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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark one)

/X/ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2000

or

/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 0-20047

CORPORATE OFFICE PROPERTIES TRUST

(Exact name of registrant as specified in its charter)

MARYLAND

(State or other jurisdiction of incorporation or organization)

23-2947217

(IRS Employer Identification No.)

8815 CENTRE PARK DRIVE, SUITE 400

COLUMBIA, MD

(Address of principal executive offices)

21045

(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Table with 2 columns: (Title of Each Class), (Name of Exchange on Which Registered). Rows include COMMON SHARE OF BENEFICIAL INTEREST, \$0.01 PAR VALUE and SERIES B CUMULATIVE REDEEMABLE PREFERRED SHARE OF BENEFICIAL INTEREST, \$0.01 PAR VALUE.

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark whether the (1) registrant has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. [X]Yes [] No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (ss. 229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of the voting stock held by non-affiliates of the registrant was \$99,996,000 based on the closing price of such Shares on the New York Stock Exchange on March 19, 2001. At March 19, 2001, 20,426,437 shares of the Registrant's Common Shares of Beneficial Interest, \$0.01 par value, were outstanding.

Portions of the annual shareholder report for the year ended December 31, 2000 are incorporated by reference into Parts I and II of this report and portions of the proxy statement of the Registrant for its 2001 Annual Meeting of Shareholders to be filed within 120 days after the end of the fiscal year covered by this Form 10-K are incorporated by reference into Part III of this Form 10-K.

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FORWARD-LOOKING STATEMENTS

This Form 10-K contains "forward-looking" statements, as defined in the Private Securities Litigation Reform Act of 1995 that are based on our current expectations, estimates and projections about future events and financial trends affecting the financial condition of the business. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. These statements are not guarantees of future performance, events or results and involve potential risks and uncertainties. Accordingly, actual results may differ materially. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Important facts that may affect these expectations, estimates or projections include, but are not limited to: our ability to borrow on favorable terms; general economic and business conditions, which will, among other things affect office property demand and rents, tenant creditworthiness and financing availability; interest rates; adverse changes in the real estate markets including, among other things, competition with other companies; risks of real estate acquisition and development; governmental actions and initiatives and environmental requirements.

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PART I

ITEM 1. BUSINESS

OUR COMPANY

GENERAL. We are a fully-integrated and self-managed real estate investment trust ("REIT") that focuses principally on the ownership, management, leasing, acquisition and development of suburban office buildings located in select submarkets in the Mid-Atlantic region of the United States. As of December 31, 2000, we:

- o owned 83 office properties in Maryland, Pennsylvania and New Jersey containing approximately 6.5 million rentable square feet;
- o achieved a 97% occupancy rate on our properties;
- o had construction underway on three new buildings totaling approximately 301,000 square feet that were 23% pre-leased and owned a 50% interest in joint ventures constructing two additional new buildings totaling approximately 268,000 square feet that were 79% pre-leased;
- o had development underway on two land parcels on which we plan to construct two new buildings; and
- o owned options to purchase 73 acres of land contiguous to certain of our office properties from related parties.

We conduct almost all of our operations through our operating

partnership, Corporate Office Properties, L.P., a Delaware limited partnership, for which we are the managing general partner. Our Operating Partnership owns real estate both directly and through subsidiaries. Interests in our Operating Partnership are in the form of Common and Preferred Units. As of December 31, 2000, we owned approximately 66% of the outstanding Common Units and approximately 55% of the outstanding Preferred Units. The remaining Common and Preferred Units in our Operating Partnership were owned by third parties, which included certain of our officers and Trustees.

The Operating Partnership also owned the principal economic interest and, collectively with our Chief Executive Officer and Chief Operating Officer, 49.5% of the voting stock of Corporate Office Management, Inc. ("COMI") at December 31, 2000. COMI provided us with asset management and managerial, financial and legal support from September 1998 through December 2000. On January 1, 2001, the Operating Partnership acquired all of the stock in COMI that it did not previously own and all of COMI's employees became employees of the Operating Partnership. COMI has three subsidiaries: Corporate Realty Management, LLC ("CRM"), Corporate Development Services, LLC ("CDS") and Martin G. Knott and Associates, LLC ("MGK"). CRM manages our properties and also provides corporate facilities management for third parties. CDS provides construction and development services predominantly to us. MGK provides heating and air conditioning installation, maintenance and repair services. COMI owns 100% of CRM and CDS and 80% of MGK.

We believe that we are organized and have operated in a manner that permits us to satisfy the requirements for taxation as a REIT under the Internal Revenue Code of 1986, as amended, and we intend to continue to operate in such a manner. If we qualify for taxation as a REIT, we generally will not be subject to Federal income tax on our taxable income that is distributed to our shareholders. A REIT is subject to a number of organizational and operational requirements, including a requirement that it currently distribute to its shareholders at least 90% of its annual taxable income (excluding net capital gains).

Our executive offices are located at 8815 Centre Park Drive, Suite 400, Columbia, Maryland 21045 and our telephone number is (410) 730-9092.

