CARRAMERICA REALTY CORP
Form 424B4
December 14, 2001

Filed Pursuant to Rule 424(b)(4)
Registration No. 333-73582

Prospectus Supplement to Prospectus dated November 26, 2001.

16,872,537 Shares

[LOGO] CARRAMERICA

CarrAmerica Realty Corporation

Common Stock

All of the shares of common stock in the offering are being sold by Security Capital Group Incorporated. We will not receive any of the proceeds from the sale of the shares.

The common stock is listed on the New York Stock Exchange under the symbol "CRE". The last reported sale price for the common stock on December 13, 2001 was $28.37 per share.

See the risk factors beginning on page S-6 to read about factors you should consider before buying our common stock.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Initial price to public............................	$28.37	$478,673,875
Underwriting discount..............................	$ 1.49	$ 25,140,080
Proceeds, before expenses, to the selling stockholder	$26.88	$453,533,795

To the extent that underwriters sell more than 16,872,537 shares of common stock, the underwriters have the option to purchase up to an additional 2,530,880 shares of common stock from the selling stockholder at the initial price to public less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on December 19, 2001.

Goldman, Sachs & Co.
Salomon Smith Barney

Legg Mason Wood Walker
Incorporated
Wachovia Securities
Banc of America Securities LLC
Deutsche Banc Alex. Brown
A.G. Edwards & Sons, Inc.

Prospectus Supplement dated December 13, 2001.

[Pictures of Properties]

PROSPECTUS SUPPLEMENT SUMMARY

The following summary is qualified in its entirety by the more detailed information and financial statements, including the notes thereto, appearing elsewhere in this prospectus supplement and the accompanying prospectus or incorporated herein and therein by reference. You should read the accompanying prospectus, as well as documents incorporated by reference in the prospectus, including our financial statements and the notes to the financial statements, before deciding whether to invest in our common stock. In this prospectus supplement, "we," "us" and "our" refer to CarrAmerica Realty Corporation and its majority-owned or controlled subsidiaries.

The Company

We are a fully integrated, self-administered and self-managed publicly-traded real estate investment trust. We focus on the acquisition, development, ownership and operation of high-quality office properties located primarily in selected markets across the United States.

As of September 30, 2001, we owned a greater than 50% interest in 254 operating office properties and two properties under construction. The 254 operating properties contain a total of approximately 20.3 million square feet of net rentable area. The two properties under construction will contain approximately 184,000 square feet of net rentable area. The operating properties in which we owned a greater than 50% interest as of September 30, 2001 were 95.9% leased. These properties had approximately 1,000 tenants.

As of September 30, 2001, we also owned minority interests (ranging from 15% to 50%) in 34 operating office properties and six properties under construction. The 34 operating properties contain a total of approximately 4.4 million square feet of net rentable area. The six properties under construction will contain approximately 1.5 million square feet of net rentable area. The operating properties in which we owned a minority interest as of September 30, 2001 were 96.8% leased.

Our primary business objectives are to achieve long-term, sustainable per-share cash flow growth and to maximize stockholder value by acquiring, developing, owning and operating office properties primarily in markets throughout the United States that exhibit strong, long-term growth characteristics. We believe we utilize our knowledge of our core markets to evaluate market conditions in order to maintain strategic flexibility and determine whether those conditions favor acquisition, development or capital recycling/disposition. During the last five years, we have actively redeployed capital between acquisitions and development in order to create a portfolio with strong long-term growth prospects.

We are currently focusing our capital in four of our core markets where we feel we can create the most value and highest returns on our investments: San Francisco Bay area, Washington, D.C. Metro area, Southern California, and Seattle/Portland. These markets accounted for approximately 72% of our property net operating income, or NOI, for the nine months ended September 30, 2001. The following chart shows a breakdown by core market of the NOI generated by our office properties for the nine months ended September 30, 2001:

[CHART]

San Francisco Bay Area	32%
Washington, D.C. Metro	20%
Southern California	12%
Seattle/Portland	8%
Other Markets	28%

From 1996 to 1998, we were very active in acquiring office properties as we established an operating platform for our national business strategy. During that time, we acquired an aggregate of approximately 18.4 million square feet of net rentable area. We will selectively pursue acquisitions in our core markets where appropriate opportunities exist, particularly when pricing yields make acquisitions of existing properties attractive in comparison to new property development. Our acquisition activity since 1998 has been limited.

Development of office properties has become an important component of our growth strategy. Since the beginning of 1999, we have developed and placed in service an aggregate of approximately 4.8 million square feet of net rentable area. We believe that long-term investment returns resulting from properties we develop should generally exceed those from properties we acquire, without the assumption of significantly increased investment risks. In the current environment, we have reduced our development activities significantly and we are now primarily focused on the development of build-to-suit and substantially pre-leased projects. Our research-driven development program enables us to tailor our development activities in each core market, from inventory development, build-to-suit projects and acquiring and holding land for future development.

We also may dispose of assets that become inconsistent with our long-term strategic or return objectives. We then redeploy the proceeds from the dispositions into other office properties, or use them to fund development operations or to support other corporate needs. We also may contribute properties that we own into joint ventures with third parties. Since 1999, we have received an aggregate of approximately $1.1 billion of proceeds from the sale of assets to third parties and ventures in which we retained an interest, which proceeds were utilized to fund other investments, repurchase shares of our stock and pay down indebtedness.

In 2000, as investments in our stock became attractive relative to real estate investment opportunities, we commenced a repurchase program for our common stock. To date, we have repurchased approximately 17.9 million of our shares for an aggregate purchase price of approximately $518.8 million, including the recent repurchase of 9.2 million shares from Security Capital Group Incorporated. We believe that we have achieved attractive yields on these repurchases.

We believe that our portfolio is occupied primarily by financially sound tenants and is relatively insulated against difficult economic conditions. A significant portion of our tenant base consists of Fortune 1000 and Fortune Global 500 companies and government or quasi-governmental agencies.

For the nine months ended September 30, 2001, base rents for space in our Class A office buildings that was re-leased after the existing lease expired were, on average, approximately 23.9% greater than the base rents previously in effect. We expect that our strength in re-leasing space quickly at higher rents should result in continued NOI growth. The following table summarizes the square footage of expiring leases in each of our markets, and the opportunity to re-lease at higher base rents:

Expiring Square Footage in Core and Other Markets as of October 18, 2001

	For the period October 19 to December 31,	For the years ending De		
Core Market	2001	2002	2003	2004
San Francisco Bay				
Square footage of expiring leases	40,418	478,783	638,559	676,
Weighted average annualized base rent per sq. ft. of expiring leases(1)	$27.59	$24.22	$23.65	$27
Weighted average Company quoted base rental rate per sq. ft.(2)	$41.73			
Metro Washington D. C.				
Square footage of expiring leases	15,096	119,821	262,145	606,
Weighted average annualized base rent per sq. ft. of expiring leases(1)	$33.71	$32.63	$34.65	$32
Weighted average Company quoted base rental rate per sq. ft.(2)	$36.23			
Southern California				
Square footage of expiring leases	58,020	252,496	346,134	390,
Weighted average annualized base rent per sq. ft. of expiring leases(1)	$20.54	$15.65	$23.98	$23
Weighted average Company quoted base rental rate per sq. ft.(2)	$27.10			
Seattle/Portland				
Square footage of expiring leases	17,471	28,960	230,208	265,
Weighted average annualized base rent per sq. ft. of expiring leases(1)	$17.95	$20.53	$19.25	$17
Weighted average Company quoted base rental rate per sq. ft.(2)	$21.04			
All Other Markets				
Square footage of expiring leases	163,534	1,065,121	1,188,829	1,069,
Weighted average annualized base rent per sq. ft. of expiring leases(1)	$19.83	$20.40	$20.79	$22
Weighted average Company quoted base rental rate per sq. ft.(2)	$21.17			

Total square footage of expiring leases............	294,539	1,945,181	2,665,875	3,008,
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(1) Annualized base rent equals total original base rent, including historical contractual increases and excluding (i) percentage rents, (ii) additional rent payable by tenants such as common area maintenance, real estate taxes and other expense reimbursements, (iii) future contractual or contingent rent escalations and (iv) parking rents.

(2) Represents the weighted average (based on square footage in our portfolio) of our quoted rental rates for our office properties across each market as of October 18, 2001. There can be no assurance actual base rental rates achieved on new leases will be reflective of the quoted rates shown above.

We were organized as a Maryland corporation on July 9, 1992. We or our predecessor, The Oliver Carr Company, have developed, owned and operated office buildings in the Washington, D.C. metropolitan area for more than 38 years. In November 1995, we entered into a strategic alliance with a wholly-owned subsidiary of Security Capital U.S. Realty in which Security Capital U.S. Realty purchased 11.6 million shares of our stock. In January 2001, Security Capital Group Incorporated acquired the assets of Security Capital U.S. Realty (including the shares of our stock), and as a result, Security Capital Group Incorporated, or certain of its subsidiaries (collectively, "Security Capital"), now owns these shares. As of December 1, 2001, Security Capital owned approximately 37.4% of our outstanding common stock, but will no longer own any of our common stock if the underwriters' over-allotment option in this offering is exercised in full.

Our experienced staff of approximately 850 employees, including about 470 on-site building employees, provides a broad range of real estates services. Our principal executive offices are located at 1850 K Street, N.W., Washington, D.C. 20006. Our telephone number is 202-729-7500. Our web site can be found at www.carramerica.com.

Recent Developments

Financial Developments

For the three months ended September 30, 2001, we reported funds from operations of $0.82 per diluted share, a 9.3% increase over the comparable period in 2000. For the nine months ended September 30, 2001, we reported funds from operations of $2.43 per diluted share, an increase of 9.5% over the comparable period in 2000.

In November 2001, we declared and paid a dividend of $0.4625 per share of our common stock for the third quarter of 2001.

Our Board of Directors has authorized us to spend up to $325 million to repurchase our common shares, preferred shares, and debt securities, exclusive of shares purchased from Security Capital. Since the start of this program in mid-2000 through September 30, 2001, we acquired approximately 7.2 million common shares for $209.4 million, representing an average price of $28.94 per share. In October 2001, we repurchased an additional 1.5 million shares of stock for $43.6 million, representing an average price of $29.37 per share. This repurchase program has been temporarily suspended.

