	**$ 53,091**
Property operating	(17,574)	(18,565)	(16,876)	(15,789)	(14,365)
Revenues from discontinued operations	855	922	837	821	801
Property operating from discontinued operations	(334)	(353)	(294)	(408)	(282)
Other revenue	—	(1)	1	—	—
Combined Net Operating Income	**$ 43,133**	**$ 41,708**	**$ 41,444**	**$ 36,900**	**$ 39,245**
GAAP Net Operating Income for Same Office Properties	**$ 34,955**	**$ 34,737**	**$ 35,808**	**$ 35,832**	**$ 38,689**
Less: Straight line rent adjustments	(604)	(811)	(2,161)	(2,454)	(2,034)
Less: Amortization of deferred market rental revenue	(181)	(137)	(210)	(251)	(247)
Cash Net Operating Income for Same Office Properties	**$ 34,170**	**$ 33,789**	**$ 33,437**	**$ 33,127**	**$ 36,408**
Depreciation and amortization	**$ 15,068**	**$ 14,387**	**$ 13,668**	**$ 11,619**	**$ 15,705**
Depreciation of furniture, fixtures and equipment	(171)	(161)	(234)	(101)	(99)
Depreciation and amortization from discontinued operations	190	279	191	183	179
Combined real estate related depreciation and other amortization	**$ 15,087**	**$ 14,505**	**$ 13,625**	**$ 11,701**	**$ 15,785**
Total tenant improvements and incentives on operating properties	**$ 7,659**	**$ 13,163**	**$ 3,455**	**$ 3,924**	**$ 4,420**
Total capital improvements on operating properties	1,973	2,105	4,121	3,669	1,723
Total leasing costs for operating properties	967	668	2,761	2,598	5,793
Less: Nonrecurring tenant improvements and incentives on operating properties	(5,883)	(9,551)	(772)	(1,454)	(1,655)
Less: Nonrecurring capital improvements on operating properties	(891)	(1,630)	(2,834)	(2,920)	(841)
Less: Nonrecurring leasing costs for operating properties	(532)	(21)	(2,036)	(1,138)	(4,443)
Recurring capital expenditures	**$ 3,293**	**$ 4,734**	**$ 4,695**	**$ 4,679**	**$ 4,997**
Interest expense from continuing operations	**$ 13,728**	**$ 13,183**	**$ 12,483**	**$ 10,668**	**$ 10,346**
Interest expense from discontinued operations	188	175	165	171	168
Combined interest expense or denominator for interest coverage	**$ 13,916**	**$ 13,358**	**$ 12,648**	**$ 10,839**	**$ 10,514**
Scheduled principal amortization	3,789	7,394	6,093	5,775	5,271
Denominator for Debt Service Coverage	**$ 17,705**	**$ 20,752**	**$ 18,741**	**$ 16,614**	**$ 15,785**
Scheduled principal amortization	(3,789)	(7,394)	(6,093)	(5,775)	(5,271)
Preferred dividends - redeemable non-convertible	3,654	3,654	3,654	3,784	4,435
Preferred distributions	165	165	165	14	—
Denominator for Fixed Charge Coverage	**$ 17,735**	**$ 17,177**	**$ 16,467**	**$ 14,637**	**$ 14,949**
Common dividends for Earnings Payout Ratio	**$ 9,381**	**$ 9,339**	**$ 9,288**	**$ 9,235**	**$ 7,878**
Common distributions	2,205	2,179	2,179	2,202	2,057
Restricted shares	—	—	98	—	—
Dividends and distributions for FFO and AFFO Payout Ratio	**$ 11,586**	**$ 11,518**	**$ 11,565**	**$ 11,437**	**$ 9,935**