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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

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**FORM 8-K**

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

Date of report (Date of earliest event reported) **October 31, 2006**

**CORPORATE OFFICE PROPERTIES TRUST**

(Exact name of registrant as specified in its charter)

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

**1-14023**  
(Commission  
File Number)

**23-2947217**  
(IRS Employer  
Identification Number)

**6711 Columbia Gateway Drive, Suite 300  
Columbia, Maryland 21046**  
(Address of principal executive offices)

**(443) 285-5400**  
(Registrant's telephone number, including area code)

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.02. Results of Operations and Financial Condition**

In connection with its release of earnings on October 31, 2006, the Registrant is making available certain additional information pertaining to its properties and operations as of and for the period ended September 30, 2006. This information is furnished herewith as Exhibit 99.1 and is incorporated herein by reference.

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

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

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

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

Funds from operations ("FFO")

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

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

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

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

#### Funds from operations-Basic (“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.

#### FFO per diluted 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.

#### Funds from operations-diluted (“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.

#### FFO-diluted, 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.

#### FFO per diluted share, as adjusted for issuance costs associated with redeemed preferred shares

This measure is defined as (1) Diluted FFO adjusted to eliminate an accounting charge for original issuance costs associated with the redemption of preferred shares of beneficial interest 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 the denominator for this measure does not assume conversion of securities that are convertible into common shares if the conversion of those securities would increase the measure in a given period. 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 directly comparable GAAP measure. This measure has most of the same limitations as

Diluted FFO (described above), 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.

#### Adjusted funds from operations-diluted (“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.

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#### 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.

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

- (a) Financial Statements of Businesses Acquired

None

(b) Pro Forma Financial Information

None

(c) Shell Company Transactions

None

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Supplemental information dated September 30, 2006 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: October 31, 2006

CORPORATE OFFICE PROPERTIES TRUST

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

By: /s/ Stephen E. Riffie  
Name: Stephen E. Riffie  
Title: Executive Vice President and  
Chief Financial Officer

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Exhibit Title</u>
99.1	Supplemental information dated September 30, 2006 for Corporate Office Properties Trust.

**Supplemental Information  
(Unaudited)**

September 30, 2006



**Corporate Office Properties Trust  
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September 30, 2006**

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**To Members of the Investment Community:**

We prepared this supplemental information package to provide you with additional detail on our properties and operations. The information in this package is unaudited, furnished to the Securities and Exchange Commission (“SEC”) and should be read in conjunction with our quarterly and annual reports. If you have any questions or comments, please contact Ms. Mary Ellen Fowler, Vice President and Treasurer at (443) 285-5450 or maryellen.fowler@copt.com. Reconciliations between GAAP and non GAAP measurements have been provided on page 37. Refer to our Form 8-K for definitions of certain terms used herein.

**Reporting Period Highlights – Third Quarter 2006**

**Financial Results**

Reported Net Income Available to Common Shareholders of \$14,451,000, or \$.33 per diluted share, for the third quarter of 2006 as compared to \$6,936,000, or \$.18 per diluted share, for the comparable 2005 period. Included in third quarter 2006 net income is \$12.7 million of gain on sale of real estate, net of minority interests. Also included is an accounting charge of \$1.8 million, or \$.04 per share, for the write-off of initial offering costs related to the Series E preferred share redemption.

- Reported FFO – diluted of \$24,329,000, or \$.46 per share/unit, for the third quarter of 2006 as compared to \$22,127,000, or \$.47 per share/unit, for the comparable 2005 period, representing a decrease of 2.1% per share/unit. Included in our FFO - diluted is a \$1.8 million accounting charge associated with the Series E preferred share redemption. Without this accounting charge, our FFO – diluted, as adjusted, would have been \$.50 per share, representing an increase of 6.4%.
- Reported AFFO – diluted of \$19,173,000 for the third quarter of 2006 as compared to \$15,892,000 for the comparable 2005 period, representing an increase of 20.6%.
- Our FFO payout ratio was 65.4% for the third quarter of 2006 as compared to 60.6% for the comparable 2005 period. Our AFFO payout ratio was 83.0% for the third quarter of 2006 as compared to 84.4% for the comparable 2005 period.

#### Financing Activity and Capital Transactions

- On July 3, 2006, we exercised our right to increase our borrowing capacity under our unsecured line of credit from \$400.0 million to \$500.0 million. We simultaneously repaid \$60.2 million on two fixed rate loans with a weighted average interest rate of 7.80%.
- On July 15, 2006, we redeemed all of our 1,150,000 outstanding 10.25% Series E Cumulative Redeemable Preferred Shares at a price of \$25.00 per share, or \$28,750,000, and recognized a \$1.8 million accounting charge to net income available to common shareholders related to original issuance costs. The accounting charge reduced our earnings per share for the quarter ended September 30, 2006 by (\$.04) and our FFO-diluted for the same period by (\$.04) per share.
- On July 20, 2006, we issued 3,390,000 Series J Cumulative Redeemable Preferred Shares with a \$25.00 per share par value and an annual dividend of 7.625%, generating net proceeds of \$82.1 million after payment of the underwriters' discount, but before offering expenses. We used the proceeds from this offering to repay borrowings under our unsecured revolving credit facility.

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- On September 18, 2006, we issued \$200,000,000 of 3.5% fixed rate, exchangeable senior notes which mature in September 2026. The notes are senior unsecured obligations of our operating partnership (COPLP), which are fully guaranteed on a senior unsecured basis by COPT. The notes may be exchanged at any time on or after September 20, 2011, and prior to that, only upon the occurrence of specific events. We used the net proceeds to repay \$134.0 million of borrowings outstanding under our \$500.0 million unsecured revolving credit facility, \$52.5 million of variable rate debt and retained \$9.4 million for general corporate purposes. In October, we borrowed under our unsecured revolving credit facility and repaid an additional \$56.6 million of variable rate debt.
  - In September 2006, we increased our quarterly dividend by 10.7% to \$.31 per share from \$.28 per share.
  - During the third quarter we recognized a write-off of \$217,000 in unamortized loan fees from early extinguishment of debt.
  - As of September 30, 2006, our ratio of debt to market capitalization was 35.7%, and our ratio of debt to undepreciated book value of real estate assets was 59.8%. We achieved an EBITDA interest coverage ratio of 3.60x and an EBITDA fixed charge coverage ratio of 2.89x for this quarter.

#### Dispositions

- On July 26, 2006, we simultaneously sold a wholly owned property containing 101,263 rentable square feet for \$15.8 million and an adjacent property containing 157,394 rentable square feet for \$27.0 million in which we owned a 20% interest. Both properties are located in our Northern/Central New Jersey market.
- On August 9, 2006, we sold an office building containing 107,348 square feet in Hunt Valley, Maryland for \$13.8 million. We expect to use the proceeds from this sale for a future IRC section 1031 like-kind exchange.
- On September 28, 2006, we sold an office building containing 104,203 square feet in Baltimore City, Maryland for \$20.3 million. We expect to use the proceeds from this sale for a future IRC section 1031 like-kind exchange.
- We recognized aggregate gains of \$12.7 million, net of minority interests, from the sale of the above properties, including \$7.1 million of gain, net of minority interests, related to the sale of the Baltimore City, Maryland property.

#### Development

- During the third quarter, we placed into service the 50,000 square foot development property located at 745 Space Center Drive (known as Patriot Park View). This building is 100% leased to a large, creditworthy tenant.

#### Operations

- Our wholly owned portfolio was 93.98% occupied and 95.26% leased, as of September 30, 2006. Our entire portfolio was 93.73% occupied and 94.95% leased, as of September 30, 2006.
- Our same office property cash NOI for the quarter ended September 30, 2006 increased by 0.6%, or \$231,000, as compared to the quarter ended September 30, 2005. Our same office portfolio consists of 120 properties and represents 73.7% of our wholly owned portfolio, as of September 30, 2006.

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- Weighted average lease term of our wholly owned portfolio is 4.9 years, as of September 30, 2006, with an average contractual rental rate (including tenant reimbursements of operating costs) of \$20.74 per square foot.
  - We renewed 239,266 square feet, or 60.73%, of our expiring office leases (based upon square footage) with an average committed cost of \$3.53 per square foot during the third quarter. For our renewed space only, we realized an increase in total rent of 18.19%, as measured from the GAAP straight-line rent in effect preceding the renewal date, and an increase of 10.18% in total cash rent. For our renewed and retented space of approximately 553,376 square feet, we realized an increase in total rent of 2.90%, as measured from the GAAP straight-line rent in effect preceding the renewal date. We incurred an average committed cost of \$18.17 per square foot for our renewed and retented space in the third quarter.
  - We recognized \$1.3 million in lease termination fees, net of write-offs of related straight-line rents and accretion of intangible assets and liabilities (i.e., SFAS 141 revenues) in the quarter ended September 30, 2006, as compared to \$1.0 million in the quarter ended September 30, 2005.
  - On August 23, 2006, we executed a long-term lease for 81,186 square feet with KSI Services, Inc. at 1751 Pinnacle Drive in the Tysons Corner submarket bringing our Pinnacle Towers project to 96.90% leased.

#### Subsequent Events

- On October 5, 2006, we acquired approximately 500 acres of the 591-acre former Fort Ritchie United States Army base located in Cascade, Washington County, Maryland, for \$5.0 million. This price was reduced proportionately for deferral of 91 acres. This site has an existing portfolio of useable buildings totaling approximately 400,000 square feet and an approved plan for 1.7 million square feet of office space and 673 residential units.
- On October 15, 2006, we redeemed all of our 1,425,000 outstanding 9.875% Series F Cumulative Redeemable Preferred Shares at a price of \$25.00 per share, or \$35,625,000, and recognized a \$2.1 million accounting charge to net income available to common shareholders related to original issuance costs. We anticipate that the accounting charge will reduce our earnings per share for the year ending December 31, 2006 by (\$.05) and our funds from operations-diluted for that period by (\$.04) per share.

- During the fourth quarter, we placed into service the 125,568 square foot development property at 322 Sentinel Drive (known as 322 NBP).
- During the fourth quarter, we placed into service the 223,610 square foot development property at 15010 Conference Center Drive (known as WTP II).
- In October 2006, we executed a long-term lease for the entire 59,763 square foot office building to be built in Aerotech Commerce Park in Colorado Springs, Colorado.

### 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.

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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;
- our ability to satisfy and operate effectively under federal income tax rules relating to real estate investment trusts and partnerships;
- 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, 2005.

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

	2006			2005	
	September 30	June 30	March 31	December 31	September 30
Revenues from Real Estate Operations	\$ 78,136	\$ 71,549	\$ 70,167	\$ 64,948	\$ 61,008
Total Revenues	92,927	85,689	86,476	78,837	90,792
Combined Net Operating Income	53,331	50,680	50,112	46,938	44,339
EBITDA	65,379	47,614	49,301	43,386	45,919
Net Income	20,587	9,116	9,937	10,282	10,589
Preferred Share dividends	(4,307)	(3,653)	(3,654)	(3,654)	(3,653)
Issuance costs associated with redeemed preferred shares	(1,829)	—	—	—	—
<b>Net Income Available to Common Shareholders</b>	<b>\$ 14,451</b>	<b>\$ 5,463</b>	<b>\$ 6,283</b>	<b>\$ 6,628</b>	<b>\$ 6,936</b>
<b>Earnings per diluted share</b>	<b>\$ 0.33</b>	<b>\$ 0.13</b>	<b>\$ 0.15</b>	<b>\$ 0.16</b>	<b>\$ 0.18</b>
<b>Earnings per diluted share, as adjusted for issuance costs associated with redeemed preferred shares</b>	<b>\$ 0.37</b>	<b>\$ 0.13</b>	<b>\$ 0.15</b>	<b>\$ 0.16</b>	<b>\$ 0.18</b>
Funds From Operations (FFO) - Diluted	\$ 24,329	\$ 25,181	\$ 24,350	\$ 23,804	\$ 22,127
<b>FFO per diluted share</b>	<b>\$ 0.46</b>	<b>\$ 0.49</b>	<b>\$ 0.49</b>	<b>\$ 0.48</b>	<b>\$ 0.47</b>
<b>FFO per diluted share, as adjusted for issuance costs associated with redeemed preferred shares</b>	<b>\$ 0.50</b>	<b>\$ 0.49</b>	<b>\$ 0.49</b>	<b>\$ 0.48</b>	<b>\$ 0.47</b>
Adjusted FFO - Diluted	\$ 19,173	\$ 18,946	\$ 18,865	\$ 15,892	\$ 15,892
<b>Payout Ratios:</b>					
<b>Earnings Payout</b>	<b>91.8%</b>	<b>217.0%</b>	<b>179.2%</b>	<b>167.0%</b>	<b>158.1%</b>
<b>FFO - Diluted</b>	<b>65.4%</b>	<b>56.4%</b>	<b>56.0%</b>	<b>57.0%</b>	<b>60.6%</b>
<b>AFFO - Diluted</b>	<b>83.0%</b>	<b>75.0%</b>	<b>72.3%</b>	<b>85.3%</b>	<b>84.4%</b>