On November 19, 2001, we repurchased from Security Capital, the selling stockholder offering the shares in this offering, 9.2 million shares of our common stock at a price of $28.85 per share. The aggregate purchase price of approximately $265.7 million was paid in cash, which we funded by drawing on our $500 million unsecured credit facility with J.P. Morgan Chase Bank, as agent for a group of banks. After giving effect to the repurchases, at December 13, 2001 we had approximately $36.1 million available for borrowing under the line of credit.

On December 13, 2001, we entered into an agreement with Security Capital pursuant to which we agreed to terminate the stockholders agreement between us and Security Capital that is more fully described under the section entitled "The Selling Stockholder--Material Relationships with Security Capital" in the accompanying prospectus. As part of the termination agreement, each of Messrs. William D. Sanders and C. Ronald Blankenship and Ms. Caroline S. McBride, Security Capital's designees to our board of directors, agreed to resign from our board of directors upon the consummation of this offering.

Article 5 of our articles of incorporation provides, among other things, that, subject to certain exceptions, no person or entity may beneficially own greater than 5% of our common stock or preferred stock. The articles of incorporation also provide that our board of directors may increase this ownership limit up to 9.8% under certain circumstances. On December 11, 2001, our board of directors approved an increase of the ownership limit to 9.8% from 5%. The increase will be effective only upon the consummation of this offering.

We are currently negotiating to obtain a $150 million short-term loan to provide additional liquidity in the near term. The proposed loan is expected to mature in April 2002, and we expect to consummate the loan by the end of December 2001. We also expect to refinance certain amounts outstanding under our line of credit and any amounts drawn under the proposed term loan by the end of the first quarter of 2002, including possibly through the issuance of longer-term, fixed-rate debt.

Developments Regarding HQ Global Holdings

In June 2000, we sold a substantial portion of our equity interest in HQ Global Holdings, Inc., our executive office suites affiliate, and our debt and equity interests in two European executive suites affiliates, in connection with the merger of HQ Global with VANTAS Incorporated. We received $377.3 million in cash, and recognized a gain net of tax of $31.9 million, in connection with these transactions. Our remaining investment in the merged entity is carried at $42.2 million and is accounted for using the cost method. We own approximately 16% of the equity of the merged entity on a fully-diluted basis.

As previously disclosed in our quarterly report for the quarter ended September 30, 2001, FrontLine Capital Group, the majority stockholder of HQ Global, recently announced that HQ Global is in default with respect to certain covenant and payment obligations under its senior and mezzanine indebtedness. HQ Global is in active negotiations with its lenders regarding the restructuring of its long-term indebtedness. A forbearance period that was agreed to by the senior loan lenders expires on December 14, 2001, or earlier under certain circumstances. At the end of the forbearance period, if HQ Global does not cure all of its existing defaults or obtain an extension of the forbearance period, the lenders may immediately exercise any rights and remedies available to them. Following the filing of our quarterly report, FrontLine filed its quarterly report, in which it disclosed that it took an impairment charge of $294.1 million with respect to its investment in HQ Global.

Although no final decision has been made at this time, we are continuing to evaluate our investment in HQ Global. In light of the impairment charge taken by FrontLine and other factors, including that no agreement has been reached with HQ Global's lenders as of the date of this prospectus supplement, we believe that it is likely that we will write-off our remaining $42.2 million investment in HQ Global during the fourth quarter of 2001. If such a write-off occurs, a non-cash, one-time charge would be taken against our net income in the fourth quarter of 2001, which would result in our net income and funds from operations for the fourth quarter and 2001 being substantially below our previous guidance for those periods.

The Offering

All of the shares of common stock offered by this prospectus supplement are being offered by Security Capital. We will not receive any proceeds from the sale of the common stock. After completing the sale of all of the shares of common stock offered by this prospectus supplement, Security Capital will own 2,530,880 shares of common stock, which will represent approximately 4.9% of our outstanding common stock as of September 30, 2001. If the underwriters' over-allotment option is exercised in full, Security Capital will no longer own any shares of our common stock.

RISK FACTORS

In addition to the other information in this prospectus supplement and accompanying prospectus and the information incorporated by reference herein and therein, you should consider carefully the following risk factors in evaluating an investment in our common stock.

Our Performance is Subject to Risks Associated with Real Estate Investment

We are a real estate company that derives most of our income from the ownership and operation of office buildings. There are a number of factors that may adversely affect the income that our properties generate, including the following:

- Economic Downturns. Downturns in the national economy, or in regions or localities where our properties are located, generally will negatively impact the demand for office space.

- Oversupply of Office Space. An oversupply of space in markets where we own office properties would typically cause rental rates and occupancies to decline, making it more difficult for us to lease space at attractive rental rates.

- Competitive Properties. If our properties are not as attractive to tenants (in terms of rents, services or location) as other properties that are competitive with ours, we will lose tenants to those properties or could have to reduce our rental rates to compensate for that disparity.

- Renovation Costs. In order to maintain the quality of our office buildings and successfully compete against other properties, we periodically have to spend money to repair and renovate our properties.

- Tenant Risk. Our performance depends on our ability to collect rent from our tenants. While no tenant in our portfolio accounted for more than 5% of our annualized base rent as of September 30, 2001, our financial position may be adversely affected by financial difficulties experienced by a major tenant, or by a number of smaller tenants, including bankruptcies, insolvencies or general downturns in business.

- Reletting Costs. As leases expire, we try to either relet the space to an existing tenant or attract a new tenant to occupy the space. In either case, we likely will incur significant costs in the process. In addition, if market rents have declined since the time the expiring lease was entered into, the terms of any new lease signed likely will not be as favorable to us as the terms of the expiring lease, thereby reducing the income earned from that space.

- Regulatory Costs. There are a number of government regulations, including zoning, tax and accessibility laws that apply to the ownership and operation of office buildings. Compliance with existing and newly adopted regulations may require us to spend a significant amount of money on our properties.

- Fixed Nature of Costs. Most of the costs associated with owning and operating an office building are not necessarily reduced when circumstances such as market factors and competition cause a reduction in income from the property.

- Environmental Problems. Federal, state and local laws and regulations relating to the protection of the environment may require a current or previous owner or operator of real property to investigate and clean up hazardous or toxic substances or petroleum product releases at the property. The clean up can be costly. The presence of or failure to clean up contamination may adversely affect our ability to sell or lease a property or to borrow using a property as collateral.

- Competition. A number of other major real estate investors with significant capital compete with us. These competitors include publicly traded REITs, private REITs, investment banking firms and private institutional investment funds.

New Developments and Acquisitions May Fail to Perform As Expected

Over the last few years, we have embarked on a major acquisition and development program. In deciding whether to acquire or develop a particular property, we made certain assumptions regarding the expected future performance of that property. If a number of these new properties do not perform as expected, our financial performance will be adversely affected.

While our acquisition pace has declined significantly, we remain active in developing office properties. New office property developments are subject to a number of risks, including construction delays, complications in obtaining necessary zoning, occupancy and other governmental permits, cost overruns, financing risks, and the possible inability to meet expected occupancy and rent levels. If any of these problems occur, development costs for a project will increase, and there may be costs incurred for projects that are not completed.

We Do Not Have Exclusive Control Over Our Joint Venture Investments

We have invested in projects or properties as a co-venturer or partner in the development of new properties and the continued operations of operating properties. These investments involve risks not present in a wholly owned project. Risks related to these investments include:

- Absence of exclusive control over the development, financing, leasing, management and other aspects of the project;

- Possibility that our co-venturer or partner might:

  - become bankrupt;

  - have interests or goals that are inconsistent with ours;

  - take action contrary to our instructions, requests or interests (including those related to our qualification as a REIT for tax purposes); or

  - otherwise impede our objectives.

Our Use of Debt Subjects Us to Various Financing Risks

While we believe that we have a conservative borrowing policy, we do regularly borrow money to finance our business, particularly the acquisition and development of properties. We generally incur unsecured debt, although in many cases we will incur mortgage debt that is secured by one or more of our office buildings. There are risks inherent in borrowing money, including the following:

- No Limitation on Debt Incurrence. Our organizational documents do not limit the amount of debt we can incur. Our degree of leverage could have important consequences, including making it more difficult for us to obtain additional financing in the future for business needs, as well as making us more vulnerable to an economic downturn.

- Possible Inability to Meet Scheduled Debt Payments. If our properties do not perform as expected, the cash flow from our properties may not be enough to make required principal and interest payments. If a property is mortgaged to secure payment of indebtedness and we are unable to meet mortgage payments, the holder of the mortgage or the lender could foreclose on

the property, resulting in a loss of income and asset value. An unsecured lender could also attempt to foreclose on some of our assets in order to receive payment.

- Inability to Refinance Debt. In almost every case, very little of the principal amount that we borrow is repaid prior to the maturity of the loan. We generally expect to refinance that debt when it matures, although in some cases we may pay off the loan. If principal amounts due at maturity cannot be refinanced, extended or paid with proceeds of other capital transactions, such as new equity capital, our cash flow may be insufficient to repay all maturing debt. Prevailing interest rates or other factors at the time of a refinancing (such as possible reluctance of lenders to make commercial real estate loans) may result in higher interest rates and increased interest expense.

- Financial Covenants Could Adversely Affect Our Financial Condition. Our credit facilities and the indentures under which our senior unsecured indebtedness are issued contain financial and operating covenants, including coverage ratios and other limitations on our ability to incur secured and unsecured indebtedness, sell all or substantially all of our assets and engage in mergers, consolidations and certain acquisitions. These covenants may restrict our ability to engage in transactions that would otherwise be in our best interests.

- Variable Interest Rates Could Increase the Cost of Borrowing. A significant amount of our financing is through an unsecured line of credit. The line of credit is subject to variable floating interest rates. Because we have not hedged against interest fluctuations, significant increases in interest rates could dramatically increase our costs of borrowing on the line of credit. Additionally, interest rates on certain of our debt are based on the credit rating of our debt by independent agencies, and would be increased in the event that the credit ratings are downgraded.