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SIGNIFICANT 2000 DEVELOPMENTS

During 2000, we acquired two suburban office properties. A summary of these acquisitions follows (dollars in thousands):

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Project Name	Location	Date of Acquisition	Number of Buildings	Total Rentable Square Feet	Initial Cost
7240 Parkway Drive	Hanover, MD	4/18/00	1	73,500	\$7,464
9140 Route 108	Columbia, MD	12/14/00	1	150,000	7,149

During 2000, we also acquired seven parcels of land that are contiguous to certain of our operating properties.

During 2000, we completed the construction of five office buildings totaling 380,760 square feet. The office buildings are located in Annapolis Junction, Maryland, Linthicum, Maryland, South Brunswick, New Jersey and Harrisburg, Pennsylvania. Costs incurred on these properties through December 31, 2000 totaled \$46.5 million. As of December 31, 2000, we had construction underway on three new buildings, development underway on two parcels of land and had an investment in joint ventures constructing two additional new buildings. We also had an investment in an unconsolidated real estate joint venture engaged in development activities on a parcel of land.

We sold three properties during 2000 for \$11.6 million, generating net proceeds after property level debt repayments and transaction costs of \$4.3 million. A summary of these sales follows (dollars in thousands):

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Project Name	Location	Property Type Type(1)	Date of Sale	Total Rentable Square Feet	Sales Price
Minot Retail	Minot, ND	R	6/19/00	46,134	\$2,970
Tred Avon	Easton, MD	R	11/10/00	149,191	5,800
3 Centre Drive	Cranbury, NJ	0	12/28/00	20,436	2,790

(1) "R" indicates retail property; "O" indicates office property.

A summary of our significant financing activities during 2000 follows:

- o we received \$43.3 million in borrowings from new mortgage loans payable,
- o we obtained \$49.9 million in new construction loan commitments,
- o we purchased interest rate cap contracts that limit LIBOR interest rates to rates ranging from 7.0% to 7.7% over terms expiring between October 2001 and May 2002 on a total of \$125.0 million,
- o we entered into an interest rate swap contract that fixes our one-month LIBOR interest rate base to 5.76% per annum on a notional amount of \$100.0 million until January 2003, and
- o we initiated our share repurchase program by acquiring 166,600 of our Common Shares of beneficial interest ("Common Shares").

SUBSEQUENT EVENT

In January 2001, we issued 544,000 Series D Cumulative Convertible Redeemable Preferred Shares of beneficial interest ("Series D Preferred Shares") to a foreign trust at a price of \$22.00 per share for proceeds totaling \$12.0 million. These shares are nonvoting and are redeemable for cash at \$25.00 per share at our option on or after January 25, 2006. These shares are also convertible on or after January 1, 2004 into Common Shares on the basis of 2.2 Common Shares for each Series D Preferred Share. Holders of these shares are entitled to cumulative dividends, payable quarterly (as and if declared by the Board of Trustees). Dividends accrue from the date of issue at the annual rate of \$1.00 per share, which is equal to 4% of the \$25.00 per share redemption price. We contributed the net proceeds to our Operating Partnership in exchange for 544,000 Series D Preferred Units. The Series D Preferred Units carry terms that are substantially the same as the Series D Preferred Shares. The Operating Partnership used most of the proceeds to pay down our revolving credit facility with Deutsche Banc Alex. Brown.

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OUR OPERATING STRATEGY

Our primary business objectives are to achieve sustainable long-term growth in funds from operations per share and to maximize long-term shareholder value. We seek to achieve these objectives by implementing our focused operating and growth strategies. Key elements of this strategy include:

SUBURBAN OFFICE FOCUS. We focus on the ownership, management, leasing, acquisition and development of suburban office properties. We believe office buildings currently offer the strongest fundamentals of any real estate property type, and suburban office properties offer us very attractive investment opportunities. The three key factors driving the strong fundamentals of suburban office properties are (i) increasing rental rates, (ii) low vacancy rates, and (iii) a limited supply of new office product. Additionally, we believe that many companies are relocating to, and expanding in, suburban locations because of total lower costs, proximity to residential housing and better quality of life.

GEOGRAPHIC AND SUBMARKET FOCUS. We focus on operating in select, demographically strong and growing markets within the Mid-Atlantic region of the United States, where we believe we can achieve the critical mass necessary to maximize management efficiencies, operating synergies, tenant services and competitive advantages through our acquisition, property management and development programs. By focusing within specific submarkets where our management has extensive experience and market knowledge, we believe we can achieve submarket prominence that will lead to better operating results.

OFFICE PARK FOCUS. We focus on owning and operating properties located in established suburban corporate office parks. We believe the suburban office park environment generally attracts longer-term tenants, including high-quality corporations seeking to attract and retain quality work forces, because these parks are typically situated along major transportation routes with easy access to support services, amenities and residential communities.

CORPORATE TENANTS. We focus on leasing to large, high-quality corporations with significant space requirements. To enhance the stability of our cash flow, we typically structure our leases with terms ranging from three to ten years. We believe this strategy enables us to establish long-term relationships with quality tenants and, coupled with our geographic and submarket focus, enhances our ability to become the low-cost provider and the landlord of choice in our targeted markets.