Total Dividends/Distributions \$ 20,380 \$ 18,028 \$ 17,453 \$ 17,274 \$ 17,236

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

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

	2006			2005	
	September 30	June 30	March 31	December 31	September 30
<b>Assets</b>					
Investment in real estate:					
Land - operational	\$ 334,430	\$ 337,866	\$ 314,550	\$ 314,720	\$ 268,583
Land - development	155,232	158,096	126,738	117,434	127,085
Construction in progress	160,128	152,099	140,607	138,183	147,184
Buildings and improvements	1,611,425	1,613,341	1,501,426	1,491,253	1,315,611
Investment in and advances to unconsolidated real estate joint ventures	—	1,509	1,439	1,451	1,447
Less: accumulated depreciation	(205,529)	(197,395)	(183,920)	(174,935)	(163,381)
<b>Net investment in real estate</b>	<b>2,055,686</b>	<b>2,065,516</b>	<b>1,900,840</b>	<b>1,888,106</b>	<b>1,696,529</b>
Cash and cash equivalents	10,810	5,748	20,169	10,784	17,348
Restricted cash	51,784	21,073	23,793	21,476	15,083
Accounts receivable, net	26,778	15,446	16,729	15,606	12,298
Investment in and advances to other unconsolidated entities	1,621	1,621	1,621	1,621	1,621
Deferred rent receivable	39,033	36,638	34,247	32,579	30,222
Deferred charges, net	40,091	34,802	33,731	35,046	31,420
Intangible assets on real estate acquisitions, net	92,061	100,132	85,699	90,984	67,686
Prepaid and other assets	27,684	21,422	21,722	29,255	25,465
Fair value of derivatives	—	833	110	—	—
Furniture, fixtures and equipment, net	10,374	5,887	4,214	4,302	4,024
<b>Total assets</b>	<b>\$ 2,355,922</b>	<b>\$ 2,309,118</b>	<b>\$ 2,142,875</b>	<b>\$ 2,129,759</b>	<b>\$ 1,901,696</b>
<b>Liabilities and shareholders' equity</b>					
Liabilities:					
Mortgage and other loans payable	\$ 1,206,682	\$ 1,433,718	\$ 1,360,638	\$ 1,348,351	\$ 1,124,299
3.5% Exchangeable senior notes	200,000	—	—	—	—
Accounts payable and accrued expenses	55,487	46,040	42,792	41,693	38,795
Rents received in advance and security deposits	20,842	18,124	16,394	14,774	14,191
Deferred revenue associated with acquired operating leases	12,074	13,906	11,721	12,707	8,045
Distributions in excess of investment in unconsolidated real estate joint venture	3,103	3,067	3,010	3,081	2,519
Dividends and distributions payable	19,810	17,450	16,878	16,703	16,665
Fair value of derivatives	473	—	—	—	1,516
Other liabilities	5,526	5,135	5,314	4,727	4,619
<b>Total liabilities</b>	<b>1,523,997</b>	<b>1,537,440</b>	<b>1,456,747</b>	<b>1,442,036</b>	<b>1,210,649</b>
Minority interests:					
Preferred units in the Operating Partnership	8,800	8,800	8,800	8,800	8,800
Common units in the Operating Partnership	107,212	105,452	92,903	95,014	98,433
Other consolidated real estate joint ventures	1,760	1,778	1,190	1,396	1,297
<b>Total minority interests</b>	<b>117,772</b>	<b>116,030</b>	<b>102,893</b>	<b>105,210</b>	<b>108,530</b>
<b>Commitments and contingencies</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Shareholders' equity:					
Preferred Shares (\$0.01 par value; 15,000,000 authorized)	90	67	67	67	67
Common Shares of beneficial interest (\$0.01 par value; 75,000,000 authorized, 42,810,978 shares issued as of September 30, 2006)	425	421	400	399	396
Additional paid-in capital	790,525	733,996	655,818	657,339	654,024
Cumulative distributions in excess of net income	(76,046)	(79,062)	(72,670)	(67,697)	(63,256)
Value of unearned restricted common share grants	—	—	—	(7,113)	(7,318)
Accumulated other comprehensive (loss)/gain	(841)	226	(380)	(482)	(1,396)
<b>Total shareholders' equity</b>	<b>714,153</b>	<b>655,648</b>	<b>583,235</b>	<b>582,513</b>	<b>582,517</b>
<b>Total shareholders' equity and minority interests</b>	<b>831,925</b>	<b>771,678</b>	<b>686,128</b>	<b>687,723</b>	<b>691,047</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 2,355,922</b>	<b>\$ 2,309,118</b>	<b>\$ 2,142,875</b>	<b>\$ 2,129,759</b>	<b>\$ 1,901,696</b>

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

2006

2005

	September 30	June 30	March 31	December 31	September 30
<b>Revenues</b>					
Rental revenue	\$ 66,550	\$ 62,344	\$ 61,272	\$ 56,203	\$ 53,182
Tenant recoveries and other real estate operations revenue	11,586	9,205	8,895	8,745	7,826
Construction contract revenues	13,219	12,156	14,544	12,708	28,476
Other service operations revenues	1,572	1,984	1,765	1,181	1,308
<b>Total Revenues</b>	<b>92,927</b>	<b>85,689</b>	<b>86,476</b>	<b>78,837</b>	<b>90,792</b>
<b>Expenses</b>					
Property operating	25,430	21,914	21,354	19,313	18,272
Depreciation and amortization associated with real estate operations	21,680	18,189	18,762	15,106	17,522
Construction contract expenses	12,465	11,643	14,026	12,341	28,073
Other service operations expenses	1,495	1,818	1,678	1,254	1,253
General and administrative expenses	4,226	3,706	3,963	3,774	3,318
<b>Total Operating Expenses</b>	<b>65,296</b>	<b>57,270</b>	<b>59,783</b>	<b>51,788</b>	<b>68,438</b>
Operating Income	27,631	28,419	26,693	27,049	22,354
Interest expense	(17,974)	(17,298)	(17,221)	(14,912)	(13,894)
Amortization of deferred financing costs	(736)	(606)	(557)	(729)	(639)
<b>Income from continuing operations before equity in income (loss) of unconsolidated entities, income taxes and minority interests</b>	<b>8,921</b>	<b>10,515</b>	<b>8,915</b>	<b>11,408</b>	<b>7,821</b>
Equity in income (loss) of unconsolidated entities	15	(32)	(23)	(88)	—
Income tax (expense) benefit	(202)	(206)	(215)	265	(263)
Income from continuing operations before minority interests	8,734	10,277	8,677	11,585	7,558
Minority interest in income from continuing operations					
Common units in the Operating Partnership	(808)	(1,138)	(893)	(1,454)	(752)
Preferred units in the Operating Partnership	(165)	(165)	(165)	(165)	(165)
Other consolidated entities	38	25	33	27	19
Income from continuing operations	7,799	8,999	7,652	9,993	6,660
Income from discontinued operations, net of minority interests	12,191	92	2,175	268	3,870
Income before gain on sales of real estate	19,990	9,091	9,827	10,261	10,530
Gain on sales of real estate, net of minority interests	597	25	110	21	59
<b>Net Income</b>	<b>20,587</b>	<b>9,116</b>	<b>9,937</b>	<b>10,282</b>	<b>10,589</b>
Preferred share dividends	(4,307)	(3,653)	(3,654)	(3,654)	(3,653)
Issuance costs associated with redeemed preferred shares	(1,829)	—	—	—	—
<b>Net Income Available to Common Shareholders</b>	<b>\$ 14,451</b>	<b>\$ 5,463</b>	<b>\$ 6,283</b>	<b>\$ 6,628</b>	<b>\$ 6,936</b>
<b>For EPS Computations:</b>					
Numerator for Dilutive EPS	\$ 14,451	\$ 5,463	\$ 6,283	\$ 6,628	\$ 6,936
<b>Denominator:</b>					
Weighted Average Common Shares - Basic	42,197	41,510	39,668	39,297	36,913
Dilutive effect of share-based compensation awards	1,649	1,721	1,842	1,678	1,667
Weighted Average Common Shares - Diluted	43,846	43,231	41,510	40,975	38,580
<b>Earnings per diluted share</b>	<b>\$ 0.33</b>	<b>\$ 0.13</b>	<b>\$ 0.15</b>	<b>\$ 0.16</b>	<b>\$ 0.18</b>

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

	2006			2005	
	September 30	June 30	March 31	December 31	September 30
<b>Net Income</b>	<b>\$ 20,587</b>	<b>\$ 9,116</b>	<b>\$ 9,937</b>	<b>\$ 10,282</b>	<b>\$ 10,589</b>
Issuance costs associated with redeemed preferred shares	(1,829)	—	—	—	—
Combined real estate related depreciation and other amortization	21,305	18,490	19,068	15,410	17,848
Depreciation and amortization of unconsolidated real estate entities	362	109	94	182	—
Depreciation and amortization allocable to minority interests in other consol. entities	(36)	(44)	(42)	(29)	(23)
(Gain)/loss on sales of real estate properties, excluding development	(15,262)	6	(2,459)	(14)	(4,360)
<b>Funds From Operations (FFO)</b>	<b>25,127</b>	<b>27,677</b>	<b>26,598</b>	<b>25,831</b>	<b>24,054</b>
Minority interest - common units, gross	3,509	1,157	1,406	1,520	1,726
Preferred share dividends	(4,307)	(3,653)	(3,654)	(3,654)	(3,653)
<b>Funds From Operations (FFO) - Basic</b>	<b>24,329</b>	<b>25,181</b>	<b>24,350</b>	<b>23,697</b>	<b>22,127</b>

Restricted share dividends	—	—	—	107	—
<b>Funds From Operations (FFO) -Diluted</b>	<b>\$ 24,329</b>	<b>\$ 25,181</b>	<b>\$ 24,350</b>	<b>\$ 23,804</b>	<b>\$ 22,127</b>
Straight line rent adjustments	(2,819)	(2,315)	(2,122)	(2,292)	(1,519)
Amortization of deferred market rental revenue	(276)	(495)	(555)	(394)	229
Issuance costs associated with redeemed preferred shares	1,829	—	—	—	—
Recurring capital expenditures	(3,890)	(3,425)	(2,808)	(5,226)	(4,945)
<b>Adjusted Funds From Operations - Diluted</b>	<b>\$ 19,173</b>	<b>\$ 18,946</b>	<b>\$ 18,865</b>	<b>\$ 15,892</b>	<b>\$ 15,892</b>
Preferred dividends - redeemable non-convertible	4,307	3,653	3,654	3,654	3,653
Preferred distributions	165	165	165	165	165
Common distributions	2,643	2,357	2,374	2,386	2,452
Common dividends	13,265	11,853	11,260	11,069	10,966
<b>Total Dividends/Distributions</b>	<b>\$ 20,380</b>	<b>\$ 18,028</b>	<b>\$ 17,453</b>	<b>\$ 17,274</b>	<b>\$ 17,236</b>
<b>Denominator for earnings per share - Diluted</b>	<b>43,846</b>	<b>43,231</b>	<b>41,510</b>	<b>40,975</b>	<b>38,580</b>
Restricted shares	—	—	—	224	—
Common units	8,562	8,465	8,520	8,688	8,758
<b>Denominator for funds from operations per share - Diluted</b>	<b>52,408</b>	<b>51,696</b>	<b>50,030</b>	<b>49,887</b>	<b>47,338</b>
<b>Funds From Operations (FFO) - Diluted</b>	<b>\$ 24,329</b>	<b>\$ 25,181</b>	<b>\$ 24,350</b>	<b>\$ 23,804</b>	<b>\$ 22,127</b>
Issuance costs associated with redeemed Series E Preferred Shares	1,829	n/a	n/a	n/a	n/a
<b>FFO - Diluted, as adjusted for issuance costs associated with redeemed preferred shares</b>	<b>\$ 26,158</b>	<b>\$ 25,181</b>	<b>\$ 24,350</b>	<b>\$ 23,804</b>	<b>\$ 22,127</b>
<b>Numerator for Dilutive EPS Computation</b>	<b>\$ 14,451</b>	<b>\$ 5,463</b>	<b>\$ 6,283</b>	<b>\$ 6,628</b>	<b>\$ 6,936</b>
Issuance costs associated with redeemed Series E Preferred Shares	1,829	n/a	n/a	n/a	n/a
<b>Numerator for Dilutive EPS Computation, as adjusted</b>	<b>\$ 16,280</b>	<b>\$ 5,463</b>	<b>\$ 6,283</b>	<b>\$ 6,628</b>	<b>\$ 6,936</b>
<b>Earnings per diluted share, as adjusted for issuance costs associated with redeemed preferred shares</b>	<b>\$ 0.37</b>	<b>\$ 0.13</b>	<b>\$ 0.15</b>	<b>\$ 0.16</b>	<b>\$ 0.18</b>