Our Business Structure Has Certain Risks Associated With It

- Certain Officers and Directors May Have Interests that Conflict with the Interests of Stockholders. Certain of our officers and members of our board of directors own units of limited partner interest in Carr Realty, L.P., a partnership that holds some of our properties. These individuals may have personal interests that conflict with the interests of our stockholders with respect to business decisions affecting us and Carr Realty, L.P., such as interests in the timing and pricing of property sales or refinancings in order to obtain favorable tax treatment. We, as the sole general partner of Carr Realty, L.P., have the exclusive authority to determine whether and on what terms Carr Realty, L.P. will sell or refinance an individual property, but the effect of certain transactions on these unitholders may influence decisions affecting these properties.

- We May Not Be Able to Sell Properties When Appropriate. Real estate property investments generally cannot be sold quickly. Agreements that we have entered into with respect to certain properties owned by CarrAmerica Realty, L.P. and Carr Realty, L.P. limit our ability to dispose of property. Also, the tax laws applicable to REITs restrict our ability to dispose of properties. Therefore, we may be unable to vary our portfolio promptly in response to market conditions, which may adversely affect our financial position.

- Lack of Voting Control Over Carr Real Estate Services, Inc. While most of our income is generated from the ownership and operation of our office buildings, we own a nonvoting interest in Carr Real Estate Services, Inc., which produces a significant contribution to our income. Carr Real Estate Services, Inc. conducts management and leasing operations for third parties and for office buildings in which we own less than a 100% interest. As of September 30, 2001, we owned approximately 95% of the economic interest in Carr Real Estate Services, Inc.

through the ownership of nonvoting common stock. The voting common stock of Carr Real Estate Services, Inc. is owned by The Oliver Carr Company. As a result, we have no right to elect the directors of Carr Real Estate Services, Inc., and our ability to influence its operations is limited. Carr Real Estate Services, Inc. may engage in business activities that are not in our best interests.

- We Depend On External Capital. To qualify as a REIT, we generally must distribute to our stockholders each year at least 90% of our net taxable income excluding net capital gains. Because of this distribution requirement, we likely will not be able to fund all future capital needs, including capital for property development and acquisitions, with income from operations. We therefore will have to rely on third-party sources of capital, which may or may not be available on favorable terms, if at all. Our access to third-party sources of capital depends on a number of things, including the market's perception of our growth potential and our current and potential future earnings.

Certain Factors May Inhibit Changes in Control of the Company

- Charter and By-law Provisions. Certain provisions of our charter and by-laws may delay or prevent a change in control of the Company or other transactions that could provide our stockholders with a premium over the then-prevailing market price of our common stock or that might otherwise be in the best interests of our stockholders. These include a staggered board of directors and the ability of our board of directors to authorize the issuance of preferred stock without stockholder approval. Also, any future series of preferred stock may have voting provisions that could delay or prevent a change in control or other transaction that might involve a premium price or otherwise be in the best interests of our stockholders.

- Ownership Limit. In order to assist us in maintaining our qualification as a REIT and for other strategic reasons, our charter contains certain provisions generally limiting the ownership of shares of capital stock by any single stockholder to 5% of our outstanding common stock and/or 5% of any class or series of preferred stock. In accordance with the terms of our charter, our board of directors has increased these ownership limits to 9.8% from 5%, effective upon completion of this offering. The federal tax laws include complex stock ownership and attribution rules that apply in determining whether a stockholder exceeds the ownership limits. These rules may cause a stockholder to be treated as owning capital stock that is actually owned by others, including family members and entities in which the stockholder has an ownership interest. Our board of directors could waive this restriction if it were satisfied that ownership in excess of these ownership limits would not jeopardize our status as a REIT and the board otherwise decided that a waiver would be in our interests. Capital stock acquired or transferred in breach of the ownership limit will be automatically transferred to a trust for the benefit of a designated charitable beneficiary.

- Maryland Law Provisions. Certain provisions of Maryland law which are applicable to us because we are a Maryland corporation prohibit "business combinations" with any person that beneficially owns ten percent or more of our outstanding voting shares (an "interested stockholder") or with an affiliate of the interested stockholder. These prohibitions last for five years after the most recent date on which the person became an interested stockholder. After the five-year period, a business combination with an interested stockholder must be approved by two super-majority stockholder votes unless, among other conditions, our stockholders receive a minimum price for their shares and the consideration is received in cash or in the same form as previously paid by the interested stockholder for its common shares. Our board of directors has opted out of these business combination provisions. Consequently, the five-year prohibition and the super-majority vote requirements will not apply to a business combination involving us. Our board of directors may, however, repeal this election in most cases and cause us to become subject to these provisions in the future. Being subject to the provisions could delay or prevent a change in control or other transactions that might involve a premium price or otherwise be in the best interests of our stockholders.

The Market Value of Our Securities Can Be Adversely Affected by Many Factors

As with any public company, a number of factors may adversely influence the price of our common stock, many of which are beyond our control. These factors include:

. Level of institutional interest in us;

. Perception of REITs generally and REITs with portfolios similar to ours, in particular, by market professionals;

. Attractiveness of securities of REITs in comparison to other companies;

. Our financial condition and performance;

. The market's perception of our growth potential and potential future cash dividends;

. Increases in market interest rates, which may lead investors to demand a higher annual yield from our distributions in relation to the price paid for our stock; and

. Relatively low trading volume of shares of REITs in general, which tends to exacerbate a market trend with respect to our stock.

Sales of a substantial number of shares of our stock, or the perception that such sales could occur, also could adversely affect prevailing market prices for our common stock. In addition to the possibility that we may sell shares of our stock in a public offering at any time, we also may issue shares of common stock upon redemption of units of interest held by third parties in affiliated partnerships that we control, as well as upon exercise of stock options that we grant to our employees and others. All of these shares will be available for sale in the public markets from time to time.

Our Status As a REIT

We believe that we qualify for taxation as a REIT for federal income tax purposes, and we plan to operate so that we can continue to meet the requirements for taxation as a REIT. If we qualify as a REIT, we generally will not be subject to federal income tax on our income that we distribute currently to our stockholders. Many of the REIT requirements, however, are highly technical and complex. The determination that we are a REIT requires an analysis of various factual matters and circumstances, some of which may not be totally within our control and some of which involve questions of interpretation. For example, to qualify as a REIT, at least 95% of our gross income must come from specific passive sources, like rent, that are itemized in the REIT tax laws. In determining that we have satisfied this requirement, we have concluded that certain services, such as cafeteria services that we have provided to tenants through an independent contractor in certain of our properties under arrangements where we bear part or all of the expenses of such services, are considered customary in the geographic area where such properties are located. There can be no assurance that the IRS or a court would agree with such conclusion or other positions we have taken in interpreting the REIT requirements. We also are required to distribute to our stockholders at least 90% of our REIT taxable income (excluding capital gains). The fact that we hold some of our assets through partnerships and their subsidiaries further complicates the application of the REIT requirements. Even a technical or inadvertent mistake could jeopardize our REIT status. Furthermore, Congress and the IRS might make changes to the tax laws and regulations, and the courts might issue new rulings, that make it more difficult, or impossible, for us to remain qualified as a REIT.

If we fail to qualify as a REIT for federal income tax purposes, we would be subject to federal income tax at regular corporate rates. Also, unless the IRS granted us relief under certain statutory provisions, we would remain disqualified as a REIT for four years following the year we first failed to qualify. If we failed to qualify as a REIT, we would have to pay significant income taxes. This likely would have a significant adverse affect on the value of our securities. In addition, we would no longer be required to pay any dividends to stockholders.

Even if we qualify as a REIT for federal income tax purposes, we are required to pay certain federal, state and local taxes on our income and property. For example, if we have net income from "prohibited transactions," that income will be subject to a 100% tax. In general, prohibited transactions are sales or other dispositions of property held primarily for sale to customers in the ordinary course of business. The determination as to whether a particular sale is a prohibited transaction depends on the facts and circumstances related to that sale. While we have undertaken a significant number of asset sales in recent years, we do not believe that those sales should be considered prohibited transactions, but there can be no assurance that the IRS would not contend otherwise. In addition, any net taxable income earned directly by our taxable affiliates, including Carr Real Estate Services, Inc. and CarrAmerica Development, Inc., is subject to federal and state corporate income tax. To the extent that we and our affiliates are required to pay federal, state and local taxes, we will have less cash available for distributions to our stockholders.

Prior to December 31, 2000, a REIT could not own securities in any one issuer if the value of those securities exceeded 5% of the value of the REIT's total assets or the securities owned by the REIT represented more than 10% of the issuer's outstanding voting securities. As a result of the REIT Modernization Act, after December 31, 2000, the 5% value test and the 10% voting security test were modified in two respects. First, the 10% voting securities test was expanded so that REITs also are prohibited from owning more than 10% of the value of the outstanding securities of any one issuer. Second, an exception to these tests allows a REIT to own securities of a subsidiary that exceed the 5% value test and the new 10% vote or value test if the subsidiary elects to be a "taxable REIT subsidiary." Under a new asset test, for taxable years beginning after December 31, 2000, we are not able to own securities of taxable REIT subsidiaries that represent in the aggregate more than 20% of the value of our total assets.

Several provisions of the new law ensure that a taxable REIT subsidiary will be subject to an appropriate level of federal income taxation. For example, a taxable REIT subsidiary is limited in its ability to deduct interest payments made to an affiliated REIT. In addition, the REIT has to pay a 100% penalty tax on some payments that it receives if the economic arrangements between the REIT, the REIT's tenants, and the taxable REIT subsidiary are not comparable to similar arrangements between unrelated parties.

We currently own more than 10% of the total value of the outstanding securities of HQ Global Holdings Inc., Carr Real Estate Services, Inc. and

CarrAmerica Development, Inc. These entities have elected to be taxable REIT subsidiaries.

USE OF PROCEEDS

We will not receive any proceeds from the sale of the stock covered by this prospectus supplement.