ACQUISITION STRATEGIES. We actively pursue the acquisition of suburban office properties through our three-part acquisition strategy. This strategy includes targeting: (i) entity acquisitions of significant portfolios along with their management to establish prominent ownership positions in new submarkets and enhance our management infrastructure and local expertise, (ii) portfolio purchases to enhance our existing submarket positions as well as enter selective new submarkets, and (iii) opportunistic acquisitions of individual properties in our existing submarkets. We seek to make acquisitions at attractive yields and below replacement costs. We also look at each acquisition for opportunities to

reposition the properties and achieve rental increases through re-leasing activities.

PROPERTY DEVELOPMENT STRATEGIES. We balance our acquisition program through selective development and expansion of suburban office properties when market conditions and leasing opportunities support favorable risk-adjusted returns. We pursue development opportunities principally in response to the needs of existing and prospective new tenants. We develop sites that are in close proximity to our existing properties. We believe developing such sites enhances our ability to effectively meet tenant needs and efficiently provide critical tenant services.

TENANT SERVICES. Our investment in COMI and its subsidiaries has played a vital role in maintaining our high levels of tenant satisfaction and retention. We believe that further expanding our tenant service capabilities will continue to contribute positively to the operations of our properties and become an additional source of revenue and earnings.

INTERNAL GROWTH STRATEGIES. We aggressively manage our portfolio to maximize the operating performance of each property through: (i) proactive property management and leasing, (ii) achieving operating efficiencies through increasing economies of scale, (iii) renewing tenant leases and re-tenanting at increased rents where market conditions permit, and (iv) expanding our tenant and real estate service capabilities. These strategies are designed to promote tenant satisfaction, resulting in tenant retention and the attraction of new tenants.

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FINANCING POLICY

We pursue a capitalization strategy aimed at maintaining a flexible capital structure in order to facilitate consistent growth and performance through all real estate and economic market conditions. Key components of our policy include:

DEBT STRATEGY. We primarily utilize property-level mortgage debt as opposed to corporate unsecured debt. We believe the commercial mortgage debt market is a more mature and generally more stable market for real estate companies, which provides us with greater access to capital on a more consistent basis and, generally, on more favorable terms. Additionally, we seek to utilize long-term, fixed rate debt which we believe enhances the stability of our cash flow. On a consolidated basis, we seek to maintain a minimum debt service coverage ratio of 1.6 to 1.0, which we believe is generally consistent with the current minimum investment grade requirement for mortgages securing commercial real estate. We believe this ratio is appropriate for a seasoned portfolio of suburban office properties.

EQUITY STRATEGY. We seek to maximize the benefits of our Operating Partnership organizational structure by emphasizing the issuance of our Operating Partnership units as an equity source to finance our property acquisition program. This strategy provides prospective property sellers the ability to defer taxable gains by receiving our units in lieu of cash and reduces the need for us to access the equity and debt markets.

MORTGAGE LOANS PAYABLE

For information relating to future maturities of our mortgage loans payable, you should refer to the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 8 to the Consolidated Financial Statements included in Exhibit 13.1 to this Form 10-K which is incorporated herein by reference.

INDUSTRY SEGMENTS

We have four segments: Baltimore/Washington Corridor office, Greater Philadelphia office, Northern/Central New Jersey office and Greater Harrisburg office. For information relating to these segments, you should refer to Note 14 of our Consolidated Financial Statements included in Exhibit 13.1 to this Form 10-K which is incorporated herein by reference.

EMPLOYEES

We, together with COMI and its subsidiaries, employed 150 persons as of December 31, 2000.

COMPETITION

The commercial real estate market is highly competitive. Numerous commercial properties compete for tenants with our properties and our competitors are building additional properties in the markets in which our properties are located. Some of these competing properties may be newer or have more desirable locations than our properties. If the market does not absorb newly constructed space, market vacancies will increase and market rents may

decline. As a result, we may have difficulty leasing space at our properties and may be forced to lower the rents we charge on leases to compete effectively.

We also compete for the purchase of commercial property with many entities, including other publicly-traded commercial REITs. Many of our competitors have substantially greater financial resources than ours. In addition, our competitors may be willing to accept lower returns on their investments. If our competitors prevent us from buying the amount of properties that we have targeted for acquisition, we may not be able to meet our property acquisition and development goals.

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RISK FACTORS

Before you invest in our securities, you should be aware that there are various risks. We have described for you below some of the risks involved in investing in our securities. A word of caution: the list below is not a complete list. You should carefully consider each of these factors and all of the information in this Form 10-K and its Exhibits, including Exhibit 13.1 which sets forth portions of the Annual Report of Corporate Office Properties Trust as of and for the year ended December 31, 2000.

OUR PERFORMANCE IS SUBJECT TO RISKS ASSOCIATED WITH THE REAL ESTATE INDUSTRY

GENERALLY. We earn income from renting our properties. Our operating costs do not necessarily fluctuate in relation to changes in our rental revenue. This means our costs will not necessarily decline even if our revenues do. Also, our operating costs may increase while our revenues do not.