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**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 in thousands)

	2006			2005	
	September 30	June 30	March 31	December 31	September 30
<b>Net Income</b>	<b>\$ 20,587</b>	<b>\$ 9,116</b>	<b>\$ 9,937</b>	<b>\$ 10,282</b>	<b>\$ 10,589</b>
Combined interest expense	18,184	17,636	17,715	15,374	14,496
Amortization of deferred financing costs	864	609	559	732	641
Income tax expense (benefit), gross	202	206	215	(264)	294
Depreciation of furniture, fixtures and equipment	601	260	269	194	179
Combined real estate related depreciation and other amortization	21,305	18,490	19,068	15,410	17,848
Minority interest - preferred units	165	165	165	165	165
Minority interest - other consolidated entities	(38)	(25)	(33)	(27)	(19)
Minority interest - common units, gross	3,509	1,157	1,406	1,520	1,726
<b>Earnings Before Interest, Income Taxes, Depreciation and Amortization (EBITDA)</b>	<b>\$ 65,379</b>	<b>\$ 47,614</b>	<b>\$ 49,301</b>	<b>\$ 43,386</b>	<b>\$ 45,919</b>
Addback:					
General and administrative	4,226	3,706	3,963	3,774	3,318
(Income) from service operations	(831)	(679)	(605)	(294)	(458)
(Gain)/loss on sales of depreciated real estate properties	(15,262)	6	(2,459)	(14)	(4,360)
Merchant sales and real estate services	(166)	1	(111)	(2)	(80)
Equity in (income)/loss of unconsolidated entities	(15)	32	23	88	—
<b>Combined Net Operating Income (NOI)</b>	<b>\$ 53,331</b>	<b>\$ 50,680</b>	<b>\$ 50,112</b>	<b>\$ 46,938</b>	<b>\$ 44,339</b>
<b>Discontinued Operations:</b>					
Revenues from real estate operations	\$ 922	\$ 1,529	\$ 2,012	\$ 2,076	\$ 2,659
Property operating expenses	(297)	(484)	(713)	(773)	(1,056)
Depreciation and amortization	(226)	(561)	(575)	(498)	(505)
Amortization of deferred financing costs	(128)	(3)	(2)	(3)	(2)
Interest	(210)	(338)	(494)	(462)	(602)
Gain/(loss) on sales of real estate	14,699	(32)	2,435	(11)	4,335
Income from discontinued operations	14,760	111	2,663	329	4,829
Minority interests in discontinued operations	(2,569)	(19)	(488)	(61)	(959)
<b>Income from discontinued operations, net of minority interests</b>	<b>\$ 12,191</b>	<b>\$ 92</b>	<b>\$ 2,175</b>	<b>\$ 268</b>	<b>\$ 3,870</b>
<b>Gain on sales of real estate, net, per statements of operations</b>	<b>\$ 597</b>	<b>\$ 25</b>	<b>\$ 110</b>	<b>\$ 21</b>	<b>\$ 59</b>
Add income taxes and minority interest	132	—	25	6	46
Gain/(loss) on sales of real estate from discontinued operations	14,699	(32)	2,435	(11)	4,335
<b>Combined gain/(loss) on sales of real estate</b>	<b>15,248</b>	<b>(7)</b>	<b>2,570</b>	<b>16</b>	<b>4,440</b>
Merchant sales and real estate services	(166)	1	(111)	(2)	(80)
<b>Gain/(loss) on sales of depreciated real estate properties</b>	<b>\$ 15,262</b>	<b>\$ (6)</b>	<b>\$ 2,459</b>	<b>\$ 14</b>	<b>\$ 4,360</b>

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

	2006			2005	
	September 30	June 30	March 31	December 31	September 30
<b>Common Equity - End of Quarter</b>					
Common Shares	42,811	42,374	40,244	39,927	39,558
Common Units	8,525	8,595	8,480	8,523	8,765
<b>Total</b>	<b>51,336</b>	<b>50,969</b>	<b>48,724</b>	<b>48,450</b>	<b>48,323</b>
End of Quarter Common Share Price	\$ 44.76	\$ 42.08	\$ 45.74	\$ 35.54	\$ 34.95
<b>Market Value of Common Shares/Units</b>	<b>\$ 2,297,799</b>	<b>\$ 2,144,776</b>	<b>\$ 2,228,636</b>	<b>\$ 1,721,913</b>	<b>\$ 1,688,889</b>
<b>Common Shares Trading Volume</b>					
Average Daily Volume (Shares)	338	284	189	172	164
Average Daily Volume (Dollars in thousands)	\$ 15,199.34	\$ 11,606.66	\$ 7,838.86	\$ 6,026.90	\$ 5,391.59
As a Percentage of Weighted Average Common Shares	0.8%	0.7%	0.5%	0.4%	0.4%
<b>Common Share Price Range</b>					
Quarterly High	\$ 47.54	\$ 45.74	\$ 46.12	\$ 37.15	\$ 35.68
Quarterly Low	\$ 40.65	\$ 37.32	\$ 34.91	\$ 32.50	\$ 29.27
Quarterly Average	\$ 44.92	\$ 40.83	\$ 41.41	\$ 35.13	\$ 32.98
<b>Convertible Preferred Equity - End of Quarter</b>					
Convertible Series I Preferred Units Outstanding	352	352	352	352	352
Conversion Ratio	0.5000	0.5000	0.5000	0.5000	0.5000
Common Shares Issued Assuming Conversion	176	176	176	176	176
<b>Nonconvertible Preferred Equity - End of Quarter</b>					
Redeemable Series E Shares Outstanding (1)	—	1,150	1,150	1,150	1,150
Redeemable Series F Shares Outstanding (2)	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
Redeemable Series J Shares Outstanding (3)	3,390	—	—	—	—
<b>Total Nonconvertible Preferred Equity</b>	<b>9,015</b>	<b>6,775</b>	<b>6,775</b>	<b>6,775</b>	<b>6,775</b>
<b>Total Convertible Preferred Equity</b>	<b>352</b>	<b>352</b>	<b>352</b>	<b>352</b>	<b>352</b>
<b>Total Preferred Equity</b>	<b>9,367</b>	<b>7,127</b>	<b>7,127</b>	<b>7,127</b>	<b>7,127</b>
Preferred Share Recorded Book Value	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00
<b>Recorded Book Value of Preferred Equity</b>	<b>\$ 234,175</b>	<b>\$ 178,175</b>	<b>\$ 178,175</b>	<b>\$ 178,175</b>	<b>\$ 178,175</b>
<b>Weighted Average Shares:</b>					
Common Shares Outstanding	42,197	41,510	39,668	39,297	36,913
Dilutive effect of share-based compensation awards	1,649	1,721	1,842	1,902	1,667
Common Units	8,562	8,465	8,520	8,688	8,758
<b>Denominator for funds from operations per share - diluted</b>	<b>52,408</b>	<b>51,696</b>	<b>50,030</b>	<b>49,887</b>	<b>47,338</b>
<b>Capitalization</b>					
Recorded Book Value of Preferred Shares	\$ 234,175	\$ 178,175	\$ 178,175	\$ 178,175	\$ 178,175
Market Value of Common Shares/Units	2,297,799	2,144,776	2,228,636	1,721,913	1,688,889
<b>Total Equity Market Capitalization</b>	<b>\$ 2,531,974</b>	<b>\$ 2,322,951</b>	<b>\$ 2,406,811</b>	<b>\$ 1,900,088</b>	<b>\$ 1,867,064</b>
<b>Total Debt</b>	<b>\$ 1,406,682</b>	<b>\$ 1,433,718</b>	<b>\$ 1,360,638</b>	<b>\$ 1,348,351</b>	<b>\$ 1,124,299</b>
<b>Total Market Capitalization</b>	<b>\$ 3,938,656</b>	<b>\$ 3,756,669</b>	<b>\$ 3,767,449</b>	<b>\$ 3,248,439</b>	<b>\$ 2,991,363</b>
<b>Debt to Total Market Capitalization</b>	<b>35.7%</b>	<b>38.2%</b>	<b>36.1%</b>	<b>41.5%</b>	<b>37.6%</b>
<b>Debt to Total Assets</b>	<b>59.7%</b>	<b>62.1%</b>	<b>63.5%</b>	<b>63.3%</b>	<b>59.1%</b>
<b>Debt to Undepreciated Book Value of Real Estate Assets</b>	<b>59.8%</b>	<b>60.7%</b>	<b>62.7%</b>	<b>62.6%</b>	<b>58.3%</b>

- (1) We redeemed all of the outstanding Series E Preferred Shares on July 15, 2006 for \$28,750,000 or \$25.00 per share par value.  
(2) We redeemed all of the outstanding Series F Preferred Shares on October 15, 2006 for \$35,625,000 or \$25.00 per share par value.  
(3) We issued 3,390,000 Series J Cumulative Redeemable Preferred Shares with a \$25.00 per share par value on July 20, 2006.

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

	2006			2005	
	September 30	June 30	March 31	December 31	September 30
<b>Debt Outstanding</b>					
Mortgage Loans	\$ 913,354	\$ 1,030,648	\$ 997,410	\$ 1,005,113	\$ 787,684
Construction Loans	93,328	100,070	84,228	70,238	97,615
Unsecured Revolving Credit Facility	200,000	303,000	279,000	273,000	239,000

Exchangeable Senior Notes (1)	200,000	—	—	—	—
	<u>\$ 1,406,682</u>	<u>\$ 1,433,718</u>	<u>\$ 1,360,638</u>	<u>\$ 1,348,351</u>	<u>\$ 1,124,299</u>
<b>Average Outstanding Balance</b>					
Mortgage Loans	\$ 951,798	\$ 994,927	\$ 998,726	\$ 862,700	\$ 777,209
Construction Loans	103,538	86,257	76,799	96,793	83,608
Unsecured Revolving Credit Facility	324,236	247,678	284,171	239,537	352,022
Exchangeable Senior Notes (1)	28,261	—	—	—	—
	<u>\$ 1,407,833</u>	<u>\$ 1,328,862</u>	<u>\$ 1,359,696</u>	<u>\$ 1,199,030</u>	<u>\$ 1,212,839</u>
<b>Interest Rate Structure</b>					
Fixed-Mortgage Loans	\$ 878,854	\$ 947,848	\$ 914,610	\$ 922,313	\$ 710,484
Fixed-Exchangeable Senior Notes (1)	200,000	—	—	—	—
Variable	227,828	385,870	396,028	426,038	340,415
Variable Subject to Interest Rate Protection (2) (3) (4)	100,000	100,000	50,000	—	73,400
	<u>\$ 1,406,682</u>	<u>\$ 1,433,718</u>	<u>\$ 1,360,638</u>	<u>\$ 1,348,351</u>	<u>\$ 1,124,299</u>
% of Fixed Rate Loans (5)	83.80%	73.09%	70.89%	68.40%	69.72%
% of Variable Rate Loans (2) (3) (4)	16.20%	26.91%	29.11%	31.60%	30.28%
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

#### Average Contract Interest Rates

Mortgage & Construction Loans	6.24%	6.30%	6.24%	6.25%	6.23%
Unsecured Revolving Credit Facility	6.83%	6.23%	5.85%	5.09%	4.83%
Exchangeable Senior Notes (1)	3.50%	n/a	n/a	n/a	n/a
Total Weighted Average	6.35%	6.28%	6.13%	5.97%	5.76%

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

Interest Coverage - Combined NOI	2.95x	2.87x	2.83x	3.05x	3.06x
Interest Coverage - EBITDA	3.60x	2.70x	2.78x	2.82x	3.17x
Debt Service Coverage - Combined NOI	2.42x	2.33x	1.98x	2.45x	2.43x
Debt Service Coverage - EBITDA	2.97x	2.19x	1.95x	2.26x	2.52x
Fixed Charge Coverage - Combined NOI	2.35x	2.36x	2.33x	2.45x	2.42x
Fixed Charge Coverage - EBITDA	2.89x	2.22x	2.29x	2.26x	2.51x

- (1) On September 18, 2006, we issued \$200.0 million in exchangeable senior notes. The notes bear interest at a fixed interest rate of 3.5%, with interest payable semi-annually beginning March 15, 2007, and mature in September 2026.
- (2) On April 7, 2005, we entered into a \$73.4 million notional amount forward swap at a fixed rate of 5.0244% which commenced in July 2005. We terminated this forward swap in October 2005 and paid \$603,000.
- (3) On March 28, 2006, we entered into a \$50.0 million notional amount swap at a fixed one-month LIBOR rate of 5.036%, which commenced on the same day and expires March 30, 2009.
- (4) On April 27, 2006, we entered into two notional amount swaps aggregating \$50.0 million at a fixed one-month LIBOR rate of 5.232%, which commenced May 1, 2006 and expire May 1, 2009.
- (5) Includes interest rate protection agreements.