CAPITALIZATION

The following table sets forth the capitalization of the Company as of September 30, 2001 on a historical basis, and on an as adjusted basis giving effect to share repurchases since September 30, 2001, including the repurchase of 9.2 million shares from Security Capital and 1,486,100 shares on the open market, funded by drawing on our existing line of credit.

	September 30, 2001	As Adjusted
	(In thousands)	
Mortgages payable	$ 522,239	$ 522,239
Other indebtedness	589,000	898,341
Minority interest	84,433	84,433
Stockholders' equity:		
Preferred stock, $.01 par value, authorized 35,000,000 shares, issued and outstanding 8,880,000 shares at September 30, 2001	89	89
Common stock, $.01 par value, authorized 180,000,000 shares, issued and outstanding 62,487,942 shares at September 30, 2001 and 51,801,842 shares at September 30, 2001 (as adjusted)	625	518
Additional paid-in capital	1,663,851	1,354,617
Cumulative dividends paid in excess of stockholders equity	(132,071)	(132,071)
	1,532,494	1,223,153
Total capitalization	$2,728,166	$2,728,166

PRICE RANGE OF COMMON STOCK AND DIVIDEND HISTORY

Our shares of common stock have been traded on the NYSE under the symbol "CRE" since February 1993. The following table sets forth the high and low sales prices per share for the periods indicated as reported on the NYSE and the dividends per share paid by us with respect to the periods noted.

Calendar Period	High	Low	Dividends

1999:			
First Quarter......................	$24.38	$20.94	$.4625
Second Quarter.....................	$26.50	$20.94	$.4625
Third Quarter......................	$24.63	$21.50	$.4625
Fourth Quarter.....................	$22.69	$17.94	$.4625
2000:			
First Quarter......................	$20.77	$18.56	$.4625
Second Quarter.....................	$27.44	$20.34	$.4625
Third Quarter......................	$30.27	$26.60	$.4625
Fourth Quarter.....................	$31.50	$28.80	$.4625
2001:			
First Quarter......................	$30.88	$27.83	$.4625
Second Quarter.....................	$30.69	$27.00	$.4625
Third Quarter......................	$33.29	$27.78	$.4625
October 1, 2001 to December 13, 2001	$30.13	$28.00	

In order to qualify as a REIT, we are required to make distributions (other than capital gain distributions) to our stockholders in amounts at least equal to (i) the sum of (A) 90% of its "REIT taxable income" (computed without regard to the dividends paid deduction and its net capital gain) and (B) 90% of the net income (after tax), if any, from foreclosure property, minus (ii) the sum of certain items of non-cash income. Our distribution strategy is to distribute what we believe is a conservative percentage of our cash flow, permitting us to retain funds for capital improvements and other investments while funding our distributions.

For Federal income tax purposes, distributions may consist of ordinary income, capital gains, nontaxable return of capital or a combination thereof. Distributions that exceed our current and accumulated earnings and profits (calculated for tax purposes) constitute a return of capital rather than a dividend and reduce the stockholder's basis in his or her shares of common stock. To the extent that a distribution exceeds both current and accumulated earnings and profits and the stockholder's basis in his or her shares, it will generally be treated as gain from the sale or exchange of that stockholder's shares. We annually notify stockholders of the taxability of distributions paid during the preceding year. The following table sets forth the taxability of distributions paid in 2000 and 1999:

	2000	1999
Ordinary income	84%	78%
Capital gain...	16%	22%

THE COMPANY

General

We are a fully integrated, self-administered and self-managed publicly-traded REIT. We focus on the acquisition, development, ownership and operation of high-quality office properties, located primarily in selected markets across the United States.

As of September 30, 2001, we owned a greater than 50% interest in 254 operating office properties and two properties under construction. The 254 operating properties contain a total of approximately 20.3 million square feet of net rentable area. The two properties under construction will contain approximately 184,000 square feet of net rentable area. The operating properties in which we owned a greater than 50% interest as of September 30, 2001 were 95.9% leased. These properties had approximately 1,000 tenants.

As of September 30, 2001, we also owned minority interests (ranging from 15% to 50%) in 34 operating office properties and six properties under construction. The 34 operating properties contain a total of approximately 4.4 million square feet of net rentable area. The six properties under construction will contain approximately 1.5 million square feet of net rentable area. The operating properties in which we owned a minority interest as of September 30, 2001 were 96.8% leased.

Business Strategy

Our primary business objectives are to achieve long-term sustainable per share cash flow growth and to maximize stockholder value by acquiring, developing, owning and operating office properties primarily in markets throughout the United States that exhibit strong, long-term growth characteristics. We believe we utilize our knowledge of our core markets to evaluate market conditions in order to maintain strategic flexibility and determine whether those conditions favor acquisition, development or capital recycling/disposition. During the last five years, we have actively redeployed capital between acquisitions and development in order to create a portfolio with strong long-term growth prospects. Our financial strategy to meet our business objectives is primarily based on deriving the highest returns from capital invested in real estate by providing value-added services, including development, leasing and management of the properties.

Our principal segment of continuing operations is real estate property operations, which includes commercial property ownership. Other segments include development operations and other operations, including management services. Approximately 93.4% of our revenues from continuing operations for the nine months ended September 30, 2001 were associated with our real estate property operations. Our development operations are conducted by us through our subsidiary, CarrAmerica Development, Inc. Our investment in this business represented approximately 3.1% of our revenues from continuing operations for the nine months ended September 30, 2001.

Competitive Advantages

Local Market Focus

We have focused our acquisition and development activity in U.S. markets that possess long-term growth characteristics. We target markets in which:

- Long-term population and job growth are generally expected to exceed the national average;
- Large, well educated employment pools exist; and
- Entry barriers exist for new supplies of office space.

We have established a local presence in each existing core market by acquiring or developing a critical mass of properties. This local presence is maintained through continuing investment activity and relationships established by our seasoned professional Market Managing Directors.

Our Market Managing Director group consists of nine individuals who cover all of the markets in which we own property. These Directors are responsible for maximizing the performance of our properties in their respective markets and ensuring that we are consistently meeting the needs of our customers. Because they meet with our customers and local brokers on a regular basis, the Market Managing Directors have extensive knowledge of local conditions in their respective markets and are invaluable in identifying attractive investment opportunities in them.

We are currently focusing capital in four of our core markets where we feel we can create the most value and generate the highest returns on our investments: San Francisco Bay area, Washington, D.C. Metro area, Southern California and Seattle/Portland. These markets accounted for approximately 72% of our property NOI for the nine months ended September 30, 2001. The following chart shows a breakdown by core market of our property NOI for the nine months ended September 30, 2001:

[CHART]

San Francisco Bay Area	32%
Washington, D.C. Metro	20%
Southern California	12%
Seattle/Portland	8%
Other Markets	28%

Flexible Investment Strategy

We have established a set of general guidelines and physical criteria to evaluate how we allocate our capital resources among investments, including acquisition, disposition and development opportunities. Our capital allocation decisions are driven by real estate research, which focuses on variables such as the economic growth rate, the composition of job growth and the office space supply and demand fundamentals of a particular market.

Acquisitions

From 1996 to 1998, we were very active in acquiring office properties as we established an operating platform for our national business strategy. During that time, we acquired an aggregate of approximately 18.4 million square feet of net rentable area. Our acquisition activity since 1998 has been limited. We will selectively pursue acquisitions in our core markets where attractive opportunities exist, particularly when pricing yields make acquisitions of existing properties attractive in comparison to new property development. Due to the current weak economic climate, we believe that we will be able to exploit opportunities for attractive future investment.

Development

Development of office properties has become an important component of our growth strategy. Since the beginning of 1999, we have developed and placed in service an aggregate of approximately 4.8 million square feet of net rentable area. We believe that long-term investment returns resulting from properties we develop should generally exceed those from properties we acquire, without the assumption of significantly increased investment risks. We seek to control development risks by:

- Employing extensively trained and experienced development personnel;
- Avoiding the assumption of entitlement risk in conjunction with land acquisitions;
- Entering into guaranteed maximum price construction contracts with seasoned and credible contractors;
- Focusing on pre-leasing space and build-to-suit opportunities with our customer network; and
- Analyzing the supply and demand characteristics of a market before commencing inventory development in that market.

In the current environment, we have reduced our development activities significantly and we now are primarily focused on the development of build-to-suit and substantially pre-leased projects. Our research-driven development program enables us to tailor our development activities in each core market, from inventory development, build-to-suit projects and acquiring and holding land for future development.

Capital Recycling

We also may dispose of assets that become inconsistent with our long-term strategic or return objectives. We then redeploy the proceeds from the dispositions into other office properties, or use them to fund development operations or to support other corporate needs. We also may contribute properties that we own into joint ventures with third parties. Since 1999, we have received approximately $1.1 billion of proceeds from the sale of assets to third parties and ventures in which we retained an interest, which proceeds were utilized to fund other investments, repurchase shares of our stock and pay down indebtedness.

Stock Repurchases

In 2000, as investments in our stock became attractive relative to real estate investment opportunities, we commenced a repurchase program for our common stock. To date, we have repurchased approximately 17.9 million of our shares for an aggregate purchase price of approximately $518.8 million, including the recent repurchase of 9.2 million shares from Security Capital. We believe that we have achieved attractive yields on these repurchases.

Joint Ventures

Joint venture arrangements provide us with opportunities to reduce investment risk by diversifying capital deployment and enhancing returns on invested capital from fee arrangements. We principally utilize these arrangements on projects characterized by large dollar-per-square-foot costs and/or our desire to limit capital deployment in certain of our core markets. For example, in August 2000, we consummated a $422 million joint venture with the New York State Teachers Retirement System. The transaction allowed us to further our business strategy of increasing returns on our invested capital and to recycle capital into and out of markets based on market dynamics. We received approximately $249.6 million from the transaction at closing. In June 2001, the joint venture obtained third-party financing. We received $77.9 million of the financing proceeds.

Service Businesses

We are engaged through subsidiaries and affiliates in service businesses that are directly related to our core business of owning, operating, developing and leasing real estate. These businesses

include leasing services, property management for landlords, facilities management for large tenants or other users and tenant improvement and construction development services. Since 1999, we have been able to grow these businesses through existing and new relationships. We believe that these service businesses provide added revenues to increase our return on our invested capital and will continue to be a significant focus.