For new tenants or upon lease expiration for existing tenants, we generally must make improvements and pay other tenant-related costs for which we may not receive increased rents. We also make building-related capital improvements for which tenants may not reimburse us.

If our properties do not generate income sufficient to meet our operating expenses and capital costs, we may have to borrow additional amounts to cover these costs. In such circumstances, we would likely have lower profits or possibly incur losses. We may also find in such circumstances that we are unable to borrow to cover such costs. Moreover, there may be less or no cash available for distributions to our shareholders.

WE RELY ON A FEW TENANTS FOR MOST OF OUR REVENUE. As of December 31, 2000, ten tenants accounted for 42.5% of our annualized office rents. Two of these tenants accounted for approximately 21.1% of our total annualized office rents. Our largest tenant is the United States Federal government, two agencies of which lease space in 13 of our office properties. These leases represented approximately 14.2% of our total annualized office rents as of December 31, 2000. Generally, these government leases provide for one-year terms or provide for early termination rights. The government may terminate its leases if, among other reasons, the Congress of the United States fails to provide funding. The Congress of the United States has appropriated funds for these leases through September of 2001. The second largest tenant, Unisys Corporation, represented 6.9% of our total annualized office rents as of December 31, 2000 and 9.8% of our 2000 net operating income since Unisys pays all of its property operating expenses directly. Unisys occupies space in three of our office properties. If either the Federal government or Unisys fails to make rental payments to us, or if the Federal government elects to terminate several of its leases and the space cannot be re-leased on satisfactory terms, our financial performance and ability to make expected distributions to shareholders would be materially adversely affected.

WE DEPEND ON THE FINANCIAL HEALTH OF OUR TENANTS. Our performance depends on the ability of our tenants to fulfill their lease obligations by paying their rental payments in a timely manner. As previously discussed, we also rely on a few major tenants for a large percentage of our total revenue. If one of our major tenants or a number of our smaller tenants were to experience financial difficulties, including bankruptcy, insolvency or general downturn of business, our financial performance and ability to make expected distributions to shareholders could be materially adversely affected.

OUR PROPERTIES ARE LOCATED MAINLY IN ONE REGION -- THE MID-ATLANTIC. All of our properties are located in the Mid-Atlantic region of the United States and as of December 31, 2000, our office properties located in the Baltimore/Washington Corridor accounted for 65.1% of our annualized office rents. Consequently, we do not have a broad geographic distribution of our properties. As a result, a decline in the real estate market or economic conditions generally in the Mid-Atlantic region or in the Baltimore/Washington Corridor could have a materially adverse affect on our operations and financial position.

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OUR LEASE RENEWALS POSE UNCERTAINTIES. When leases expire at our properties, our tenants may not renew or may renew but on terms less favorable

to us than the terms of the original lease. As of December 31, 2000, our scheduled lease expirations, as a percentage of total annualized rents, for the next five calendar years were:

2001	10.0%
2002	15.9%
2003	16.2%
2004	10.4%
2005	10.5%

If a tenant leaves, we can expect to incur a vacancy for some period of time as well as higher capital costs than if a tenant renews. In either case, our financial performance and ability to make expected distributions to our shareholders could be adversely affected.

COMPETITION MAY CAUSE DIFFICULTY IN OUR LEASING ACTIVITY. The commercial real estate market is highly competitive. Numerous commercial properties compete for tenants with our properties and our competitors are building additional properties in the markets in which our properties are located. Some of these competing properties may be newer or have more desirable locations than our properties. If the market does not absorb newly constructed space, market vacancies will increase and market rents may decline. As a result, we may have difficulty leasing space at our properties and we may be forced to lower the rents we charge on new leases to compete effectively.

COMPETITION MAY CAUSE DIFFICULTY IN OUR STRATEGY OF ACQUIRING NEW PROPERTY. We compete for the purchase of commercial property with many entities, including other publicly traded commercial REITs. Many of our competitors have substantially greater financial resources than ours. In addition, our competitors may be willing to accept lower returns on their investments. If our competitors prevent us from buying the amount of properties that we have targeted for acquisition, we may not be able to meet our property acquisition and development goals. We may incur costs on unsuccessful acquisitions that we will not be able to recover. The operating performance of our property acquisitions may also fall short of our expectations which could adversely affect our financial performance.

OUR DEVELOPMENT AND CONSTRUCTION ACTIVITIES POSE CERTAIN RISKS. Although the majority of our investments are in currently leased properties, we also develop and construct properties, including some which are not fully pre-leased. When we develop and construct properties, we run the risks that actual costs will exceed our budgets, that we will experience construction or development delays and that projected leasing will not occur, all of which could adversely affect our financial performance and ability to make expected distributions to our shareholders. In addition, we generally do not obtain construction financing commitments until the development stage of a project is complete and construction is about to commence. We may find that we are unable to obtain financing needed to continue with the construction activities for such projects.