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

	2006			2005	
	September 30	June 30	March 31	December 31	September 30
<b>OPERATING RATIOS — All computations include the effect of discontinued operations</b>					
Net Income as a % of Combined Real Estate Revenues (Net Income / Combined Real Estate Revenues)	26.04%	12.47%	13.77%	15.34%	16.63%
Combined NOI as a % of Combined Real Estate Revenues (Combined NOI / Combined Real Estate Revenues)	67.46%	69.35%	69.43%	70.03%	69.64%
EBITDA as a % of Combined Real Estate Revenues (EBITDA / Combined Real Estate Revenues)	82.70%	65.16%	68.30%	64.73%	72.12%
G&A as a % of Net Income (G&A / Net Income)	20.53%	40.65%	39.88%	36.70%	31.33%
G&A as a % of Combined Real Estate Revenues (G&A / Combined Real Estate Revenues)	5.35%	5.07%	5.49%	5.63%	5.21%
G&A as a % of EBITDA (G&A / EBITDA)	6.46%	7.78%	8.04%	8.70%	7.23%
Recurring Capital Expenditures	\$ 3,890	\$ 3,425	\$ 2,808	\$ 5,226	\$ 4,945
Recurring Capital Expenditures per average square foot of wholly owned properties	\$ 0.26	\$ 0.24	\$ 0.21	\$ 0.41	\$ 0.41
Recurring Capital Expenditures as a % of NOI (Combined NOI)	7.29%	6.76%	5.60%	11.13%	11.15%

### Quarterly Dividend Analysis

	2006			2005	
	September 30	June 30	March 31	December 31	September 30
<b>Common Share Dividends</b>					
Dividends per share/unit	\$ 0.310	\$ 0.280	\$ 0.280	\$ 0.280	\$ 0.280
Increase over prior quarter	10.7%	0.0%	0.0%	0.0%	9.8%
<b>Common Dividend Payout Ratios</b>					
Payout - Earnings	91.8%	217.0%	179.2%	167.0%	158.1%
Payout - FFO - Diluted	65.4%	56.4%	56.0%	57.0%	60.6%
Payout - AFFO - Diluted	83.0%	75.0%	72.3%	85.3%	84.4%
Dividend Coverage - FFO - Diluted	1.53x	1.77x	1.79x	1.76x	1.65x
Dividend Coverage - AFFO - Diluted	1.21x	1.33x	1.38x	1.17x	1.18x
<b>Common Dividend Yields</b>					
Dividend Yield	2.77%	2.66%	2.45%	3.15%	3.20%
<b>Series I Preferred Unit Distributions</b>					
Preferred Unit Distributions Per Unit	\$ 0.46875	\$ 0.46875	\$ 0.46875	\$ 0.46875	\$ 0.46875
Preferred Unit Distributions 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
<b>Series E Preferred Share Dividends (1)</b>					
Preferred Share Dividends Per Share	n/a	\$ 0.64063	\$ 0.64063	\$ 0.64063	\$ 0.64063
Preferred Share Dividend Yield	n/a	10.250%	10.250%	10.250%	10.250%
Quarter End Recorded Book Value	n/a	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00
<b>Series F Preferred Share Dividends (2)</b>					
Preferred Share Dividends Per Share	\$ 0.61719	\$ 0.61719	\$ 0.61719	\$ 0.61719	\$ 0.61719
Preferred Share Dividend Yield	9.875%	9.875%	9.875%	9.875%	9.875%
Quarter End Recorded Book Value	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00
<b>Series G Preferred Share Dividends</b>					
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
<b>Series H Preferred Share Dividends</b>					
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
<b>Series J Preferred Share Dividends (3)</b>					
Preferred Share Dividends Per Share	\$ 0.47656	n/a	n/a	n/a	n/a
Preferred Share Dividend Yield	7.625%	n/a	n/a	n/a	n/a
Quarter End Recorded Book Value	\$ 25.00	n/a	n/a	n/a	n/a

- (1) We redeemed all of the outstanding Series E Preferred Shares on July 15, 2006 for \$28,750,000 or \$25.00 per share par value and paid a prorated dividend of \$0.09965 for the third quarter of 2006.
- (2) We redeemed all of the outstanding Series F Preferred Shares on October 15, 2006 for \$35,625,000 or \$25.00 per share par value.
- (3) We issued 3,390,000 Series J Cumulative Redeemable Preferred Shares with a \$25.00 per share par value on July 20, 2006 and paid a prorated dividend of \$0.45009 on October 15, 2006.

### Investor Composition and Analyst Coverage (as of September 30, 2006)

SHAREHOLDER CLASSIFICATION	Common Shares	Common Units	As if Converted Preferred Shares / Units	Total	Fully Diluted Ownership % of Total
Insiders	779,145	7,363,603	—	8,142,748	15.81%
Institutional Ownership	41,216,710	—	—	41,216,710	80.01%
Other / Retail	815,123	1,161,555	176,000	2,152,678	4.18%
	<u>42,810,978</u>	<u>8,525,158</u>	<u>176,000</u>	<u>51,512,136</u>	<u>100.00%</u>
	September 30,	June 30,	March 31,	December 31,	September 30,





1	2730 Hercules Road	BWI Airport	NBP	1990	M	240,336	
2	304 Sentinel Drive (304 NBP)	BWI Airport	NBP	2005	M	162,498	
	302 Sentinel Drive (302 NBP)	BWI Airport	NBP		M		157,146
3	306 Sentinel Drive (306 NBP)	BWI Airport	NBP	2006	M	125,610	31,536
4	2720 Technology Drive (220 NBP)	BWI Airport	NBP	2004	M	156,730	
5	2711 Technology Drive (211 NBP)	BWI Airport	NBP	2002	M	152,000	
	320 Sentinel Drive (320 NBP)	BWI Airport	NBP		M		125,760
	322 Sentinel Drive (322 NBP)	BWI Airport	NBP		M		125,568
6	318 Sentinel Drive (318 NBP)	BWI Airport	NBP	2005	M	125,681	
7	140 National Business Parkway	BWI Airport	NBP	2003	M	119,904	
8	132 National Business Parkway	BWI Airport	NBP	2000	M	118,456	
9	2721 Technology Drive (221 NBP)	BWI Airport	NBP	2000	M	118,093	
10	2701 Technology Drive (201 NBP)	BWI Airport	NBP	2001	M	117,450	
11	2691 Technology Drive (191 NBP)	BWI Airport	NBP	2005	M	103,683	
12	134 National Business Parkway	BWI Airport	NBP	1999	M	93,482	
13	135 National Business Parkway	BWI Airport	NBP	1998	M	87,655	
14	133 National Business Parkway	BWI Airport	NBP	1997	M	87,401	
15	141 National Business Parkway	BWI Airport	NBP	1990	M	87,247	
16	131 National Business Parkway	BWI Airport	NBP	1990	M	69,039	
17	114 National Business Parkway	BWI Airport	NBP	2002	S	9,908	
						<b>1,975,173</b>	<b>440,010</b>
1	1306 Concourse Drive	BWI Airport	APS	1990	M	114,046	
2	870-880 Elkridge Landing Road	BWI Airport	APS	1981	M	105,151	
3	1304 Concourse Drive	BWI Airport	APS	2002	M	101,710	
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	84,406	
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	68,802	
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	67,455	
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	
	940 Elkridge Landing Road	BWI Airport	APS	1984	M		55,063
						<b>1,630,073</b>	<b>55,063</b>
1	7467 Ridge Road	BWI Airport	Comm./Pkwy.	1990	M	74,326	
2	7240 Parkway Drive	BWI Airport	Comm./Pkwy.	1985	M	73,972	
3	7318 Parkway Drive	BWI Airport	Comm./Pkwy.	1984	S	59,204	
4	7320 Parkway Drive	BWI Airport	Comm./Pkwy.	1983	S	58,453	
5	1340 Ashton Road	BWI Airport	Comm./Pkwy.	1989	S	46,400	
6	7321 Parkway Drive	BWI Airport	Comm./Pkwy.	1984	S	39,822	
7	1334 Ashton Road	BWI Airport	Comm./Pkwy.	1989	S	37,565	
8	1331 Ashton Road	BWI Airport	Comm./Pkwy.	1989	S	29,936	
9	1350 Dorsey Road	BWI Airport	Comm./Pkwy.	1989	S	19,992	
10	1344 Ashton Road	BWI Airport	Comm./Pkwy.	1989	M	17,061	
11	1341 Ashton Road	BWI Airport	Comm./Pkwy.	1989	S	15,841	
12	1343 Ashton Road	BWI Airport	Comm./Pkwy.	1989	S	9,962	
13	1348 Ashton Road	BWI Airport	Comm./Pkwy.	1988	S	3,108	
						<b>485,642</b>	<b>—</b>
<b>52</b>	<b>Subtotal (continued on next page)</b>					<b>4,090,888</b>	<b>495,073</b>

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

Operating Property Count	Submarket	Business Park	Year Built or Renovated	S or M	Total Operational Square Feet	Total Square Feet Under Construction / Redevelopment	
<b>52</b>	<u>Subtotal (continued from prior page)</u>					<b>4,090,888</b>	<b>495,073</b>
	5522 Research Park Drive (UMBC) (1)	BWI Airport	bwtech@UMBC	S		<b>23,500</b>	
1	2500 Riva Road	Annapolis	2000	M	<b>155,000</b>		
1	9140 Route 108	Howard Co. Perimeter	Oakland Ridge	1985	S	<b>150,000</b>	
1	7125 Columbia Gateway Drive	Howard Co. Perimeter	Columbia Gateway	1973/1999	M	611,379	
2	7000 Columbia Gateway Drive	Howard Co. Perimeter	Columbia Gateway	1999	M	145,806	
3	6711 Columbia Gateway Drive	Howard Co. Perimeter	Columbia Gateway	2006	M	53,057	
4	6731 Columbia Gateway Drive	Howard Co. Perimeter	Columbia Gateway	2002	M	123,911	
5	6940 Columbia Gateway Drive	Howard Co. Perimeter	Columbia Gateway	1999	M	109,003	
6	6950 Columbia Gateway Drive	Howard Co. Perimeter	Columbia Gateway	1998	M	107,778	
7	7067 Columbia Gateway Drive	Howard Co. Perimeter	Columbia Gateway	2001	M	82,953	
8	8621 Robert Fulton Drive	Howard Co. Perimeter	Columbia Gateway	2005	M	65,700	
9	6750 Alexander Bell Drive	Howard Co. Perimeter	Columbia Gateway	2001	M	78,460	
10	6700 Alexander Bell Drive	Howard Co. Perimeter	Columbia Gateway	1988	M	74,859	
11	6740 Alexander Bell Drive	Howard Co. Perimeter	Columbia Gateway	1992	M	61,957	
12	7015 Albert Einstein Drive	Howard Co. Perimeter	Columbia Gateway	1999	S	61,203	
13	8671 Robert Fulton Drive	Howard Co. Perimeter	Columbia Gateway	2002	S	56,350	
14	6716 Alexander Bell Drive	Howard Co. Perimeter	Columbia Gateway	1990	M	52,005	
15	8661 Robert Fulton Drive	Howard Co. Perimeter	Columbia Gateway	2002	S	49,307	
16	7130 Columbia Gateway Drive	Howard Co. Perimeter	Columbia Gateway	1989	S	46,840	
17	7142 Columbia Gateway Drive	Howard Co. Perimeter	Columbia Gateway	1994	S	45,951	
18	6708 Alexander Bell Drive	Howard Co. Perimeter	Columbia Gateway	1988	M	39,203	
19	7065 Columbia Gateway Drive	Howard Co. Perimeter	Columbia Gateway	2000	S	38,560	
20	7138 Columbia Gateway Drive	Howard Co. Perimeter	Columbia Gateway	1990	S	38,225	
21	7063 Columbia Gateway Drive	Howard Co. Perimeter	Columbia Gateway	2000	S	36,936	
22	6760 Alexander Bell Drive	Howard Co. Perimeter	Columbia Gateway	1991	M	36,440	
23	7150 Columbia Gateway Drive	Howard Co. Perimeter	Columbia Gateway	1991	S	35,812	
24	7061 Columbia Gateway Drive	Howard Co. Perimeter	Columbia Gateway	2000	M	29,604	
25	6724 Alexander Bell Drive	Howard Co. Perimeter	Columbia Gateway	2001	M	28,420	
26	7134 Columbia Gateway Drive	Howard Co. Perimeter	Columbia Gateway	1990	S	21,991	
					<b>2,131,710</b>	<b>92,275</b>	
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	37,034	
4	7175 Riverwood Drive	Howard Co. Perimeter	Rivers 95	1996	S	26,500	
5	9150 Guilford Road	Howard Co. Perimeter	Rivers 95	1984	S	18,592	
6	9130 Guilford Road	Howard Co. Perimeter	Rivers 95	1984	S	13,700	
					<b>297,530</b>	<b>—</b>	
<b>86</b>	<b>Total Baltimore/Washington Corridor</b>				<b>6,825,128</b>	<b>610,848</b>	



Suburban Maryland							
1	11800 Tech Road	North Silver Spring	Montgomery Industrial	1989	M	235,954	
2	400 Professional Drive	Gaithersburg	Crown Point	2000	M	129,311	
3	110 Thomas Johnson Drive	Frederick		1987/1999	M	117,803	
4	15 West Gude Drive	Rockville		1986	M	113,114	
5	45 West Gude Drive	Rockville		1987	M	108,588	
<b>Total Suburban Maryland</b>						<b>704,770</b>	<b>—</b>

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

(1) This property is a land-lease property.

