Reconciliation of Non-GAAP Financial Measures

Adjusted EBITDA is reconciled to net income available to common stockholders as follows:

	Fiscal Years Ended				
	2009	2008	2007	2006	2005
	($ in thousands)				
Net income available to common stockholders	$ 47,258	$ 26,690	$ 18,907	$ 16,950	$ 6,087
Interest including discontinued operations	88,442	63,621	67,054	53,627	39,106
Tax expense	1,038	1,109	814	724	554
Depreciation and amortization[1]	198,052	172,378	134,798	91,443	62,232
Noncontrolling interests including discontinued operations	3,572	2,664	3,753	12,570	8,256
Preferred stock dividends	40,404	38,564	19,330	13,780	10,014
Gain on sale of assets	—	—	(18,049)	(18,096)	—
Adjusted EBITDA, excluding gain on sale of assets	$378,766	$305,026	$226,607	$170,998	$126,249

(1) Depreciation and amortization was computed as follows:

	Fiscal Years Ended				
	2009	2008	2007	2006	2005
	($ in thousands)				
Depreciation and amortization per income statement	$198,052	$172,378	$134,419	$86,129	$55,702
Depreciation and amortization of discontinued operations	—	—	379	5,314	6,530
	$198,052	$172,378	$134,798	$91,443	$62,232

We believe that earnings before interest expense, taxes, depreciation and amortization, adjusted for preferred dividends and noncontrolling interests, or Adjusted EBITDA, is a useful supplemental performance measures because it allows investors to view our performance without the impact of noncash depreciation and amortization or the cost of debt and preferred dividends and minority interests. In addition, we believe adjusted EBITDA is frequently used by securities analysts, investors and other interested parties in the evaluation of REITs. Because Adjusted EBITDA is calculated before recurring cash charges including interest expense and taxes, excludes capitalized costs, such as leasing commissions, and is not adjusted for capital expenditures or other recurring cash requirements of our business, its utility as a measure of our performance is limited. Accordingly, Adjusted EBITDA should be considered only as a supplement to net income (computed in accordance with GAAP) as a measure of our financial performance. Other equity REITs may calculate Adjusted EBITDA differently than we do; accordingly, our Adjusted EBITDA may not be comparable to such other REITs' Adjusted EBITDA. Adjusted EBITDA for 2005, 2006 and 2007 includes the results of properties sold in 2006: 7979 East Tufts Avenue (July 2006) and 2007: 100 Technology Center Drive (March 2007) and 4055 Valley View Lane (March 2007).

Funds from operations is reconciled to net income available to common stockholders as follows:

	Fiscal Years Ended				
	2009	2008	2007	2006	2005
	($ in thousands)				
Net income available to common stockholders	$ 47,258	$ 26,690	$ 18,907	$ 16,950	$ 6,087
Adjustments:					
Noncontrolling interests in operating partnership including discontinued operations	3,432	2,329	3,753	12,570	8,268
Real estate related depreciation and amortization[1]	196,971	171,657	134,265	90,932	62,171
Real estate related depreciation and amortization related to investment in unconsolidated joint venture	4,382	2,339	3,934	796	—
Gain on sale of assets	—	—	(18,049)	(18,096)	—
FFO available to common stockholders and unitholders[2]	$252,043	$203,015	$142,810	$103,152	$76,526
Basic FFO per share and unit	$ 3.08	$ 2.70	$ 2.08	$ 1.65	$ 1.38
Diluted FFO per share and unit[2]	$ 2.93	$ 2.59	$ 2.02	$ 1.61	$ 1.37
Weighted average common stock and units outstanding					
Basic	81,715	75,160	68,754	62,563	55,525
Diluted[2]	98,963	87,811	70,799	63,870	55,761

(1) Real estate depreciation and amortization was computed as follows:

	Fiscal Years Ended				
	2009	2008	2007	2006	2005
	($ in thousands)				
Depreciation and amortization per income statement	$198,052	$172,378	$134,419	$86,129	$55,701
Depreciation and amortization of discontinued operations	—	—	379	5,314	6,531
Non real estate depreciation	(1,081)	(721)	(533)	(511)	(61)
	$196,971	$171,657	$134,265	$90,932	$62,171

(2) At December 31, 2009, we had 7,000 series C convertible preferred shares and 13,796 series D convertible preferred shares outstanding that were convertible into 3,624 common shares and 8,215 common shares, respectively. In addition, we had a balance of $266,400 of 5.50% exchangeable senior debentures that were exchangeable for 6,195 common shares on a weighted average basis. See below for calculations of diluted FFO available to common stockholders and unitholders and weighted average common stock and units outstanding.

	Fiscal Years Ended				
	2009	**2008**	**2007**	**2006**	**2005**
FFO available to common stockholders and unitholders	$252,043	$203,015	$142,810	$103,152	$76,526
Add: Series C convertible preferred dividends	7,656	7,656	—	—	—
Add: Series D convertible preferred dividends	18,968	17,131	—	—	—
Add: 5.50% exchangeable senior debentures interest expense	11,248	—	—	—	—
FFO available to common stockholders and unitholders — diluted	$289,915	$227,802	$142,810	$103,152	$76,526
Weighted average common stock and units outstanding	81,715	75,160	68,754	62,563	55,525
Add: Effect of dilutive securities (excluding series C and D convertible preferred stock)	1,071	1,606	2,045	1,307	236
Add: Effect of dilutive series C convertible preferred stock	3,617	3,615	—	—	—
Add: Effect of dilutive series D convertible preferred stock	8,215	7,430	—	—	—
Add: Effect of dilutive 5.50% exchangeable senior debentures	4,345	—	—	—	—
Weighted average common stock and units outstanding — diluted	98,963	87,811	70,799	63,870	55,761

We calculate Funds from Operations, or FFO, in accordance with the standards established by the National Association of Real Estate Investment Trusts, or NAREIT. FFO represents net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from sales of property, real estate related depreciation and amortization (excluding amortization of deferred financing costs) and after adjustments for unconsolidated partnerships and joint ventures. Management uses FFO as a supplemental performance measure because, in excluding real estate related depreciation and amortization and gains and losses from property dispositions, it provides a performance measure that, when compared year over year, captures trends in occupancy rates, rental rates and operating costs. We also believe that, as a widely recognized measure of the performance of REITs, FFO will be used by investors as a basis to compare our operating performance with that of other REITs. However, because FFO excludes depreciation and amortization and captures neither the changes in the value of our properties that result from use or market conditions, nor the level of capital expenditures and capitalized leasing commissions necessary to maintain the operating performance of our properties, all of which have real economic effect and could materially impact our financial condition and results from operations, the utility of FFO as a measure of our performance is limited. Other REITs may not calculate FFO in accordance with the NAREIT definition and, accordingly, our FFO may not be comparable to such other REITs' FFO. Accordingly, FFO should be considered only as a supplement to net income as a measure of our performance. FFO for 2005, 2006 and 2007 includes the results of properties sold in 2006: 7979 East Tufts Avenue (July 2006) and 2007: 100 Technology Center Drive (March 2007) and 4055 Valley View Lane (March 2007).