WE ARE SUBJECT TO POSSIBLE ENVIRONMENTAL LIABILITIES. We are subject to various Federal, state and local environmental laws. These laws can impose liability on property owners or operators for the costs of removal or remediation of certain hazardous substances released on a property, even if the property owner was not responsible for the release of the hazardous substances. These costs could be substantial. The presence of hazardous substances on our properties may also adversely affect occupancy and our ability to sell or borrow against those properties. In addition to the costs of government claims under environmental laws, private plaintiffs may bring claims for personal injury or similar reasons. Various laws also impose liability for the costs of removal or remediation of hazardous substances at the disposal or treatment facility. Anyone who arranges for the disposal or treatment of hazardous substances at such a facility is potentially liable under such laws. These laws often impose liability whether or not the facility is or ever was owned or operated by such person.

WE CANNOT SELL OUR PROPERTIES QUICKLY. Equity real estate investments like our properties are relatively difficult to sell and convert to cash quickly, especially if market conditions are poor. Such illiquidity will tend to limit our ability to vary our portfolio of properties promptly in response to changes in economic or other conditions. The Internal Revenue Code imposes certain penalties on a REIT that sells property held for less than four years. In addition, for certain of our properties that we acquired from the sellers using units in our Operating Partnership, we are restricted from entering into transactions (such as the sale or refinancing of the acquired property) that will result in a taxable gain to the sellers

without the consent of the sellers. Due to all of these factors, we may be unable to sell a property at an advantageous time.

WE ARE SUBJECT TO OTHER POSSIBLE LIABILITIES. Our properties may be subject to other risks related to current or future laws including laws benefiting disabled persons, and other state or local zoning, construction or other regulations. These laws may require significant property modifications in

the future for which we may not have budgeted and could result in fines being levied against us. In addition, although we believe that we adequately insure our properties, we are subject to the risk that our insurance may not cover all of the costs to restore a property which is damaged by a fire or other catastrophic event. The occurrence of any of these events could adversely impact our financial position, cash flows and ability to make distributions to shareholders.

WE MAY INCUR PROBLEMS WITH OUR REAL ESTATE FINANCING

Our strategy is to operate with higher debt levels than most other REITs. Our organizational documents do not limit the amount of indebtedness that we may incur. However, these high debt levels could make it difficult to obtain additional financing when required. Most of our properties have been mortgaged to collateralize indebtedness. In addition, we will rely on borrowings to fund some or all of the costs of new property acquisitions, construction and development activities and other items.

As of December 31, 2000, our total outstanding debt was \$474.3 million. Our debt to total market capitalization ratio was 57.3% based upon the closing per share market price for the Common Shares of \$9.9375 on December 31, 2000. Total market capitalization is the sum of total debt plus the value of all outstanding Common Shares and Common Units at such market price and the total Preferred Shares and Preferred Units at their liquidation value.

Payments of principal and interest on our debt may leave us with insufficient cash to operate our properties or pay distributions to our shareholders required to maintain our qualification as a REIT. We are also subject to the risks that:

- o We may not be able to refinance our existing indebtedness, or refinance on terms as favorable as the terms of our existing indebtedness;
- o Certain debt agreements of our Operating Partnership could restrict the ability of our Operating Partnership to make cash distributions to us, which could result in reduced distributions to our shareholders or the need to incur additional debt to fund distributions; and
- o If we are unable to pay our debt service on time or are unable to comply with restrictive financial covenants appearing in certain of our mortgage loans, our lenders could foreclose on our properties securing such debt and in some cases other properties and assets which we own. A number of our loans are cross-collateralized, which means that separate groups of properties from our portfolio secure each of these loans. More importantly, almost all of our loans are cross-defaulted, which means that failure to pay interest or principal on any of our loans will create a default on certain of our other loans. Any foreclosure of our properties would result in loss of income and asset value which would negatively impact our financial condition and results of operations. In addition, if we are in default and the value of the properties securing a loan is less than the loan balance, the lender may require payment from our other assets.

As of December 31, 2000, approximately 57.5% of our total debt had adjustable interest rates. Consequently, if short term interest rates were to rise, our debt service payments would increase, which would lower our net income and could decrease our distributions to our shareholders. As of December 31, 2000, we had three interest rate caps with Bear Stearns Capital Markets, Inc. and one interest rate swap agreement with Deutsche Banc Alex. Brown to reduce the impact of interest rate changes. Decreases in interest rates would result in increased interest expense payments due under the interest rate swap agreement and could result in the Company's management deciding to make a payment to unwind the agreement.

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We must refinance our mortgage debt in the future. As of December 31, 2000, our scheduled debt payments over the next five calendar years, including maturities, are as follows:

2001	\$237,900	(1)
2002	37,771	(2)
2003	3,924	
2004	29,771	
2005	24,051	

- (1) Includes \$100.0 million maturity in October that may be extended for a one-year period, subject to certain conditions. Also includes an \$8.9 million maturity in October that may be extended for a one-year term, subject to certain conditions, and a \$4.8 million maturity in February that was extended for a two-year period.
- (2) Includes \$10.0 million maturity in March and \$6.1 million in maturities in July that may be extended for one-year terms, subject to certain conditions.