Operating Property Count		Submarket	Business Park	Year Built or Renovated	S or M	Total Operational Square Feet	Total Square Feet Under Construction / Redevelopment
<b>St. Mary's &amp; King George Counties</b>							
1	22309 Exploration Drive	St. Mary's County	Exploration Park	1984/1997	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	58,231	
4	22300 Exploration Drive	St. Mary's County	Exploration Park	1997	M	44,830	
						<b>262,980</b>	<b>—</b>
1	46579 Expedition Drive	St. Mary's County	Expedition Park	2002	M	61,156	
2	46591 Expedition Drive	St. Mary's County	Expedition Park	2005	M	14,378	46,622
						<b>75,534</b>	<b>46,622</b>
1	44425 Pecan Court	St. Mary's County	Wildewood Tech Park	1997	M	59,055	
2	44408 Pecan Court	St. Mary's County	Wildewood Tech Park	1986	S	50,532	
3	23535 Cottonwood Parkway	St. Mary's County	Wildewood Tech Park	1984	M	46,656	
4	44417 Pecan Court	St. Mary's County	Wildewood Tech Park	1989	S	29,053	
5	44414 Pecan Court	St. Mary's County	Wildewood Tech Park	1986	S	25,444	
6	44420 Pecan Court	St. Mary's County	Wildewood Tech Park	1989	S	25,200	
						<b>235,940</b>	<b>—</b>
1	16480 Commerce Drive	King George County	Dahlgren Technology Center	2000	M	70,728	
2	16541 Commerce Drive	King George County	Dahlgren Technology Center	1996	S	36,053	
3	16539 Commerce Drive	King George County	Dahlgren Technology Center	1990	S	32,076	
4	16442 Commerce Drive	King George County	Dahlgren Technology Center	2002	S	25,518	
5	16501 Commerce Drive	King George County	Dahlgren Technology Center	2002	S	22,860	
6	16543 Commerce Drive	King George County	Dahlgren Technology Center	2002	S	17,370	
						<b>204,605</b>	<b>—</b>
<b>18</b>	<b>Total St. Mary's &amp; King George Counties</b>					<b>779,059</b>	<b>46,622</b>
<b>Northern Virginia</b>							
1	15000 Conference Center Drive	Dulles South	Westfields	1989	M	470,406	
	15010 Conference Center Drive	Dulles South	Westfields		M		223,610
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	127,115	
5	14280 Park Meadow Drive	Dulles South	Westfields	1999	M	114,126	
6	4851 Stonecroft Boulevard	Dulles South	Westfields	2004	M	88,094	
7	14850 Conference Center Drive	Dulles South	Westfields	2000	M	69,711	
8	14840 Conference Center Drive	Dulles South	Westfields	2000	M	69,710	
						<b>1,229,407</b>	<b>223,610</b>
1	13200 Woodland Park Road	Herndon	Woodland	2002	M	404,665	
						<b>404,665</b>	<b>—</b>
1	13454 Sunrise Valley Road	Herndon	Dulles Tech	1998	M	112,597	
2	13450 Sunrise Valley Road	Herndon	Dulles Tech	1998	M	53,728	
						<b>166,325</b>	<b>—</b>
1	1751 Pinnacle Drive	Tysons Corner		1989/1995	M	260,469	
2	1753 Pinnacle Drive	Tysons Corner		1976/2004	M	181,637	
						<b>442,106</b>	<b>—</b>
<b>13</b>	<b>Total Northern Virginia</b>					<b>2,242,503</b>	<b>223,610</b>

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

Operating Property Count		Submarket	Business Park	Year Built or Renovated	S or M	Total Operational Square Feet	Total Square Feet Under Construction / Redevelopment
<b>Virginia</b>							
	Meadowville Road (1)	Richmond Southwest	Meadowville Tech Park		M		193,000
<b>Total Virginia</b>						<b>—</b>	<b>193,000</b>
<b>Northern/Central New Jersey</b>							
1	431 Ridge Road	Exit 8A — Cranbury	Princeton Tech Cntr.	1998	S	171,200	
2	429 Ridge Road	Exit 8A — Cranbury	Princeton Tech Cntr.	1996	M	142,385	
3	437 Ridge Road	Exit 8A — Cranbury	Princeton Tech Cntr.	1996	S	30,000	
						<b>343,585</b>	<b>—</b>
1	47 Commerce	Exit 8A — Cranbury	Centrepont North	1998	S	41,398	
						<b>41,398</b>	<b>—</b>
1	8 Centre Drive	Exit 8A — Cranbury	Monroe Center	1989	S	16,199	
2	2 Centre Drive	Exit 8A — Cranbury	Monroe Center	1989	S	16,132	
						<b>32,331</b>	<b>—</b>

Operating Property Count	Submarket	Business Park	Year Built or Renovated	S or M	Total Operational Square Feet	Total Square Feet Under Construction / Redevelopment
6	Total Northern/Central New Jersey				417,314	—
<u>San Antonio, Texas</u>						
2	8611 Military Drive	San Antonio	1982 / 1985	M	468,994	—
	Total San Antonio, Texas				468,994	—
<u>Colorado Springs</u>						
1	985 Space Center Drive	Colorado Springs East	Patriot Park	1989	M	102,717
2	745 Space Center Drive	Colorado Springs East	Patriot Park	2006	M	50,000
3	980 Technology Court	Colorado Springs East	Patriot Park	1995	S	33,190
					185,907	—
1	1670 North Newport Road	Colorado Springs East		1986-1987	M	67,500
2	1915 Aerotech Drive	Colorado Springs East		1985	S	37,946
3	1925 Aerotech Drive	Colorado Springs East		1985	S	37,946
					143,392	—
1	9950 Federal Drive	I-25 North Corridor	InterQuest Office	2001	S	66,222
2	9960 Federal Drive	I-25 North Corridor	InterQuest Office	2001	S	46,948
	9965 Federal Drive	I-25 North Corridor	InterQuest Office	1983	M	
					113,170	60,000
						60,000
1	5775 Mark Dabbling Boulevard	Colorado Springs Northwest		1984	M	109,678
2	5725 Mark Dabbling Boulevard	Colorado Springs Northwest		1984	M	108,976
3	5755 Mark Dabbling Boulevard	Colorado Springs Northwest		1989	M	105,788
					324,442	—
11	Total Colorado Springs				766,911	60,000

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

(1) The lease provides for conveyance of the land parcel.

Operating Property Count	Submarket	Business Park	Year Built or Renovated	S or M	Total Operational Square Feet	Total Square Feet Under Construction / Redevelopment
<u>Suburban Baltimore</u>						
1	11311 McCormick Road	Hunt Valley/Rte 83 Corridor	Hunt Valley Business Comm.	1984/1994	M	211,931
2	200 International Circle	Hunt Valley/Rte 83 Corridor	Hunt Valley Business Comm.	1987	M	128,658
3	226 Schilling Circle	Hunt Valley/Rte 83 Corridor	Hunt Valley Business Comm.	1980	M	98,640
4	201 International Circle	Hunt Valley/Rte 83 Corridor	Hunt Valley Business Comm.	1982	M	78,417
5	11011 McCormick Road	Hunt Valley/Rte 83 Corridor	Hunt Valley Business Comm.	1974	M	56,512
6	11101 McCormick Road	Hunt Valley/Rte 83 Corridor	Hunt Valley Business Comm.	1976	S	24,232
					598,390	—
1	10150 York Road	Hunt Valley/Rte 83 Corridor		1985	M	180,374
2	9690 Deereco Road	Hunt Valley/Rte 83 Corridor		1988	M	134,175
3	375 West Padonia Road	Hunt Valley/Rte 83 Corridor		1986	M	110,328
					424,877	—
1	7210 Ambassador Road	Baltimore County Westside	Rutherford Business Center	1972	S	83,435
2	7152 Windsor Boulevard	Baltimore County Westside	Rutherford Business Center	1986	S	57,855
3	21 Governor's Court	Baltimore County Westside	Rutherford Business Center	1981/1995	M	56,063
4	7125 Ambassador Road	Baltimore County Westside	Rutherford Business Center	1985	M	50,488
5	7253 Ambassador Road	Baltimore County Westside	Rutherford Business Center	1988	S	38,930
6	7104 Ambassador Road	Baltimore County Westside	Rutherford Business Center	1988	M	29,457
7	17 Governor's Court	Baltimore County Westside	Rutherford Business Center	1981	S	14,701
8	15 Governor's Court	Baltimore County Westside	Rutherford Business Center	1981	S	14,568
9	7127 Ambassador Road	Baltimore County Westside	Rutherford Business Center	1985	S	11,144
10	7129 Ambassador Road	Baltimore County Westside	Rutherford Business Center	1985	S	10,945
11	7108 Ambassador Road	Baltimore County Westside	Rutherford Business Center	1988	S	9,018
12	7102 Ambassador Road	Baltimore County Westside	Rutherford Business Center	1988	S	8,879
13	7106 Ambassador Road	Baltimore County Westside	Rutherford Business Center	1988	S	8,820
14	7131 Ambassador Road	Baltimore County Westside	Rutherford Business Center	1985	S	7,453
					401,756	—
23	Total Suburban Baltimore				1,425,023	—
<u>Greater Philadelphia</u>						
1	753 Jolly Road	Blue Bell	Unisys campus	1992	M	419,472
2	785 Jolly Road	Blue Bell	Unisys campus	1996	M	219,065
3	760 Jolly Road	Blue Bell	Unisys campus	1994	M	208,854
4	751 Jolly Road	Blue Bell	Unisys campus	1991	M	112,958
	Total Greater Philadelphia				960,349	—
168	TOTAL PORTFOLIO				14,590,051	1,134,080

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

### Property Summary by Region - September 30, 2006 Joint Venture Properties

Operating Property Count	Submarket	Business Park	Year Built or Renovated	S or M	Total Operational Square Feet	Total Square Feet Under Construction / Redevelopment
<u>Unconsolidated Joint Venture Properties</u>						
<u>Greater Harrisburg</u>						
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	—

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	
						<u>409,680</u>	<u>—</u>
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	
						<u>117,212</u>	<u>—</u>
<b>16</b>	<b>Total Greater Harrisburg</b>					<b>671,759</b>	<b>—</b>
<b>16</b>	<b>Total Unconsolidated Joint Venture Properties</b>					<b>671,759</b>	<b>—</b>
<b>Consolidated Joint Venture Properties</b>							
<b>Suburban Maryland</b>							
1	4230 Forbes Boulevard	Lanham	Forbes 50	2003	S	55,866	
	<b>Total Suburban Maryland</b>					<b>55,866</b>	<b>—</b>
<b>Baltimore/Washington Corridor</b>							
	1362 Mellon Road (Lot 6B)	BWI Airport	Baltimore Commons	2006	M		44,134
	7468 Candlewood Road	BWI Airport	Baltimore Commons	1979/1982	S		471,587
	<b>Total Baltimore/Washington Corridor</b>					<b>—</b>	<b>515,721</b>
<b>Northern Virginia</b>							
1	2900 Towerview Road	Route 28 South	Renaissance Park	1982	M	78,171	61,706
	<b>Total Northern Virginia</b>					<b>78,171</b>	<b>61,706</b>
<b>2</b>	<b>Total Consolidated Joint Venture Properties</b>					<b>134,037</b>	<b>577,427</b>
<b>18</b>	<b>TOTAL PORTFOLIO</b>					<b>805,796</b>	<b>577,427</b>