National Platform

Our national platform provides us with critical mass in order to provide access to many different sources of capital to achieve long-term sustainable cash flow growth. Our national platform is designed to provide corporate users of office space with a mix of products and services to meet their workplace needs at both the national and local levels. We believe that through our existing portfolio of operating properties, property development opportunities and land acquired and currently held for development, we can generate incremental demand. This can be accomplished through the relocation and expansion needs of many of our customers, both within a single core market and in multiple core markets.

Our National Development Group is responsible for developing office properties, build-to-suit facilities and business parks for us and third parties through our subsidiary, CarrAmerica Development Inc. This development team consists of over 40 development and project management professionals, who are located across the United States and have an average of over 17 years of experience developing office properties. Our team oversees every aspect of land planning, building design, construction and development of office properties. This ensures that all projects meet the same high standards and uniform specifications in building design and systems. We believe that the National Development Group's expertise has given us a competitive edge in marketing our facilities and services to customers.

Experienced Employees

We believe our national platform allows us to attract highly qualified employees who seek the opportunities and the challenges that a national company can provide. We have attracted accomplished employees from many industries in order to integrate the best practices of many businesses into our real estate operations.

Featured Properties in Core Markets

We have focused our acquisition and development activity in U.S. markets that possess long-term growth characteristics. We target markets in which long-term population and job growth are generally expected to exceed the national average, where large, well educated employment pools exist, and where entry barriers exist for new suppliers of office space. We have established a local presence in each existing core market. This has been done through our investment activity and relationships established by our seasoned professional Market Managing Directors.

San Francisco Bay Area

Our largest property NOI concentration is in the San Francisco Bay area, with approximately 32% of our property NOI for the nine months ended September

30, 2001 coming from assets in this market. We own more than 5.4 million square feet of net rentable area in Silicon Valley, East Bay and San Francisco Peninsula, or 27% of our total portfolio. Our single largest asset in this market is CarrAmerica Corporate Center, located in Pleasanton in the East Bay. With over one million net rentable square feet, this property generates in excess of $19.2 million in aggregate annualized base rent based on leases that have been executed and commenced as of September 30, 2001. Valley Technology Center in San Jose is our next largest asset in this market, with 460,000 square feet of net rentable area and $10.7 million in aggregate annualized base rent based on leases that have been executed and commenced as of September 30, 2001. The majority of our assets in this market are located in Silicon Valley.

Washington, D.C. Metro Area

The Washington, D.C. Metro area is our second largest concentration in the portfolio. Approximately 20% of our property NOI for the nine months ended September 30, 2001 came from this area. The largest asset in the market is the International Square complex located centrally in the business district between 18th and 19th Streets and Eye and K Streets, with one million square feet of net rentable area. The complex is atop the 2nd busiest Metro station -- Farragut West on the Blue and Orange Lines. The property generates over $33.5 million in aggregate annualized base rent based on leases that have been executed and commenced as of September 30, 2001. The second largest concentration is on the 1700 block of Pennsylvania Avenue, where we own interests in approximately 762,000 square feet of net rentable area of property in four different locations.

Southern California

Together, Los Angeles, Orange County and San Diego represent 12% of our property NOI for the nine months ended September 30, 2001 and reflect the third largest concentration of property NOI in our portfolio. We own 2.9 million square feet of net rentable area in this market, which is 14% of our total portfolio. Our largest asset in the market is the Warner Center in San Fernando Valley, just off the 101 Freeway, a property with 343,000 square feet of net rentable area which generates $8.6 million in aggregate annualized base rent based on leases that have been executed and commenced as of September 30, 2001. The next largest asset is Highlands Corporate Center in San Diego, with 205,000 square feet of net rentable area, which generates $5.7 million in aggregate annualized base rent based on leases that have been executed and commenced as of September 30, 2001.

Seattle/Portland

Seattle and Portland together comprise our fourth largest concentration and contributed approximately 8% of our property NOI for the nine months ended September 30, 2001. Three assets comprise the majority of property NOI in the Seattle market: Willow Creek Corporate Center, Redmond East and Canyon Park. Each of these three assets contributes in excess of $5 million in aggregate annualized base rent based on leases that have been executed and commenced as of September 30, 2001. Willow Creek and Redmond East are located in the Redmond submarket, east of downtown Seattle. Canyon Park is north of the downtown market in Bothell, Washington. We also own two office parks located east of downtown Portland that comprise an aggregate of approximately 275,000 square feet of net rentable area in six buildings. These properties generate approximately $4.4 million in aggregate annualized base rent based on leases that have been executed and commenced as of September 30, 2001. Our Portland market is managed by our Seattle Market Managing Director.

PROPERTIES

As of September 30, 2001, we owned a greater than 50% interest in 254 operating office properties and two properties under construction. The 254 operating properties contain a total of approximately 20.3 million square feet of net rentable area. The two properties under construction will contain approximately 184,000 square feet of net rentable area. The operating properties in which we owned a greater than 50% interest as of September 30, 2001 were 95.9% leased. These properties had approximately 1,000 tenants.

As of September 30, 2001, we also owned minority interests (ranging from 15% to 50%) in 34 operating office properties and six properties under construction. The 34 operating properties contain a total of approximately 4.4 million square feet of net rentable area. The six properties under construction will contain approximately 1.5 million square feet of net rentable area. The operating properties in which we owned a minority interest as of September 30, 2001 were 96.8% leased.

	Number of Buildings	Net Rentable Area in Square Feet(1)	Percent Leased(2)	Total Annualized Base Rent(3) ($000s)	Average Base Rent/ Leased Sq. Ft.(4)	Significan
Consolidated Properties						
EAST REGION						
Downtown Washington, D.C.:						
International Square	3	1,014,556	99.8%	$33,578	$33.15	International (49%)
900 19th Street	1	101,215	97.7%	3,230	32.65	America's Comm (30%), Stone & Korn/Ferry Int Lucent Technol
2550 M Street	1	187,931	100.0%	8,191	43.58	Patton Boggs,
1730 Pennsylvania Avenue	1	229,377	99.6%	8,269	36.18	Federal Deposi (47%), King &
1255 23rd Street(7)	1	306,395	96.4%	8,449	28.62	Chronicle of H (30%), William J&H/Marsh & Mc (14%)
1747 Pennsylvania Avenue	1	152,104	99.8%	4,999	32.92	Legg Mason (20
1775 Pennsylvania Avenue(6)	1	143,981	97.5%	4,072	29.00	Citicorp Savin D.C. (81%)
Suburban Washington, D.C.:						
One Rock Spring Plaza(6)	1	205,721	98.1%	5,525	27.37	Caterair Inter Sybase, Inc. (
Sunrise Corporate Center	3	260,253	100.0%	6,331	24.33	Software AG of (82%)
Reston Crossing East & West	2	327,788	100.0%	6,556	20.00	Nextel Communi (100%)
Atlanta, GA:						
Glenridge	1	64,603	96.7%	1,233	19.74	Brooks, McGinn

						(12%), Metropo Insurance (12% Realty Advisor Communications (11%)
Century Springs West	1	95,074	78.0%	1,436	19.37	No tenant occu
Holcomb Place	1	72,889	100.0%	1,306	17.91	Intercept Grou Hitachi Teleco (20%), Progeni

S-19

	Number of Buildings	Net Rentable Area in Square Feet(1)	Percent Leased(2)	Total Annualized Base Rent(3) ($000s)	Average Base Rent/ Leased Sq. Ft.(4)	Signif
Midori	1	99,691	100.0%	1,928	19.34	National Cons (66%), United (21%)
Parkwood	1	150,270	97.6%	2,937	20.04	Onesource (22 Corecommerce
Lakewood	1	80,483	50.1%	723	17.94	Paychex, Inc.
The Summit	1	179,085	100.0%	3,299	18.42	Unisys Corpor Continum, Inc
Spalding Ridge	1	128,233	99.3%	2,644	20.77	IT Corporatio
2400 Lake Park Drive	1	100,918	77.0%	1,329	17.09	United Health (29%), GSA (1
680 Engineering Drive	1	62,154	59.5%	376	10.17	Enrev Corpora Technologies
Embassy Row	3	464,895	89.9%	7,834	18.74	Ceridian Corp Cabot Corpora
Embassy 100, 500	2	190,470	100.0%	4,168	21.88	Art Institute Career Educat
Waterford Centre	1	82,344	83.3%	1,369	19.97	Arkwright Mut (15%)
East Region Subtotal:	31	4,700,430	95.7%			
PACIFIC REGION						
Southern California,						
Orange County/Los Angeles:						
Scenic Business Park	4	138,076	100.0%	2,328	16.86	Miles, Wright (19%), Terayo Systems (17%) Community Col So. Ca. Blood (12%)
Harbor Corporate Park	4	151,924	93.0%	2,763	19.55	Delmas Manage Clayton Envir
Plaza PacifiCare	1	104,377	100.0%	1,064	10.19	Pacificare He (100%)
Katella Corporate Center	1	80,609	97.1%	1,431	18.29	No tenant occ
Warner Center	12	343,486	99.7%	8,615	25.15	El Camino Res (25%), GSA (1
South Coast Executive Center	2	161,692	65.7%	2,748	25.89	No tenant occ

Warner Premier	1	61,553	64.3%	1,091	27.55	Protective Li (34%), Charle
Von Karman	1	104,138	100.0%	2,636	25.32	Vision Soluti Fidelity Nati (26%), Taco B
2600 W. Olive	1	144,831	100.0%	3,704	25.57	Walt Disney C
Bay Technology Center	2	107,481	100.0%	1,657	15.41	Amresco Resid (57%), Aqcess (43%)
Pacific Corporate Plaza 1, 2, & 3	3	125,298	100.0%	2,401	19.16	Zland.com, In Care Californ Aqueduct, Inc Systems Inc.
Alton Deere Plaza	6	182,183	90.2%	2,823	17.19	Nextlink (34% Environmental California (1
Westlake Spectrum	2	108,084	100.0%	2,060	19.06	Pinkerton's I (21%), Insweb