Our operations would not generate enough cash flow to repay some or all of this debt without additional borrowings or new equity investment. If we cannot refinance, extend the debt due dates, or raise additional equity prior to the date when our debt matures, we would default on our existing debt.

THE LEVEL OF OUR SHAREHOLDER DISTRIBUTIONS COULD DECLINE

We intend to make regular quarterly cash distributions to our shareholders. However, distribution levels depend on a number of factors, some of which are beyond our control.

Our loan agreements contain provisions which could restrict future distributions. Our ability to sustain our current distribution level also will be dependent, in part, on other matters including continued property occupancy and profitability of tenants, the amount of future capital expenditures and expenses relating to our properties, the level of leasing activity and future rental rates, the strength of the commercial real estate market, competition, the costs of compliance with environmental and other laws, our corporate overhead levels, the amount of uninsured losses and our decisions whether to reinvest rather than distribute available cash.

In addition, we can make distributions to the holders of our Common Shares only after we make preferential distributions to the holders of our Series A Convertible Preferred Shares of beneficial interest ("Series A Preferred Shares"), Series B Cumulative Redeemable Preferred Shares of beneficial interest ("Series B Preferred Shares") and Series D Preferred Shares. We also would likely have to make prior distributions to third party holders of the Series C Preferred Units in our Operating Partnership ("Series C Preferred Units"). For information relating to our Series A and B Preferred Shares, Series D Preferred Shares and Series C Preferred Units, you should refer to Notes 9, 3 and 18 to the Consolidated Financial Statements included in Exhibit 13.1 to this Form 10-K which is incorporated herein by reference.

A THIRD PARTY COULD HAVE DIFFICULTY IN SEEKING TO ACQUIRE CONTROL OF US

CONSTELLATION'S COMMON SHARE OWNERSHIP AND OUR OWNERSHIP LIMITS ARE IMPORTANT FACTORS. As of December 31, 2000, Constellation Real Estate, Inc. and its affiliates own approximately 43% of our outstanding Common Shares. Under our charter, two-thirds of the outstanding Common Shares must approve a merger, a sale of substantially all our assets, any amendment to our charter, the removal of a Trustee and the termination of COPT. Because Constellation Real Estate, Inc. and its affiliates own more than one-third of our voting shares, they have the ability to veto any of those transactions, which could make it more difficult for any third party to acquire control of us. Such change of control could involve a premium over the market price for the Common Shares or other attributes that the shareholders may consider desirable. In addition, our charter limits ownership of our Common Shares by any single shareholder to 9.8% of the number of the outstanding Common Shares or 9.8% of the value of the outstanding Common Shares. We call these restrictions the "Ownership Limit." Our charter allows our Board of Trustees to exempt shareholders from the Ownership Limit, and the Board has exempted Constellation Real Estate, Inc. and its affiliates and the foreign trust owning all of our Series D Preferred Shares from the Ownership Limit.

OUR CHARTER PROVIDES OTHER POTENTIAL DEFENSES. Subject to the requirements of the New York Stock Exchange, the Board of Trustees has the authority without shareholder approval to issue additional securities of COPT on terms that

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could delay, defer or prevent a change in control of COPT. In addition, our Board has the authority to reclassify any of our unissued Common Shares into Preferred Shares. The Board may issue Preferred Shares with such preferences, rights, powers and restrictions as the Board may determine.

Our Board is divided into three classes of Trustees. The term of one class of the Trustees will expire each year, at which time a successor class is elected for a three-year term. Such staggered three-year terms make it more difficult for a third party to acquire control of us.

THE MARYLAND BUSINESS STATUTES ALSO IMPOSE POTENTIAL RESTRICTIONS. Various Maryland laws may have the effect of discouraging offers to acquire us, even if the acquisition would be advantageous to shareholders. Our Bylaws exempt us from such laws, but our Board of Trustees can change our Bylaws at any time to make these provisions applicable to us.

WE AND OUR SHAREHOLDERS ARE SUBJECT TO CERTAIN TAX RISKS

OUR FAILURE TO QUALIFY AS A REIT WOULD HAVE ADVERSE TAX CONSEQUENCES. We believe that since 1992 we have qualified for taxation as a REIT for Federal income tax purposes. We plan to continue to meet the requirements for taxation as a REIT. Many of these requirements, however, are highly technical and complex. The determination that we are a REIT requires an analysis of various

factual matters and circumstances that may not be totally within our control. For example, to qualify as a REIT, at least 95% of our gross income must come from certain sources that are itemized in the REIT tax laws. We are also required to distribute to shareholders at least 90% of our REIT taxable income, excluding capital gains (95% prior to January 1, 2001). The fact that we hold most of our assets through our Operating Partnership and its 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, 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 fail to qualify. If we fail to qualify as a REIT, we would have to pay significant income taxes and would therefore have less money available for investments or for distributions to our shareholders. This would likely have a significant adverse effect on the value of our securities and would impair our ability to raise capital. In addition, we would no longer be required to make any distributions to our shareholders.