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

**Property Occupancy Rates by Region by Quarter  
Wholly Owned Properties**

	<u>Baltimore / Washington Corridor</u>	<u>Northern Virginia</u>	<u>Northern / Central New Jersey</u>	<u>Greater Philadelphia</u>	<u>Suburban Maryland</u>	<u>Suburban Baltimore</u>	<u>St. Mary's &amp; King George Counties</u>	<u>Colorado Springs</u>	<u>San Antonio</u>	<u>Total Portfolio</u>
<b>September 30, 2006</b>										
Number of Buildings	86	13	6	4	5	23	18	11	2	168
Rentable Square Feet	6,825,128	2,242,503	417,314	960,349	704,770	1,425,023	779,059	766,911	468,994	14,590,051
Occupied %	95.03%	95.89%	97.18%	100.00%	82.18%	84.73%	96.80%	91.20%	100.00%	93.98%
Leased %	95.65%	99.30%	97.18%	100.00%	82.18%	88.59%	96.80%	92.96%	100.00%	95.26%
<b>June 30, 2006</b>										
Number of Buildings	85	13	8	4	5	25	18	10	2	170
Rentable Square Feet	6,740,423	2,242,503	538,045	960,349	704,489	1,636,354	779,059	717,018	468,994	14,787,234
Occupied %	95.52%	94.14%	94.88%	100.00%	82.01%	85.21%	96.74%	87.35%	100.00%	93.61%
Leased %	96.22%	94.59%	95.12%	100.00%	91.11%	88.34%	97.20%	90.85%	100.00%	94.97%
<b>March 31, 2006</b>										
Number of Buildings	83	13	8	4	5	25	18	5	2	163
Rentable Square Feet	6,035,901	2,242,503	538,045	960,349	704,489	1,632,261	771,852	316,577	468,994	13,670,971
Occupied %	95.15%	92.87%	95.75%	100.00%	80.01%	86.51%	96.80%	83.12%	100.00%	93.31%
Leased %	95.69%	94.14%	95.98%	100.00%	89.03%	87.61%	97.53%	83.12%	100.00%	94.40%
<b>December 31, 2005</b>										
Number of Buildings	82	13	9	4	7	25	18	5	2	165
Rentable Square Feet	5,873,489	2,242,999	595,325	960,349	846,272	1,632,261	771,852	316,577	468,994	13,708,118
Occupied %	96.21%	96.36%	96.40%	100.00%	79.83%	84.74%	95.41%	85.81%	100.00%	93.97%
Leased %	96.35%	98.49%	96.40%	100.00%	85.67%	89.04%	97.53%	85.81%	100.00%	95.37%
<b>September 30, 2005</b>										
Number of Buildings	80	13	9	4	6	4	17	3	n/a	136
Rentable Square Feet	5,672,582	2,243,561	593,671	960,349	728,469	525,395	764,959	203,407	n/a	11,692,393
Occupied %	95.82%	94.90%	96.88%	100.00%	80.24%	86.90%	95.17%	95.46%	0.00%	94.62%
Leased %	96.70%	97.57%	96.88%	100.00%	80.24%	92.05%	95.33%	95.46%	0.00%	95.80%

**Property Occupancy Rates by Region by Quarter  
Joint Venture Properties**

	Unconsolidated		Consolidated		Total Portfolio
	Northern / Central New Jersey	Greater Harrisburg	Suburban Maryland	Northern Virginia	
<b>September 30, 2006</b>					
Number of Buildings	—	16	1	1	18
Rentable Square Feet	—	671,759	55,866	78,171	805,796
Occupied %	0.00%	91.46%	47.95%	100.00%	89.27%
Leased %	0.00%	91.46%	47.95%	100.00%	89.27%
<b>June 30, 2006</b>					
Number of Buildings	1	16	1	1	19
Rentable Square Feet	157,394	671,759	55,866	78,171	963,190
Occupied %	86.85%	89.90%	47.95%	100.00%	87.79%
Leased %	86.85%	90.07%	47.95%	100.00%	87.91%
<b>March 31, 2006</b>					
Number of Buildings	1	16	1	1	19
Rentable Square Feet	157,394	671,759	55,866	78,171	963,190
Occupied %	81.57%	89.35%	47.95%	100.00%	86.54%
Leased %	88.91%	89.35%	47.95%	100.00%	87.74%
<b>December 31, 2005</b>					
Number of Buildings	1	16	1	—	18
Rentable Square Feet	157,394	671,759	55,866	—	885,019
Occupied %	80.89%	89.35%	47.95%	0.00%	85.23%
Leased %	86.85%	89.35%	47.95%	0.00%	86.29%
<b>September 30, 2005</b>					
Number of Buildings	1	16	1	—	18
Rentable Square Feet	157,394	671,759	55,866	—	885,019
Occupied %	78.49%	87.54%	47.95%	0.00%	83.43%
Leased %	80.72%	87.79%	47.95%	0.00%	84.01%

**Reconciliation of Wholly Owned Properties to Entire Portfolio as of September 30, 2006**

	Count	Square Feet	Occupied %	Leased %
Wholly Owned Properties	168	14,590,051	93.98%	95.26%
Add: Consolidated Joint Venture Properties	2	134,037	78.30%	78.30%
Subtotal	170	14,724,088	93.83%	95.11%
Add: Unconsolidated Joint Venture Properties	16	671,759	91.46%	91.46%
Entire Portfolio	186	15,395,847	93.73%	94.95%

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**Top Twenty Office Tenants of Wholly Owned Properties as of September 30, 2006 (1)**  
(Dollars in thousands)

Tenant	Number of Leases	Total Occupied Square Feet	Percentage of Total Occupied Square Feet	Total Annualized Rental Revenue (2) (3)	Percentage of Total Annualized Rental Revenue	Weighted Average Remaining Lease Term (4)	
United States of America	(5)	44	2,060,177	15.0%	\$ 43,702	15.4%	6.5
Booz Allen Hamilton, Inc.		9	680,815	5.0%	17,533	6.2%	7.2
Northrop Grumman Corporation		15	538,967	3.9%	12,308	4.3%	2.0
Computer Sciences Corporation	(6)	4	454,645	3.3%	11,076	3.9%	4.7
L-3 Communications Holdings, Inc.	(6)	5	239,153	1.7%	8,906	3.1%	6.9
Unisys Corporation	(7)	4	760,145	5.5%	8,665	3.0%	3.0
AT&T Corporation	(6)	9	361,451	2.6%	7,733	2.7%	2.3
General Dynamics Corporation		9	278,239	2.0%	7,037	2.5%	3.2
The Aerospace Corporation		2	221,785	1.6%	6,207	2.2%	8.2
Wachovia Corporation		5	188,994	1.4%	6,118	2.2%	11.7
The Boeing Company	(6)	4	143,480	1.0%	3,962	1.4%	2.8
Ciena Corporation		3	221,609	1.6%	3,558	1.3%	4.0
Science Applications International Corp.		12	170,839	1.2%	3,189	1.1%	0.5
VeriSign, Inc.	(8)	1	99,121	0.7%	3,144	1.1%	0.0
Magellan Health Services, Inc.		2	142,199	1.0%	2,910	1.0%	4.8
Lockheed Martin Corporation		6	160,577	1.2%	2,860	1.0%	2.7
BAE Systems PLC	(6)	7	212,339	1.5%	2,788	1.0%	4.1
Merck & Co., Inc. (Unisys)	(7)	1	219,065	1.6%	2,466	0.9%	2.8
Wyle Laboratories, Inc.		4	174,792	1.3%	2,399	0.8%	5.8
Harris Corporation		4	84,040	0.6%	2,271	0.8%	3.8
<b>Subtotal Top 20 Office Tenants</b>		<b>150</b>	<b>7,412,432</b>	<b>54.1%</b>	<b>158,833</b>	<b>55.8%</b>	<b>5.2</b>
All remaining tenants		490	6,298,660	45.9%	125,585	44.2%	4.5

640	13,711,092	100.0%	\$ 284,419	100.0%
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- (1) Table excludes owner occupied leasing activity which represents 136,951 square feet with a weighted average remaining lease term of 6.3 as of September 30, 2006.
- (2) Total Annualized Rental Revenue is the monthly contractual base rent as of September 30, 2006 multiplied by 12 plus the estimated annualized expense reimbursements under existing office leases.
- (3) Order of tenants is based on Annualized Rent.
- (4) The weighting of the lease term was computed using Total Rental Revenue.
- (5) 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.
- (6) Includes affiliated organizations or agencies.
- (7) Merck & Co., Inc. subleases 219,065 rentable square feet from Unisys' 960,349 leased rentable square feet in our Greater Philadelphia region.
- (8) This tenant will be vacating in the fourth quarter of 2006; however, its entire square footage has already been retentanted to our second-largest tenant, Booz Allen Hamilton, Inc.

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

	2006			2005	
	September 30	June 30	March 31	December 31	September 30
<b>Office Properties:</b>					
Baltimore/Washington Corridor	\$ 38,347	\$ 34,797	\$ 34,393	\$ 34,282	\$ 30,771
Northern Virginia	16,746	15,796	15,573	15,979	15,473
Northern/Central New Jersey	2,317	2,386	2,893	2,868	3,862
Greater Philadelphia	2,506	2,506	2,506	2,506	2,506
Greater Harrisburg	—	—	(6)	(3)	2,197
St. Mary's and King George Counties	2,979	3,037	2,988	3,141	2,900
Suburban Maryland	4,114	3,785	3,553	3,614	3,354
Suburban Baltimore	7,569	7,230	7,357	3,025	2,720
San Antonio	1,787	1,797	1,810	1,814	—
Colorado Springs	3,158	1,963	1,289	983	23
Subtotal	79,523	73,297	72,356	68,209	63,806
Eliminations / other	(465)	(219)	(177)	(1,185)	(139)
<b>Combined Real Estate Revenues</b>	<b>\$ 79,058</b>	<b>\$ 73,078</b>	<b>\$ 72,129</b>	<b>\$ 67,024</b>	<b>\$ 63,667</b>

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

	2006			2005	
	September 30	June 30	March 31	December 31	September 30
<b>Office Properties:</b>					
Baltimore/Washington Corridor	\$ 25,745	\$ 24,662	\$ 24,024	\$ 24,108	\$ 21,524
Northern Virginia	11,179	9,992	10,083	10,634	10,266
Northern/Central New Jersey	1,449	1,563	1,908	1,780	2,244
Greater Philadelphia	2,464	2,465	2,466	2,466	2,464
Greater Harrisburg	—	(1)	44	(32)	1,425
St. Mary's and King George Counties	2,123	2,333	2,297	2,422	2,186
Suburban Maryland	2,516	2,520	2,236	2,220	2,120
Suburban Baltimore	4,480	4,298	4,517	1,878	1,641
San Antonio	1,477	1,478	1,477	1,479	—
Colorado Springs	1,949	1,347	798	613	(14)
Subtotal	53,382	50,657	49,850	47,568	43,856
Eliminations / other	(51)	23	262	(630)	483
<b>Combined NOI</b>	<b>\$ 53,331</b>	<b>\$ 50,680</b>	<b>\$ 50,112</b>	<b>\$ 46,938</b>	<b>\$ 44,339</b>

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

	2006			2005	
	September 30	June 30	March 31	December 31	September 30
<b>Office Properties: (1)</b>					
Baltimore/Washington Corridor	\$ 19,535	\$ 20,496	\$ 20,334	\$ 21,263	\$ 19,981
Northern Virginia	10,385	8,954	9,079	9,635	9,709
Northern/Central New Jersey	1,246	1,135	1,322	1,114	1,465
Greater Philadelphia	2,633	2,580	2,581	2,580	2,578
Suburban Maryland	2,010	2,001	1,784	1,612	1,744

St. Mary's and King George Counties	2,113	2,337	2,298	2,389	2,148
Suburban Baltimore	1,204	1,233	1,159	1,086	1,270
<b>Total Office Properties</b>	<b>\$ 39,126</b>	<b>\$ 38,736</b>	<b>\$ 38,557</b>	<b>\$ 39,679</b>	<b>\$ 38,895</b>

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

	2006			2005	
	September 30	June 30	March 31	December 31	September 30
<b>Office Properties: (1)</b>					
Baltimore/Washington Corridor	\$ 20,046	\$ 20,703	\$ 20,614	\$ 21,851	\$ 20,807
Northern Virginia	10,895	9,619	9,837	10,552	9,895
Northern/Central New Jersey	1,348	1,237	1,423	1,229	1,411
Greater Philadelphia	2,468	2,467	2,468	2,467	2,465
Suburban Maryland	2,197	2,329	1,924	1,748	1,895
St. Mary's and King George Counties	2,099	2,324	2,288	2,411	2,186
Suburban Baltimore	1,277	1,286	1,216	1,138	1,324
<b>Total Office Properties</b>	<b>\$ 40,330</b>	<b>\$ 39,965</b>	<b>\$ 39,770</b>	<b>\$ 41,396</b>	<b>\$ 39,983</b>