	Number of Buildings	Net Rentable Area in Square Feet(1)	Percent Leased(2)	Total Annualized Base Rent(3) ($000s)	Average Base Rent/ Leased Sq. Ft.(4)	Signif
Southern California, San Diego:						
Del Mar Corporate Plaza	2	123,142	100.0%	3,362	27.31	Stellcom, I Systems, In
Wateridge Pavilion	1	62,194	73.5%	801	17.52	Infogation Wateridge I (18%), TCA
Towne Center Technology Park 1, 2, 3	3	182,120	100.0%	3,116	17.11	Gateway, In
Lightspan	1	64,800	100.0%	1,182	18.24	Lightspan P (100%)
La Jolla Spectrum 1 & 2	2	156,653	100.0%	4,799	30.64	Torrey Mesa (51%), Scri (49%)
Palomar Oaks Technology Park	6	170,357	100.0%	2,285	13.41	Unifet, Inc Techologies Group, Inc. Analytical,
Jaycor	1	105,358	100.0%	1,896	18.00	Gateway, In
Highlands Corporate Center	5	205,085	88.6%	5,700	31.37	No tenant o
Northern California, San Francisco Bay Area:						
CarrAmerica Corporate Center	7	1,004,670	99.8%	19,202	19.15	AT&T (47%), (32%), Paci Services (
Valley Business Park I	2	67,784	100.0%	1,634	24.11	Leybold Inf Informative (17%), Acer
Bayshore Centre 2	1	94,874	100.0%	1,935	20.40	Redback Net

Rincon Centre	3	201,178	100.0%	5,076	25.23	Propel Soft Toshiba Ame (31%), Futu (19%)
Valley Centre II	4	212,082	100.0%	3,673	17.32	Boston Scie
Valley Office Centre	2	68,881	96.4%	2,294	34.54	Bank of Ame Inc. (13%)
Valley Centre	2	102,291	100.0%	2,002	19.58	Seagate Tec Numerical T (38%), Viva
Valley Business Park II	6	166,928	100.0%	3,473	20.81	Pericom Sem (40%),
Rio Robles	7	368,178	100.0%	5,970	16.21	Fujitsu Mic KLA Instrum
First Street Technology Center	1	67,582	100.0%	1,014	15.00	Comdisco, I
Baytech Business Park	4	300,000	100.0%	5,366	17.89	Schlumberge (58%), Casp Rapid 5 Net
3571 North First Street	1	116,000	100.0%	3,062	26.40	Sun Microsy
San Mateo Center I	1	70,000	0.0%	--	--	
Oakmead West Land A-G	7	425,981	100.0%	9,712	22.80	Applied Mat
San Mateo II & III	2	141,404	62.3%	3,595	40.79	Women.com N
Hacienda West	2	208,590	93.8%	5,623	28.74	Paychex, In Microsystem
Sunnyvale Technology Center	5	165,520	100.0%	3,396	20.52	Lattice Sem (51%), BMC Nokia Inter Metelics Co

	Number of Buildings	Net Rentable Area in Square Feet(1)	Percent Leased(2)	Total Annualized Base Rent(3) ($000s)	Average Base Rent/ Leased Sq. Ft.(4)	Signi
Clarify Corporate Center 1, 2, 3, 4	4	258,048	100.0%	6,637	25.72	Nortel Net
Valley Technology Center 1, 2, 3, 4, 5, 6 & 7	7	460,590	100.0%	10,678	23.18	Lattice Se (29%), TSM (24%), For Navisite,
Golden Gateway Commons	3	273,801	95.3%	9,345	35.81	Sharper Im Norcal Mut (20%), ABM (11%)
Techmart Commerce Center	1	252,454	97.6%	10,376	42.09	Network Co (15%)
Fremont Technology Park 1, 2, 3	3	139,304	100.0%	2,564	18.41	Applied Fi Flash Elec Bandwidth
Mountain View Gateway Center	2	236,400	100.0%	5,141	21.75	KPMG LLP (Communicat
Portland, OR:						
Sunset Corporate Park	3	132,531	80.9%	1,438	13.42	First Insi

						Volkswagen (34%)
Rock Creek Corp Center	3	142,662	100.0%	2,996	21.00	Corillian of Phoenix
Seattle, WA:						
Redmond East	10	396,497	95.3%	5,202	13.77	Avaya, Inc Pacemakers Riverdeep Systems (1
Redmond Hilltop B & C	2	90,880	100.0%	1,515	16.67	Concur Tec Citrix Sys
Canyon Park	6	316,978	99.1%	5,010	15.94	Icos Corp. Genetics C Express Co
Willow Creek	1	96,179	100.0%	981	10.20	Data I/O C
Willow Creek Corp. Center 1, 2, 3, 4, 5, & 6	6	329,009	100.0%	5,502	16.72	Safeco Ins (51%), Met Communicat Communicat
Canyon Park Commons 1, 2, 4	3	176,846	100.0%	2,251	12.73	Washington AT&T Wirel
Canyon Park Commons	1	95,290	100.0%	1,342	14.08	Safeco Ins
Pacific Region Subtotal:	173	10,062,853	96.5%			
CENTRAL REGION						
Austin, TX:						
City View Centre	3	136,183	24.0%	531	16.22	Cofiniti (
City View Centre	1	128,716	100.0%	2,073	16.10	Broadwing (100%)
Braker Point	1	195,230	100.0%	3,104	15.90	Harcourt,
Tower of the Hills	2	166,149	98.5%	2,947	18.01	Texas Guar (74%)
Chicago, IL:						
Parkway North I	1	249,314	80.6%	3,182	15.84	Alliant Fo
Unisys	2	365,244	97.4%	5,631	15.84	Washington (30%), Hub

S-22

	Number of Buildings	Net Rentable Area in Square Feet(1)	Percent Leased(2)	Total Annualized Base Rent(3) ($000s)	Average Base Rent/ Leased Sq. Ft.(4)	Significant
The Crossings	1	295,308	94.5%	5,119	18.33	Abercrombie & Ken (16%), Allstate I (14%)
Bannockburn I & II	2	209,540	90.1%	3,078	16.31	IMC Global, Inc. (21%)
Bannockburn IV	1	105,756	95.9%	1,648	16.26	Open Text, Inc. (Laboratories (13% Life Insurance (1
Dallas, TX:						
Cedar Maple Plaza	3	113,343	87.9%	2,296	23.06	A.G. Edwards & So

Quorum North	1	116,178	95.0%	2,292	20.76	Digital Matrix Sy (20%), HQ Global Inc. (20%)
Quorum Place	1	178,296	90.9%	3,075	18.97	VHA Southwest, In McCann-Erickson U (13%), Objectspac
Tollway Plaza 1, 2	2	359,903	100.0%	8,407	23.36	Sun Microsystems, Americorp Relocat (10%), HQ Global Inc. (10%)
Two Mission Park	1	77,832	100.0%	1,373	17.64	Macromedia, Inc. Garvey & Taylor,
Commons @ Las Colinas 1, 2, 3	3	604,234	100.0%	11,763	19.47	Nokia, Inc. (100%
5000 Quorum	1	162,165	94.2%	3,090	20.23	Case Corporation
Central Region Subtotal:	26	3,463,391	92.8%			
MOUNTAIN REGION						
Denver, CO:						
Harlequin Plaza	2	329,273	98.2%	5,913	18.28	Travelers Insuran Bellco First Fede Regis University
Quebec Court I	1	130,000	100.0%	2,144	16.50	Time Warner Commu (100%)
Quebec Court II	1	157,294	100.0%	2,694	17.13	Tele-Communicatio (100%)
Quebec Centre	3	106,865	93.5%	1,856	18.58	Eonbusiness Corpo Walberg, Dagner & (11%)
Dry Creek 3	1	92,356	100.0%	1,339	14.50	AT&T Broadband Ma (100%)
Phoenix, AZ:						
Qwest Communications	4	532,506	100.0%	9,503	17.85	Qwest Communicati
Salt Lake City, UT:						
Sorenson Research Park	5	282,944	96.7%	3,328	12.16	Convergys Custome (47%), Intel Corp Educational Servi
Wasatch Corporate Center	3	178,231	97.5%	2,336	13.45	Advanta Bank Corp Achieveglobal, In Corp. (14%), Tenf (14%), Musician's (12%)
Wasatch Corporate Center 17, 18	2	121,654	100.0%	1,828	15.03	Ebay, Inc. (59%), (21%), Western Ag (15%)

	Number of Buildings	Net Rentable Area in Square Feet(1)	Percent Leased(2)	Total Annualized Base Rent(3) ($000s)	Average Base Rent/ Leased Sq. Ft.(4)	S
Sorenson X	1	41,288	100.0%	780	18.90	Electr Volvo

						(13%)
Creekside I & II	1	78,000	100.0%	1,032	13.23	3Com C
Mountain Region Subtotal:	24	2,050,411	98.7%			
TOTAL CONSOLIDATED PROPERTIES:	254	20,277,085		418,611		
WEIGHTED AVERAGE			95.9%		20.64	
Unconsolidated Properties						
Washington, D.C.:						
1919 Pennsylvania Avenue(8)	1	328,431	98.7%	8,810	37.04	Allied Mortga (22%), Braver Wright Jenken
2025 M Street(8)	1	245,303	99.5%	4,845	27.72	Radio Buckli
1201 F Street(9)	1	226,871	96.0%	6,636	30.85	Charle (20%), (18%), Associ Federa
Bond Building(10)	1	242,787	98.4%	2,181	27.23	Genera (97%)
1717 Pennsylvania Avenue(11)	1	236,455	98.1%	6,801	36.88	MCI Te
Booz-Allen & Hamilton Building(11)	1	222,989	100.0%	3,706	16.62	Booz,
Portland, OR:						
GM Call Center(12)	1	103,279	100.0%	1,232	11.93	GM Cal
Chicago, IL:						
Parkway 3, 4, 5, 6, 10(9)	5	653,914	99.2%	11,083	17.87	Fujisa Associ (14%), (13%),
Dallas, TX:						
Royal Ridge Phase II, A,B(9)	4	503,751	88.9%	7,617	17.00	Capita GTE No Honda
Austin, TX:						
Riata Corporate and Riata Crossing(9)	12	997,678	100.0%	16,533	16.77	Janus Electr
Denver, CO:						
Panorama I, II, III, V, VIII, X(9)	6	664,050	91.0%	11,528	19.07	Charle (41%),
TOTAL UNCONSOLIDATED PROPERTIES:	34	4,425,508		80,972		
WEIGHTED AVERAGE			96.8%		18.30	
ALL OPERATING PROPERTIES TOTAL:	288	24,702,593		$499,583		
WEIGHTED AVERAGE			96.0%		$20.22	

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(1) Includes office and retail space but excludes storage.