WE HAVE CERTAIN DISTRIBUTION REQUIREMENTS. As a REIT, we must distribute 90% of our annual taxable income, which limits the amount of cash we have available for other business purposes, including amounts to fund our growth. Also, it is possible that because of the differences between the time we actually receive revenue or pay expenses and the period we report those items for distribution purposes, we may have to borrow funds on a short-term basis to meet the 90% distribution requirement.

COMI AND ITS SUBSIDIARIES ARE SUBJECT TO INCOME TAXES. Effective January 1, 2001, REITs are permitted to own 100% investments in the stock of a taxable REIT subsidiary ("TRS"). TRSs can provide services to REIT tenants and others without adversely impacting the income requirements to which REITs are subject. We have elected to have COMI treated as a TRS effective January 1, 2001. The taxable income of COMI is subject to Federal, state and local income taxes at regular corporate rates.

WE ARE ALSO SUBJECT TO OTHER TAX LIABILITIES. Even if we qualify as a REIT, we may be subject to certain Federal, state and local taxes on our income and property. Any such taxes would reduce our operating cash flow.

A NUMBER OF FACTORS COULD CAUSE OUR SECURITY PRICES TO DECLINE

As is the case with any publicly traded securities, certain factors outside of our control could influence the value of our Common and Preferred Shares. These conditions include, but are not limited to: market perception of REITs in general; market perception of office REITs; market perception of REITs relative to other investment opportunities; the level of institutional investor interest in our Company; general economic and business conditions; interest rates; and market perception of our financial condition, performance, dividends and growth potential.

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The average daily trading volume of our Common Shares during 2000 was approximately 18,000 shares and the average trading volume of our Series B Preferred Shares is generally insignificant. As a result, the appearance of a significant number of shares on the market for sale in a short period of time could lead to a decrease in the market price of such shares. Such additional shares on the market could occur in a number of ways, including the following:

- o We could issue additional Common or Preferred Shares.
- o At December 31, 2000, there were Common and Preferred Units in our Operating Partnership not owned by us that could be exchanged for 11,808,208 of our Common Shares.
- o We have a number of shareholders each holding large numbers of shares. Any of these major shareholders could decide to sell some or all of their shares.
- o A large number of our smaller shareholders may independently decide to sell their positions in our Common or Preferred Shares in a short period of time.

WE ARE DEPENDENT ON EXTERNAL SOURCES OF CAPITAL FOR FUTURE GROWTH

As a REIT, we must distribute 90% of our annual taxable income. Due to these requirements, we will not be able to fund our acquisitions, construction and development activities using cash flow from operations. Our ability to fund these activities is dependent on our ability to access capital funded by third parties. Such capital could be in the form of new loans, equity issuances of Common Shares, Preferred Shares, Common Units, Preferred Units or joint venture funding. Such capital may not be available on favorable terms or at all. Moreover, additional debt financing may substantially increase our leverage and additional equity offerings may result in substantial dilution of our shareholders' interests.

CERTAIN OFFICERS AND TRUSTEES OF COPT HAVE POTENTIAL CONFLICTS OF INTEREST

The Chairman of our Board, our Chief Executive Officer, and certain other officers own indirect interests in office properties and other real estate assets in which we have an interest. The interests of these persons may give rise to certain conflicts of interest concerning the fulfillment of their responsibilities as our officers and Trustees. We have adopted certain policies designed to minimize conflicts of interest. We cannot assure you, however, that these policies will be successful in eliminating the influence of such conflicts, and if they are not successful, decisions could be made that might fail to reflect fully the interests of all shareholders of COPT. For example, the Chairman of our Board of Trustees and our Chief Executive Officer own a significant share of the units of our Operating Partnership. If our Operating Partnership sells or refinances certain of the properties that these officers contributed to the Operating Partnership, they could suffer adverse tax consequences. Therefore, they could oppose such a transaction.

WE ARE DEPENDENT ON OUR KEY PERSONNEL

We are dependent on the efforts of our Trustees and executive officers, including Jay Shidler, our Chairman of the Board of Trustees, Clay Hamlin, our Chief Executive Officer, and Rand Griffin, our President. The loss of any of their services could have an adverse effect on our operations. Although certain of our officers have entered into employment agreements with us, we cannot assure you that they will remain employed with us.

WE MAY CHANGE OUR POLICIES WITHOUT SHAREHOLDER APPROVAL

Our Board of Trustees determines all of our policies, including our investment, financing and distribution policies. Although our Board of Trustees has no current plans to do so, it may amend or revise these policies at any time without a vote of our shareholders. Policy changes could adversely affect our financial condition, results of operations, the market price of the Common Shares or our ability to pay dividends or distributions.