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

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

	Baltimore / Washington Corridor	Northern Virginia	Northern / Central New Jersey	Greater Philadelphia	Suburban Maryland	Suburban Baltimore	St. Mary's and King George Counties	Total Office
<b>3rd Quarter 2006 Average</b>								
Number of Buildings	72	13	6	4	5	3	17	120
Rentable Square Feet	5,301,893	2,242,503	417,314	960,349	642,833	424,877	764,681	10,754,450
Percent Occupied	94.49%	95.28%	97.18%	100.00%	82.91%	93.36%	96.43%	94.65%
<b>2nd Quarter 2006 Average</b>								
Number of Buildings	72	13	6	4	5	3	17	120
Rentable Square Feet	5,301,809	2,242,503	417,314	960,349	642,552	424,877	764,681	10,754,085
Percent Occupied	95.05%	94.14%	98.82%	100.00%	81.98%	90.04%	96.93%	94.60%
<b>1st Quarter 2006 Average</b>								
Number of Buildings	72	13	6	4	5	3	17	120
Rentable Square Feet	5,301,817	2,242,668	417,314	960,349	642,552	421,192	764,681	10,750,573
Percent Occupied	95.02%	95.55%	100.00%	100.00%	81.25%	89.25%	97.01%	94.86%
<b>4th Quarter 2005 Average</b>								
Number of Buildings	72	13	6	4	5	3	17	120
Rentable Square Feet	5,301,951	2,242,999	417,314	960,349	642,552	421,192	764,681	10,751,038
Percent Occupied	96.19%	95.86%	100.00%	100.00%	79.78%	84.80%	95.37%	95.12%
<b>3rd Quarter 2005 Average</b>								
Number of Buildings	72	13	6	4	5	3	17	120
Rentable Square Feet	5,302,490	2,243,713	416,514	960,349	642,552	421,192	764,959	10,751,769
Percent Occupied	95.84%	94.74%	72.79%	100.00%	78.69%	87.79%	95.17%	93.70%

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

**Office Lease Expiration Analysis by Year for Wholly Owned Properties**

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) (000's)	Percentage of Total Annualized Rental Revenue Expiring	Total Annual Rental Revenue of Expiring Leases per Occupied Square Foot
October - December	31	358,264	2.6 %	\$ 9,161	3.2 %	\$ 25.57
<b>Total 2006</b>	<b>31</b>	<b>358,264</b>	<b>2.6 %</b>	<b>9,161</b>	<b>3.2 %</b>	<b>25.57</b>
<b>2007</b>	<b>105</b>	<b>1,562,969</b>	<b>11.4 %</b>	<b>33,703</b>	<b>11.8 %</b>	<b>21.56</b>
<b>2008</b>	<b>107</b>	<b>1,378,319</b>	<b>10.1 %</b>	<b>28,758</b>	<b>10.1 %</b>	<b>20.86</b>
<b>2009</b>	<b>127</b>	<b>3,018,007</b>	<b>22.0 %</b>	<b>49,692</b>	<b>17.5 %</b>	<b>16.47</b>
<b>2010</b>	<b>94</b>	<b>1,753,321</b>	<b>12.8 %</b>	<b>39,468</b>	<b>13.9 %</b>	<b>22.51</b>
<b>2011</b>	<b>66</b>	<b>1,198,931</b>	<b>8.7 %</b>	<b>22,364</b>	<b>7.9 %</b>	<b>18.65</b>
<b>2012</b>	<b>23</b>	<b>927,271</b>	<b>6.8 %</b>	<b>19,740</b>	<b>6.9 %</b>	<b>21.29</b>

2013	17	634,414	4.6 %	15,818	5.6 %	24.93
2014	14	588,443	4.3 %	17,382	6.1 %	29.54
2015	22	1,047,477	7.6 %	23,330	8.2 %	22.27
2016	9	281,093	2.1 %	7,167	2.5 %	25.50
2017	4	87,202	0.6 %	1,762	0.6 %	20.20
2018	3	328,944	2.4 %	7,680	2.7 %	23.35
2019	—	—	0.0 %	—	0.0 %	—
2020	—	—	0.0 %	—	0.0 %	—
2021	1	46,748	0.3 %	987	0.3 %	21.10
2022	—	—	0.0 %	—	0.0 %	—
2023	—	—	0.0 %	—	0.0 %	—
2024	—	—	0.0 %	—	0.0 %	—
2025	2	468,994	3.4 %	6,961	2.4 %	14.84
Other (3)	15	30,695	0.2 %	446	0.2 %	14.52
<b>Total / Average</b>	<b>640</b>	<b>13,711,092</b>	<b>100.0 %</b>	<b>\$ 284,419</b>	<b>100.0 %</b>	<b>\$ 20.74</b>

NOTE: As of September 30, 2006, the weighted average lease term for the wholly owned properties is 4.9 years.

- (1) Many of our government leases are subject to certain early termination provisions which are customary to government leases. The year of lease expiration was computed assuming no exercise of such early termination rights.
- (2) Total Annualized Rental Revenue is the monthly contractual base rent as of September 30, 2006 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.

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#### Quarterly Office Renewal Analysis for Wholly Owned Properties as of September 30, 2006

	Baltimore/ Washington Corridor	Northern Virginia	Northern/ Central New Jersey	Suburban Maryland	Suburban Baltimore	St. Mary's and King George Counties	Colorado Springs	Total Office
<b>Quarter Ended September 30, 2006:</b>								
Expiring Square Feet	131,096	45,372	4,421	50,262	84,193	75,719	2,908	393,971
Vacated Square Feet	57,524	13,960	4,421	11,080	64,812	—	2,908	154,705
Renewed Square Feet	73,572	31,412	—	39,182	19,381	75,719	—	239,266
Retention Rate (% based upon square feet)	56.12%	69.23%	0.00%	77.96%	23.02%	100.00%	0.00%	60.73%
<i>Renewed Space Only:</i>								
Average Committed Cost per Square Foot	\$ —	\$ 6.75	\$ —	\$ 0.93	\$ 30.53	\$ 0.07	\$ —	\$ 3.53
Weighted Average Lease Term in years	5.0	2.2	—	3.0	7.5	2.1	—	3.6
Change in Total Rent - GAAP	47.49%	5.98%	0.00%	4.80%	7.14%	4.61%	0.00%	18.19%
Change in Total Rent - Cash	37.63%	-2.65%	0.00%	-2.80%	-3.17%	0.80%	0.00%	10.18%
<i>Renewed &amp; Retenanted Space:</i>								
Average Committed Cost per Square Foot	\$ 3.86	\$ 29.66	\$ —	\$ 0.93	\$ 26.58	\$ 0.07	\$ —	\$ 18.17
Weighted Average Lease Term in years	4.2	7.4	—	3.0	6.7	2.1	—	5.6
Change in Total Rent - GAAP	38.16%	-4.93%	0.00%	4.80%	-0.05%	4.61%	0.00%	2.90%
Change in Total Rent - Cash	29.67%	-10.86%	0.00%	-2.80%	-8.43%	0.80%	0.00%	-3.36%

Notes: No renewal or retreating activity transpired in our Greater Philadelphia or San Antonio, Texas regions. 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.

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#### Year to Date Wholly Owned Acquisition Summary as of September 30, 2006 (1) (Dollars in thousands)

	Submarket	Acquisition Date	Square Feet	Occupancy Percentage at Acquisition	Contractual Purchase Price	Investment (2)
<b>Individual Property:</b>						
9965 Federal Drive (3)	I-25 North Corridor	1/19/2006	60,000	0.0%	\$ 2,134	\$ 2,136
5725 Mark Dabbling Boulevard	Colorado Springs Northwest	5/18/2006	108,976	100.0%	15,360	14,618
5755 Mark Dabbling Boulevard	Colorado Springs Northwest	5/18/2006	105,895	67.0%	12,756	12,143
5775 Mark Dabbling Boulevard	Colorado Springs Northwest	5/18/2006	109,678	100.0%	15,496	14,747
1915 Aerotech Drive	Colorado Springs East	6/8/2006	37,946	26.4%	4,021	4,181
1925 Aerotech Drive	Colorado Springs East	6/8/2006	37,946	100.0%	4,529	4,197

7125 Columbia Gateway Drive (3)	Howard Co. Perimeter	6/29/2006	611,379	94.2%	74,639	74,168
<b>Total</b>			<b>1,071,820</b>		<b>\$ 128,935</b>	<b>\$ 126,190</b>

- (1) Excludes land only acquisitions.  
(2) Initial accounting investment recorded by property.  
(3) Contractual purchase price and investment balances exclude value assigned to development land.

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**Year to Date Wholly Owned Disposition Summary as of September 30, 2006 (1)**  
(Dollars in thousands)

	<u>Submarket</u>	<u>Disposition Date</u>	<u>Square Feet</u>	<u>Contractual Sales Price</u>
14502 Greenview Drive	Laurel	2/6/2006	72,449	\$ 8,687
14504 Greenview Drive	Laurel	2/6/2006	69,334	8,313
68 Culver Road	Exit 8A - Cranbury	3/8/2006	57,280	9,700
710 Route 46	Wayne	7/26/2006	101,263	15,750
230 Schilling Circle	Hunt Valley/Rte 83 Corridor	8/9/2006	107,348	13,795
7 Centre Drive	Exit 8A - Cranbury	8/30/2006	19,468	3,000
1615 and 1629 Thames Street	Baltimore City	9/28/2006	104,203	20,300
<b>Total</b>			<b>531,345</b>	<b>\$ 79,545</b>

- (1) Includes operational buildings only.

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**Development Summary as of September 30, 2006**  
(Dollars in thousands)

<u>Property and Location</u>	<u>Submarket</u>	<u>Wholly Owned or Joint Venture (JV)</u>	<u>Total Rentable Square Feet</u>	<u>Percentage Leased</u>	<u>Anticipated Total Cost</u>	<u>Cost to date</u>	<u>Outstanding Loan as of 9/30/2006</u>	<u>Anticipated Date of Operations</u>	
<b>Under Construction</b>									
322 Sentinel Drive (322 NBP) Annapolis Junction, Maryland	(1)	BWI Airport	Owned	125,568	100.00%	\$ 21,293	\$ 18,686	\$ 15,270	4Q 06
15010 Conference Center Drive (WTP II) Chantilly, Virginia	(2)	Dulles South	Owned	223,610	100.00%	46,084	33,405	21,933	4Q 06
46591 Expedition Drive (Expedition 6) Lexington Park, Maryland	(3)	St. Mary's County	Owned	61,000	35.85%	8,326	7,052	—	1Q 07
306 Sentinel Drive (306 NBP) Annapolis Junction, Maryland	(4) (5)	BWI Airport	Owned	157,146	79.93%	26,845	24,016	19,462	1Q 07
6711 Columbia Gateway Drive Columbia, Maryland	(6) (7)	Howard Co. Perimeter	Owned	125,000	69.70%	26,749	23,197	14,131	2Q 07
1362 Mellon Road (Lot 6B) Hanover, Maryland	(8)	BWI Airport	JV	44,134	0.00%	8,590	7,118	4,416	2Q 07
Meadowville Road Richmond, Virginia		Richmond Southwest	Owned	193,000	100.00%	54,000	9,547	—	3Q 07
5522 Research Park Drive (UMBC) Baltimore, Maryland		BWI Airport	Land Lease	23,500	100.00%	5,403	366	—	3Q 07
320 Sentinel Drive (320 NBP) Annapolis Junction, Maryland	(9)	BWI Airport	Owned	125,760	0.00%	23,483	17,912	7,843	1Q 08
302 Sentinel Drive (302 NBP) Annapolis Junction, Maryland	(10)	BWI Airport	Owned	157,146	20.55%	32,169	18,128	6,587	2Q 08
<b>Total Under Construction</b>				<b>1,235,864</b>	<b>67.37%</b>	<b>\$ 252,942</b>	<b>\$ 159,427</b>	<b>\$ 89,642</b>	

- (1) Total loan commitment was \$19.0 million. This loan was paid off October 2, 2006.  
(2) Total loan commitment was \$32.0 million. This loan was paid off October 2, 2006.  
(3) Although classified as "Under Construction", 14,378 square feet are operational.  
(4) Total loan commitment was \$25.0 million. This loan was paid off October 2, 2006.  
(5) Although classified as "Under Construction", 125,610 square feet are operational.  
(6) Total loan commitment is \$19.5 million.  
(7) Although classified as "Under Construction", 53,057 square feet are operational.  
(8) Total loan commitment is \$6.2 million.  
(9) Total loan commitment is \$21.0 million.  
(10) Total loan commitment is \$27.0 million.