(2) Includes spaces for leases that have been executed and have commenced as of September 30, 2001.

(3) Total annualized base rent equals total original base rent, including historical contractual increases and excluding (i) percentage rents, (ii) additional rent payable/ /by tenants such as common area maintenance, real estate taxes and other expense reimbursements, (iii) future contractual or contingent rent escalations and (iv) parking rents.
(4) Calculated as total annualized base rent divided by net rentable area leased.
(5) Includes tenants leasing 10% or more of rentable square footage (with the percentage of rentable square footage in parentheses).
(6) We own the improvements on the property and have a leasehold interest in the underlying land.
(7) We hold a general and limited partner interest in a partnership that owns the property.
(8) We own 49% through a joint venture.
(9) We own 35% through a joint venture.
(10) We own 15% through a joint venture.
(11) We own 50% through a joint venture.
(12) We own 16% through a joint venture.

Current Development Activity

Property	Percent Ownership	Location	Start Date	Estimated Rentable Square Feet	Number of Buildings	Total Planned Investment ($000s) (1)
Wholly Owned						
The Forum	100%	Atlanta, GA	2000	90,000	1	$ 12,330
Dry Creek Corporate Center	100%	Denver, CO	2001	93,773	1	11,777
Partially Owned						
300 West Sixth Street	20%	Austin, TX	2000	444,870	1	93,011
Nine Parkway North	35%	Chicago, IL	2000	129,433	1	22,893
Custer Court	49%	Dallas, TX	2000	120,047	1	15,858
Royal Ridge	35%	Dallas, TX	2000	133,104	1	15,575
575 7th Street	30%	Washington, DC	2001	473,000	1	164,079
799 9th Street	40%	Washington, DC	2000	201,464	1	61,232
Total				1,685,691	8	$396,755

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(1) Represents total planned investment by us, in the case of wholly owned properties, and total planned investment by the joint venture, in the case of partially owned properties. Our capital commitments with respect to our joint ventures generally approximate our percentage ownership in the venture.

Below are descriptions of the two most significant properties currently under development:

300 West Sixth Street. This 444,870 square foot, 23 story building is located in downtown Austin at 6/th/ Street and Guadelupe. CarrAmerica owns 20% of the project in a joint venture with JER Partners. The building will open in January 2002 and is approximately 50% pre-leased. Major tenants include Clark,

Thomas & Winters, P.C. and Akin, Gump, Strauss, Hauer & Feld, L.L.P.

575 7/th/ Street. Terrell Place is a 473,000 square foot building consisting of 434,000 square feet of office space and 39,000 square feet of retail space located in downtown Washington D.C. at the corner of 7/th/ and F Street. CarrAmerica owns 30% of the project in a joint venture with JPMorgan Fleming Asset Management. Construction began in August 2001 and completion is scheduled for August 2003. The law firm of Venable, Baetjer, Howard & Civiletti, LLP has pre-leased 243,791 square feet.

Tenant Information

We believe that our portfolio is occupied primarily by financially sound tenants and is relatively insulated against difficult economic conditions. A significant portion of our tenant base consists of Fortune 1000 and Fortune Global 500 companies and government or quasi-governmental agencies.

50 Largest Tenants Based on Annualized Rent (Consolidated Properties)
as of September 30, 2001

	Tenant	Percent Of Portfolio Annualized Rent	Leased Square Feet	Percent Of Occupied Square Feet	Industry Classification
1	International Monetary Fund............	4.01%	504,401	2.52%	Financial Services
2	Nokia, Inc.............................	3.03%	624,904	3.12%	Telecommunications
3	Qwest..................................	2.27%	532,506	2.66%	Telecommunications
4	AT&T...................................	2.18%	658,940	3.29%	Telecommunications
5	Applied Materials, Inc.................	2.14%	425,981	2.13%	Manufacturing
6	Peoplesoft, Inc........................	2.04%	359,686	1.80%	Computer Software
7	Patton Boggs, L.L.P....................	1.93%	187,653	0.94%	Legal
8	Nextel Communications, Inc.............	1.60%	331,203	1.65%	Telecommunications
9	Nortel Networks, Inc...................	1.51%	258,048	1.29%	Telecommunications
10	Sun Microsystems, Inc..................	1.46%	239,608	1.20%	Computer Hardware
11	Citigroup..............................	1.25%	227,135	1.13%	Financial Services an Insurance
12	Gateway, Inc...........................	1.20%	287,478	1.44%	Computer Hardware
13	SBC Communications.....................	1.17%	202,093	1.01%	Telecommunications
14	Lattice Semiconductor Corp.............	1.09%	216,650	1.08%	Computer Hardware
15	Software AG of North America...........	1.04%	209,521	1.05%	Computer Software
16	Safeco Insurance Company...............	0.99%	265,658	1.33%	Insurance
17	Federal Deposit Insurance Corp.........	0.94%	121,878	0.61%	Government Agency
18	Boston Scientific......................	0.88%	212,082	1.06%	Medical Devices
19	Unisys Corporation.....................	0.83%	197,404	0.99%	Computer Software
20	King & Spalding........................	0.82%	92,596	0.46%	Legal
21	Washington Mutual......................	0.79%	225,522	1.13%	Financial Services
22	The Walt Disney Company................	0.78%	129,347	0.65%	Media
23	KPMG LLP...............................	0.77%	135,558	0.68%	Financial Services
24	Harcourt, Inc..........................	0.74%	195,230	0.97%	Education Services
25	Chronicle of Higher Education..........	0.71%	91,990	0.46%	Associations
26	Stellcom, Inc..........................	0.69%	97,054	0.48%	Computer Consulting
27	Merrill Lynch, Pierce, Fenner and Smith	0.66%	77,443	0.39%	Financial Services
28	Concert Management Corporation.........	0.65%	95,172	0.48%	Telecommunications
29	KLA Instruments Corporation............	0.65%	132,150	0.66%	Computer Hardware

30	Tele-Communications, Inc.	0.64%	157,294	0.79%	Telecommunications
31	TSMC North America, Inc.	0.64%	110,590	0.55%	Computer Hardware
32	Corillian Corporation	0.61%	122,127	0.61%	Computer Software
33	Torrey Mesa Research Institute	0.61%	79,759	0.40%	Biotech
34	Sharper Image Corporation	0.58%	58,295	0.29%	Retail
35	HQ Global Workplaces	0.54%	90,552	0.45%	Real Estate Services
36	The Scripps Research Institute	0.54%	76,894	0.38%	Biotech/Pharmaceutica
37	Toshiba American	0.54%	82,452	0.41%	Computer Hardware
38	Career Education Corporation	0.53%	84,725	0.42%	Education Services
39	Texas Guaranteed Student Loan	0.52%	130,664	0.65%	Government Agency
40	Schlumberger Technologies, Inc.	0.52%	175,250	0.88%	Energy Services
41	AOL/Time Warner Communications	0.51%	130,000	0.65%	Media
42	Art Institute of Atlanta, Inc.	0.50%	114,759	0.57%	Education Services
43	El Camino Resources, Inc.	0.50%	87,034	0.43%	Insurance
44	Propel Software Corporation	0.50%	87,748	0.44%	Computer Software
45	Broadwing Telecommunications	0.50%	128,716	0.64%	Telecommunications
46	Fujitsu Microelectronics	0.47%	149,832	0.75%	Computer Hardware
47	Ceridian Corporation	0.47%	113,568	0.57%	Information Services
48	Netscape Communications Corp.	0.46%	100,842	0.50%	Computer Software
49	Caspian Networks	0.46%	76,000	0.38%	Computer Hardware
50	Redback Networks, Inc.	0.46%	94,874	0.47%	Computer Hardware
	Total	49.92%	9,586,866	47.89%	

Lease Expiration Summary (Consolidated Properties) as of September 30, 2001

Region/Market	Net Rentable Square Feet	Current Occupancy(1)	YTD Avg. Occupancy(2)	Vacant Square Feet	2001	2002	2003
PACIFIC REGION							
San Francisco Bay Area	5,402,540	97.0%	98.8%	159,449	63,492	478,783	667,01
Orange County/Los Angeles	1,813,732	94.0%	92.4%	109,214	35,186	236,248	207,37
Seattle	1,501,679	98.6%	99.4%	21,429	17,471	28,960	230,20
San Diego	1,069,709	96.3%	96.8%	39,823	47,455	26,400	138,76
Portland	275,193	90.8%	91.7%	25,365	--	--	-
MOUNTAIN REGION							
Denver	815,788	98.4%	97.2%	12,813	23,671	120,455	94,36
Phoenix	532,506	100.0%	100.0%	--	--	--	-
Salt Lake City	702,117	98.0%	98.2%	13,761	29,343	46,345	158,94
CENTRAL REGION							
Chicago	1,225,162	91.9%	92.2%	99,337	40,953	264,149	313,06
Dallas	1,611,951	97.2%	97.1%	45,211	27,190	148,024	288,83
Austin	626,278	83.1%	93.9%	105,959	--	14,964	34,33
EAST REGION							

Washington, DC							
Downtown							
Properties........	2,135,559	99.1%	99.5%	19,729	26,758	114,138	236,36
Suburban Properties	793,762	99.5%	99.5%	3,884	--	39,922	27,33
Atlanta............	1,771,109	90.0%	91.1%	176,812	108,230	447,924	301,58
Total...........	20,277,085	95.9%	96.8%	832,786	419,749	1,966,312	2,698,16

Region/Market	2005	2006	2007	2008	2009	2010	2011 & Thereafter
PACIFIC REGION							
San Francisco Bay Area...............	766,579	991,935	351,849	678,592	199,903	129,862	236,400
Orange County/Los Angeles............	231,416	270,899	158,673	228,420	--	25,428	18,830
Seattle............	467,058	101,413	--	--	325,264	--	75,692
San Diego..........	83,956	86,651	--	--	84,949	97,054	364,372
Portland...........	51,797	--	122,127	--	--	44,407	--
MOUNTAIN REGION							
Denver.............	179,564	150,111	--	190,379	--	--	--
Phoenix............	--	--	532,506	--	--	--	--
Salt Lake City......	12,389	87,456	78,000	--	--	--	--
CENTRAL REGION							
Chicago............	136,733	27,901	5,667	47,144	12,800	--	101,795
Dallas.............	81,585	42,530	33,426	131,479	440,872	223,470	6,589
Austin.............	7,387	11,066	--	--	--	--	195,230
EAST REGION							
Washington, DC							
Downtown							
Properties........	99,719	252,385	256,077	205,695	77,976	15,117	305,583
Suburban Properties	247,888	55,775	423	--	327,788	2,195	--
Atlanta............	84,567	37,825	87,306	--	39,482	75,711	238,327
Total...........	2,450,638	2,115,947	1,626,054	1,481,709	1,509,034	613,244	1,542,818

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(1) Represents occupancy at September 30, 2001.
(2) Represents average occupancy for the nine months ended September 30, 2001.

