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## Corporate Office Properties Trust Q4 2007 Earnings Call Transcript

### Question-and-Answer Session

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**Operator**

(Operators Instructions). And your first question comes from the line of John Guinee with Stifel. Please proceed.

**John Guinee - Stifel**

John Guinee. Mary Ellen, are you there?

**Mary Ellen**

Yes, I'm here John, how are you?

**John Guinee - Stifel**

Happy Valentines Day.

**Mary Ellen Fowler**

Same to you.

**John Guinee – Stifel**

A couple of questions, just on accounting issue we're looking at this for a lot of people. You've got \$215 million worth of land inventory. Can you walk through on both the interest query and the other query, what's your capitalizing and what's your expensing on that \$250 million worth of land inventory?

**Roger Waesche**

John, we don't have in front of us project-by-project, but on average about 50% of our land is what is called from an accounting standpoint under active development. And therefore, we are capitalizing interest and property taxes on that. And the other half, we are expensing the interest associated with that and expensing the property taxes.

**John Guinee – Stifel**

Okay. And then the second question. This all makes perfect sense to me and you guys did a great job of explaining it, but one disconnect is only \$60 million of disposed and there are two places that's a disconnect. One is your development is much more in excess of \$60 million a year and then two, as

you're trying to focus the story more on the specialty. It seems as if there is a great opportunity to sell more than \$60 million in 2008.

**Roger Waesche**

I think we were taking into consideration that reality for now, the sales market is pretty much frozen. You know nobody wants to buy, nobody wants to sell. And so we agree with you that as we focused the company more around government, defense and data then we needed to be selling off or joint venturing non-core assets and we are focused on that.

But we want it to be realistic given that 2007 the market -- the financial markets are in such as state of term loan.

**Rand Griffin**

I think John, we are trying to be conservative there. I mean we have gone through and identified more than that in terms of what we deemed sort of non-core properties or properties where we have opportunity to joint venture or so but we are rearing on the side for conservatism.

**John Guinee – Stifel**

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