Property and Location	Submarket	Wholly Owned or Joint Venture (JV)	Total Rentable Square Feet	Percentage Leased	Anticipated Total Cost	Cost to date	Outstanding Loan as of 9/30/2006	Anticipated Date of Operations
<b>Redevelopment</b>								
940 Elkridge Landing Road (AS 7) Linthicum, Maryland	(1) BWI Airport	Owned	55,063	0.00%	\$ 6,455	\$ 797	\$ —	2007
9965 Federal Drive Colorado Springs, Colorado	I-25 North Corridor	Owned	60,000	0.00%	6,752	2,769	—	2007
2900 Towerview Road Herndon, Virginia	(2) Route 28 South	JV	139,877	55.89%	22,228	14,777	—	2007
7468 Candlewood Road Hanover, Maryland	BWI Airport	JV	471,587	0.00%	52,376	20,319	—	2008
<b>Total Redevelopment</b>			<b>726,527</b>	<b>10.76%</b>	<b>\$ 87,811</b>	<b>\$ 38,662</b>	<b>\$ —</b>	
<b>Under Development</b>								
Aerotech Commerce Park Colorado Springs, Colorado	(3) Colorado Springs East	Owned	59,763	0.00%	\$ 11,848	\$ 1,127	\$ —	2007
5520 Research Park Drive (UMBC) Baltimore, Maryland	BWI Airport	Land Lease	110,000	0.00%	22,905	155	—	2008
Rockville Corporate Center Rockville, Maryland	Rockville	Owned	110,000	0.00%	24,036	286	—	2008
300 Sentinel Drive (300 NBP) Annapolis Junction, Maryland	BWI Airport	Owned	202,400	0.00%	39,251	5,168	—	2008
316 Sentinel Drive (316 NBP) Annapolis Junction, Maryland	BWI Airport	Owned	125,000	0.00%	25,333	2,781	—	2008
7740 Milestone Parkway Hanover, Maryland	BWI Airport	Under Contract/ JV	151,800	0.00%	35,451	2,368	—	2008
Patriot Park View II Colorado Springs, Colorado	Colorado Springs East	Owned	90,000	0.00%	17,239	1,004	—	2008
6721 Columbia Gateway Drive Columbia, Maryland	Howard Co. Perimeter	Owned	131,550	0.00%	30,847	5,492	—	2008
16444 Commerce Drive Dahlgren, Virginia	King George County	Owned	50,000	0.00%	9,469	549	—	2008
<b>Total Under Development</b>			<b>1,030,513</b>	<b>0.00%</b>	<b>\$ 216,379</b>	<b>\$ 18,930</b>	<b>\$ —</b>	

(1) 940 Elkridge Landing Road's anticipated total cost excludes \$4.8 million of incurred costs for land and building as this property was previously operational.

(2) Although classified as "Redevelopment", 78,171 square feet are operational.

(3) This development property was 100% leased to a single tenant in October 2006.

**Year to Date Development Placed into Service as of September 30, 2006**  
(Dollars in thousands)

Property and Location	Submarket	Wholly Owned or Joint Venture (JV)	Total Rentable Square Feet	Development Square Feet Placed into Service	Percentage of Total Rentable Square Feet Leased or Committed
304 Sentinel Drive (304 NBP) Annapolis Junction, Maryland	BWI Airport	Owned	162,498	162,498	100.00%
306 Sentinel Drive (306 NBP) Annapolis Junction, Maryland	BWI Airport	Owned	157,146	125,610	79.93%
745 Space Center Drive (Patriot Park View) Colorado Springs, Colorado	Colorado Springs East	Owned	50,000	50,000	100.00%
<b>Total</b>			<b>369,644</b>	<b>338,108</b>	<b>91.47%</b>

**Land Inventory as of September 30, 2006**

Location	Submarket	Status	Non-Wholly Owned		Wholly Owned	
			Acres	Developable Square Feet	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
2900 Towerview Road	Route 28 South	JV	4	55,000	—	—
Woodland Park	Herndon	owned	—	—	5	225,000
<b>Total Northern Virginia</b>			<b>4</b>	<b>55,000</b>	<b>73</b>	<b>1,523,300</b>
National Business Park (Phase II)	BWI Airport	owned	—	—	19	627,500
National Business Park (Phase III)	BWI Airport	owned	—	—	178	1,250,000
National Business Park (Phase III)	BWI Airport	option	5	—	—	—
1243 Winterson Road (AS 22)	BWI Airport	owned	—	—	2	30,000
Arundel Preserve	BWI Airport	under contract/ JV	56	up to 1,648,000	—	—
1460 Dorsey Road	BWI Airport	owned	—	—	6	60,000
7175 Riverwood	Howard Co. Perimeter	owned	—	—	4	60,000
Columbia Gateway Parcel T-11	Howard Co. Perimeter	owned	—	—	14	220,000
7125 Columbia Gateway Drive	Howard Co. Perimeter	owned	—	—	5	120,000
<b>Total Baltimore / Washington Corridor</b>			<b>61</b>	<b>1,648,000</b>	<b>228</b>	<b>2,367,500</b>
110 Thomas Johnson Drive	Frederick	owned	—	—	6	170,000
Rockville Corporate Center	Rockville	owned	—	—	5	110,000
<b>Total Suburban Maryland</b>			<b>—</b>	<b>—</b>	<b>11</b>	<b>280,000</b>
Unisys Campus	Blue Bell	owned	—	—	45	600,000
<b>Total Greater Philadelphia</b>			<b>—</b>	<b>—</b>	<b>45</b>	<b>600,000</b>
Princeton Technology Center	Exit 8A - Cranbury	owned	—	—	19	250,000
<b>Total Northern / Central New Jersey</b>			<b>—</b>	<b>—</b>	<b>19</b>	<b>250,000</b>
Dahlgren Technology Center	King George County	owned	—	—	32	65,000
Expedition Park	St. Mary's County	owned	—	—	6	60,000
<b>Total St. Mary's &amp; King George Counties</b>			<b>—</b>	<b>—</b>	<b>38</b>	<b>125,000</b>
Interquest	I-25 North Corridor	50% interest	132	935,000	—	—
9965 Federal Drive	I-25 North Corridor	owned	—	—	4	30,000
Patriot Park	Colorado Springs East	owned	—	—	72	860,000
Aerotech Commerce	Colorado Springs East	owned	—	—	7	90,000
<b>Total Colorado Springs</b>			<b>132</b>	<b>935,000</b>	<b>83</b>	<b>980,000</b>
San Antonio	San Antonio	owned	—	—	27	350,000
San Antonio	San Antonio	owned	—	—	31	375,000
<b>Total San Antonio</b>			<b>—</b>	<b>—</b>	<b>58</b>	<b>725,000</b>
<b>TOTAL</b>			<b>197</b>	<b>2,638,000</b>	<b>555</b>	<b>6,850,800</b>

This land inventory schedule excludes all properties listed as under construction, redevelopment or under development as detailed on pages 32 and 33.

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**Joint Venture Summary as of September 30, 2006**  
(Dollars in thousands)

**Consolidated Properties**

<u>Property and Location</u>	<u>Joint Venture Interest Held By COPT</u>	<u>Status</u>	<u>Square Feet</u>	<u>Acreage</u>	<u>Total Assets</u>	<u>Consolidated Debt as of 9/30/06</u>	<u>Recourse to COPT</u>	<u>Option to Acquire Partner's Interest</u>
4230 Forbes Boulevard Lanham, Maryland	50%	Operating	55,866	5 acres	\$ 4,192	\$ 3,685	Yes, up to \$4.5 million	Yes
7468 Candlewood Road (1) Hanover, Maryland	92.5%	Redevelopment	471,587	19 acres	22,471	—	N/A	Yes
2900 Towerview Road Herndon, Virginia	92.5%	Operating/ Redevelopment	139,877	12 acres	16,740	—	N/A	Yes
1362 Mellon Road (Lot 6B) Hanover, Maryland	50%	Construction	44,134	3 acres	7,118	4,416	Yes, up to \$6.2 million	Yes
<b>TOTAL</b>					<b>\$ 50,521</b>	<b>\$ 8,101</b>		

**Unconsolidated Properties**

<u>Property and Location</u>	<u>Joint Venture Interest Held By COPT</u>	<u>Status</u>	<u>Square Feet</u>	<u>COPT Investment</u>	<u>Off-Balance Sheet Debt as of 9/30/06</u>	<u>Recourse to COPT</u>	<u>Option to Acquire Partner's Interest</u>
Harrisburg Portfolio Harrisburg, Pennsylvania	20%	Operating	671,759	\$ (3,103)	\$ 66,600	No	No

(1) The 7468 Candlewood Road project consists of 471,587 square feet of warehouse space and will be redeveloped into approximately 325,000 rentable square feet of office space.

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

	2006			2005	
	September 30	June 30	March 31	December 31	September 30
<b>Total Assets or Denominator for Debt to Total Assets</b>	\$ 2,355,922	\$ 2,309,118	\$ 2,142,875	\$ 2,129,759	\$ 1,901,696
Accumulated depreciation	205,529	197,395	183,920	174,935	163,381
Intangible assets on real estate acquisitions, net	92,061	100,132	85,699	90,984	67,686
Assets other than assets included in investment in real estate	(300,236)	(243,602)	(242,035)	(241,653)	(205,167)
<b>Denominator for Debt to Undepreciated Book Value of Real Estate Assets</b>	\$ 2,353,276	\$ 2,363,043	\$ 2,170,459	\$ 2,154,025	\$ 1,927,596
<b>GAAP Revenues from Real Estate Operations</b>	\$ 78,136	\$ 71,549	\$ 70,167	\$ 64,948	\$ 61,008
Revenues from discontinued operations	922	1,529	2,012	2,076	2,659
Other income/(expense)	—	—	—	—	—
<b>Combined Real Estate Revenues</b>	\$ 79,058	\$ 73,078	\$ 72,179	\$ 67,024	\$ 63,667
<b>GAAP Revenues from Real Estate Operations</b>	\$ 78,136	\$ 71,549	\$ 70,167	\$ 64,948	\$ 61,008
Property operating	(25,430)	(21,914)	(21,354)	(19,313)	(18,272)
Revenues from discontinued operations	922	1,529	2,012	2,076	2,659
Property operating from discontinued operations	(297)	(484)	(713)	(773)	(1,056)
Other revenue	—	—	—	—	—
<b>Combined Net Operating Income</b>	\$ 53,331	\$ 50,680	\$ 50,112	\$ 46,938	\$ 44,339
<b>GAAP Net Operating Income for Same Office Properties</b>	\$ 40,330	\$ 39,965	\$ 39,770	\$ 41,396	\$ 39,983
Less: Straight line rent adjustments	(1,330)	(1,098)	(1,020)	(1,399)	(1,355)
Less: Amortization of deferred market rental revenue	126	(131)	(193)	(318)	267
<b>Cash Net Operating Income for Same Office Properties</b>	\$ 39,126	\$ 38,736	\$ 38,557	\$ 39,679	\$ 38,895
<b>Depreciation and amortization</b>	\$ 21,680	\$ 18,189	\$ 18,762	\$ 15,106	\$ 17,522
Depreciation of furniture, fixtures and equipment	(601)	(260)	(269)	(194)	(179)
Depreciation and amortization from discontinued operations	226	561	575	498	505
<b>Combined real estate related depreciation and other amortization</b>	\$ 21,305	\$ 18,490	\$ 19,068	\$ 15,410	\$ 17,848
<b>Total tenant improvements and incentives on operating properties</b>	\$ 4,552	\$ 3,317	\$ 2,873	\$ 6,146	\$ 3,484
Total capital improvements on operating properties	2,276	2,536	3,123	2,944	2,760
Total leasing costs for operating properties	3,416	1,421	946	3,743	3,017
Less: Nonrecurring tenant improvements and incentives on operating properties	(3,340)	(1,752)	(1,281)	(4,872)	(1,199)
Less: Nonrecurring capital improvements on operating properties	(467)	(1,068)	(2,519)	(954)	(1,047)
Less: Nonrecurring leasing costs for operating properties	(2,783)	(1,076)	(358)	(1,969)	(2,070)
Add: Recurring improvements on operating properties held through joint ventures	236	47	24	188	—
<b>Recurring capital expenditures</b>	\$ 3,890	\$ 3,425	\$ 2,808	\$ 5,226	\$ 4,945
<b>Interest expense from continuing operations</b>	\$ 17,974	\$ 17,298	\$ 17,221	\$ 14,912	\$ 13,894
Interest expense from discontinued operations	210	338	494	462	602
<b>Combined interest expense or denominator for interest coverage</b>	\$ 18,184	\$ 17,636	\$ 17,715	\$ 15,374	\$ 14,496
Scheduled principal amortization	3,822	4,101	7,559	3,819	3,750
<b>Denominator for Debt Service Coverage</b>	\$ 22,006	\$ 21,737	\$ 25,274	\$ 19,193	\$ 18,246
Scheduled principal amortization	(3,822)	(4,101)	(7,559)	(3,819)	(3,750)
Preferred dividends - redeemable non-convertible	4,307	3,653	3,654	3,654	3,653
Preferred distributions	165	165	165	165	165
<b>Denominator for Fixed Charge Coverage</b>	\$ 22,656	\$ 21,454	\$ 21,534	\$ 19,193	\$ 18,314
<b>Common dividends for Earnings Payout Ratio</b>	\$ 13,265	\$ 11,853	\$ 11,260	\$ 11,069	\$ 10,966
Common distributions	2,643	2,357	2,374	2,386	2,452
Restricted shares	—	—	—	107	—
<b>Dividends and distributions for FFO and AFFO Payout Ratio</b>	\$ 15,908	\$ 14,210	\$ 13,634	\$ 13,562	\$ 13,418
Amortization of deferred financing costs from continuing operations	736	606	557	729	639
Amortization of deferred financing costs from discontinued operations	128	3	2	3	2
<b>Combined amortization of deferred financing costs</b>	\$ 864	\$ 609	\$ 559	\$ 732	\$ 641