Tenant Improvement Costs and Tenant Leasing Commissions

The following table sets forth per square foot tenant improvement costs and tenant leasing commissions attributable to leases executed for the properties consolidated in our financial statements during the periods presented.

	Year ended December 31, 2000				
Market	Total Executed Sq. Ft.(1)	Weighted Avg. Lease Term in Years(2)	Lease Commissions Per Sq. Ft.(3)	Tenant Improvements Per Sq. Ft.(4)	Total T/I's and L/C's Per Sq. Ft.(5)
Atlanta..................	213,619	3.73	$2.64	$ 5.77	$ 8.41
Austin...................	33,165	4.01	2.27	4.99	7.26
Chicago..................	137,484	3.48	3.69	14.07	17.76
Dallas...................	138,521	3.69	7.25	9.99	17.24
Denver...................	100,094	4.25	1.80	6.74	8.54
Los Angeles/Orange County	203,166	4.26	5.84	9.29	15.13
Phoenix..................	55,401	3.44	3.82	5.71	9.53
Salt Lake City...........	42,693	4.48	2.64	10.15	12.79
San Diego................	329,839	5.43	7.95	10.58	18.53
San Francisco Bay........	866,878	4.26	4.42	4.13	8.55
Seattle..................	150,175	6.27	5.94	9.00	14.94
Suburban Washington, D.C.	93,279	5.26	3.81	1.61	5.42
Downtown Washington, D.C.	186,686	5.85	3.69	3.65	7.34
Total................	2,551,000	4.29	4.79(6)	6.78(6)	11.57(6)

	Nine Months Ended September 30, 2001				
Market	Total Executed Sq. Ft.(1)	Avg. Lease Term in Years(2)	Lease Commissions Per Sq. Ft.(3)	Tenant Improvements Per Sq. Ft.(4)	Total T/I's and L/C's Per Sq. Ft.(5)
Atlanta..................	269,882	4.14	$4.26	$11.67	$15.93
Austin...................	42,586	3.87	5.49	15.12	20.61
Chicago..................	162,698	3.51	1.46	1.89	3.35
Dallas...................	86,962	3.10	3.86	6.56	10.42
Denver...................	65,031	5.16	2.94	8.79	11.73
Los Angeles/Orange County	347,734	4.37	3.58	10.25	13.83
Salt Lake City...........	79,049	2.40	0.37	2.00	2.37
San Diego................	108,844	3.39	2.82	4.83	7.65
San Francisco Bay........	346,385	3.57	2.22	0.93	3.15
Seattle..................	194,469	3.83	0.86	4.05	4.91
Suburban Washington, D.C.	5,573	4.24	1.51	9.73	11.24
Downtown Washington, D.C.	5,953	3.00	--	--	--
Total................	1,715,166	3.85	2.72(6)	6.21(6)	8.93(6)

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(1) Represents square footage for leases executed during the applicable period.
(2) Represents lease terms (in years) for leases executed during the applicable period, weighted by square footage.
(3) Represents fees paid to brokers for leases executed during the applicable period.
(4) Represents amounts paid to improve tenant space as a consideration for the executed lease.
(5) Represents the sum of lease commissions and tenant improvements per square foot.
(6) Represents the weighted average for the period presented.

Debt and Mortgage Financing

We have three investment grade ratings. As of September 30, 2001, Duff & Phelps Credit Rating Co. and Standard & Poor's have each assigned their BBB rating to our prospective senior unsecured debt offerings and their BBB- rating to our prospective cumulative preferred stock offerings. Moody's Investor Service has assigned its Baa2 rating to our prospective senior unsecured debt offerings and its Baa3 rating to our prospective cumulative preferred stock offerings.

Our total debt at September 30, 2001 was approximately $1.1 billion, of which $114.0 million (10.3%) bore a LIBOR-based floating interest rate. The interest rate on borrowings on our unsecured credit facility at September 30, 2001 was 3.3%. The interest rate of the unsecured credit facility is 70 basis points over 30-day LIBOR. Our fixed rate mortgage payable debt bore an effective weighted average interest rate of 8.04% at September 30, 2001. The weighted average term of this mortgage debt is 6.5 years. At September 30, 2001, our debt represented 31.2% of our total market capitalization of $3.6 billion.

In June 2001, we closed on a new three-year, $500 million unsecured credit facility with J.P. Morgan Chase Bank, as agent for a group of banks. We can extend the life of the line for an additional year at our option. The line carries an interest rate of 70 basis points over 30-day LIBOR. The total commitment carries a 20 basis point facility fee. The new credit facility has substantially similar terms as our previous facility. As of December 13, 2001, $462.0 million was drawn on the credit facility, $1.9 million in letters of credit were outstanding and we had approximately $36.1 million available for borrowing.

As of September 30, 2001, some of our consolidated operating properties were subject to fixed rate mortgage indebtedness. The total of these mortgages was $522.2 million. Our fixed rate mortgage debt as of September 30, 2001 bore an effective weighted average interest rate of 8.04% and a weighted average maturity of 6.5 years (assuming loans callable before maturity are called as early as possible). The following table details information regarding the existing mortgage indebtedness for the consolidated operating properties as of September 30, 2001.

Mortgage Financing as of September 30, 2001

Property	Interest Rate	Principal Balance (000's)	Maturity Date	Annual Debt Service (000's
Quorum North..................................	8.27%	$ 6,271	12/10/2001(1)	$ 160
Valley Business Park II/First Street Technology Center.......................................	8.25%	38,135	12/10/2001(2)	954
Sunnyvale Technology Center/Highland Corporate Center/Hacienda West................	8.90%	29,654	6/1/2002	4,010

Jaycor	7.35%	11,039	2/1/2003	1,520
Parkway North	6.92%	24,164	12/1/2003	1,672
Canyon Park Commons	9.13%	4,986	12/1/2004	714
Qwest Communications	7.92%	17,447	12/1/2005	4,324
Qwest Communications	7.92%	5,037	12/1/2005	1,376
Qwest Communications	7.92%	7,555	12/1/2005	2,064
Qwest Communications	7.92%	7,555	12/1/2005	2,064
Redmond East	8.38%	26,254	1/1/2006	2,648
Century Springs West/Glenridge/Midori/ Lakewood/Parkwood	7.20%	18,906	1/1/2006	2,126
Wateridge Pavilion	8.25%	3,327	11/1/2006	338
Wasatch Corporate Center	8.15%	12,080	1/2/2007	1,220
2600 West Olive	6.75%	18,975	1/1/2009	1,524
Palomar Oaks	8.85%	9,677	4/1/2009	1,025
1255 23rd St	8.12%	38,101	4/1/2009	3,584
1730 Penn/International Square	8.12%	182,948	4/1/2009	17,190
South Coast	7.13%	14,927	6/10/2009	1,287
Sorenson	7.75%	2,253	7/1/2011	328
Sorenson	8.88%	1,536	5/1/2017	182
1747 Penn	9.50%	14,139	7/10/2017	1,730
900 19th St	8.25%	15,402	7/15/2019	1,656
1775 Penn	7.63%	11,766	9/1/2029	1,020
Techmart Commercial Ctr(6)	n/a	105	2/1/2003	n/a
Total	8.04%(7)	$522,239		$54,716

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(1) We repaid this loan in full in November 2001.
(2) We repaid this loan in full on December 10, 2001.
(3) Prepayable at the rates stated in the loan documents.
(4) Prepayable after 12/19/05 at the rates stated in the loan documents.
(5) Note is callable by the lender after 6/30/02. The estimated principal balance will be $13,841,000 at that date.
(6) Capital lease.
(7) Weighted average interest rate.

MANAGEMENT

Directors, Executive Officers and Key Employees

The directors, executive officers and key employees of the Company and their positions and offices are set forth in the following table:

Name	Positions and Offices Held
Thomas A. Carr	Chairman of the Board, President, Chief Executive Officer and Director
Oliver T. Carr, Jr.	Director
C. Ronald Blankenship(1)	Director
Andrew F. Brimmer	Director

A. James Clark..........	Director
Timothy Howard..........	Director
Caroline S. McBride(1)..	Director
William D. Sanders(1)...	Director
Wesley S. Williams, Jr..	Director
Philip L. Hawkins.......	Chief Operating Officer
Richard F. Katchuk......	Chief Financial Officer
Karen B. Dorigan........	Chief Investment Officer
Kent C. Gregory.........	Managing Director--National Services
Linda A. Madrid.........	Managing Director, General Counsel and Corporate Secretary
Paul R. Adkins..........	Managing Director
Steven N. Bralower......	Executive Vice President of Carr Real Estate Services, Inc. and Senior Vice President of Carr Realty, L.P.
Robert O. Carr..........	President of CarrAmerica Urban Development, Inc. and Chairman of the Board