ITEM 2. PROPERTIES

The following table provides certain information about our properties as of December 31, 2000:

<TABLE>
<CAPTION>

Rental Revenue per Occupied Property Location Square Feet (4)	Year Built/Renovated	Rentable Square Feet	Percentage Occupied as of 12/31/00(1)	Total Rental Revenue(2)	Percentage of Total Rental Revenue(3)	Total

<S>	<C>	<C>	<C>	<C>	<C>	
BALTIMORE/WASHINGTON CORRIDOR: Annapolis Junction, MD						

2730 Hercules Road \$20.35	1990	240,336	100.00%	\$4,890,030	4.64%	
132 National Business Parkway 20.90	2000	118,456	100.00%	2,475,589	2.35%	
221 National Business Parkway 21.60	2000	117,890(5)	100.00%	1,983,722	1.88%	
134 National Business Parkway 17.82	1999	93,482	100.00%	1,666,091	1.58%	
133 National Business Parkway 20.55	1997	88,666	100.00%	1,822,346	1.73%	
141 National Business Parkway 18.05	1990	86,964	100.00%	1,569,973	1.49%	
135 National Business Parkway 20.05	1998	86,863	100.00%	1,741,973	1.65%	
131 National Business Parkway 20.00	1990	68,906	100.00%	1,377,900	1.31%	

Linthicum, MD

1306 Concourse Drive 20.81	1990	113,837	97.46%	2,308,398	2.19%
900 Elkridge Landing Road 17.01	1982	97,139	100.00%	1,652,369	1.57%
1199 Winterson Road 15.88	1988	96,636	100.00%	1,534,245	1.45%
1302 Concourse Drive 21.20	1996	84,607	100.00%	1,793,732	1.70%
881 Elkridge Landing Road 11.77	1986	73,572	100.00%	866,280	0.82%
1099 Winterson Road 17.37	1988	70,569	97.50%	1,195,118	1.13%
1190 Winterson Road 17.14	1987	68,567	100.00%	1,175,232	1.11%
911 Elkridge Landing Road 16.16	1985	68,297	100.00%	1,104,019	1.05%
849 International Drive 19.36	1988	68,186	100.00%	1,320,214	1.25%
1201 Winterson Road 10.85	1985	67,903	100.00%	736,892	0.70%
999 Corporate Boulevard 20.59	2000	67,351	100.00%	1,387,039	1.31%
930 International Drive 10.92	1986	57,140	100.00%	623,714	0.59%
900 International Drive 12.06	1986	57,140	100.00%	688,872	0.65%
921 Elkridge Landing Road 16.26	1983	54,057	100.00%	879,030	0.83%
939 Elkridge Landing Road 15.86	1983	51,953	100.00%	823,951	0.78%

<CAPTION>

Property Location -----	Major Tenants (10% or more Rentable Sq. Ft.) -----
BALTIMORE/WASHINGTON CORRIDOR: Annapolis Junction, MD -----	
<S>	<C>
2730 Hercules Road	U.S. Department of Defense (100%)
132 National Business Parkway	Ameritrade Holding Corporation (53%)
221 National Business Parkway	Computer Sciences Corporation (47%)
134 National Business Parkway	General Dynamics Information Systems, Inc. (78%)
133 National Business Parkway	Booz Allen Hamilton (74%)
141 National Business Parkway	Panacya, Inc. (26%)
135 National Business Parkway	Mentor Technologies (67%)
131 National Business Parkway	Applied Signal Technology (33%)
	ITT Industries (46%)
	Wang Government Services (20%)
	Harris Data Services Corporation (14%)
	Credit Management Solutions, Inc. (82%)
	TASC, Inc. (38%)
	e.spire Communications, Inc. (35%)
	U.S. Department of Defense (15%)
	Intel Corporation (12%)
Linthicum, MD -----	
1306 Concourse Drive	PricewaterhouseCoopers (33%)
900 Elkridge Landing Road	AT&T Local Services (26%)
1199 Winterson Road	Qwest Communications (13%)
1302 Concourse Drive	First Annapolis Consulting (51%)
881 Elkridge Landing Road	Booz Allen Hamilton (38%)
1099 Winterson Road	U.S. Department of Defense (100%)
1190 Winterson Road	Lucent Technologies (31%)
	Aetna US Healthcare (23%)
	U.S. Department of Defense (100%)
	Preferred Health Network (63%)
	Commercial Credit Corp. (57%)
	U.S. Department of Defense (15%)

911 Elkridge Landing Road	Motorola, Inc. (14%)
849 International Drive	U.S. Department of Defense (100%)
	EMC Corporation (13%)
	Raytheon E-Systems, Inc. (11%)
	U.S. Department of Defense (11%)
	Dames & Moore (10%)
1201 Winterson Road	Ciena Corporation (100%)
999 Corporate Boulevard	RAG American Coal Holding (71%)
	Ciena Corporation (29%)
930 International Drive	Ciena Corporation (100%)
900 International Drive	Ciena Corporation (100%)
921 Elkridge Landing Road	Aerotek, Inc. (100%)
939 Elkridge Landing Road	Agency Holding Company (68%)
	U.S. Department of Defense (24%)

</TABLE>

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<TABLE>
<CAPTION>

Rental	Year		Percentage	Total	Percentage	Total
Revenue per	Built/	Rentable	Occupied	Rental	of Total	
Occupied	Renovated	Square Feet	as of	Revenue (2)	Rental	
Property Location			12/31/00(1)		Revenue (3)	
Square Feet (4)						
-----	-----	-----	-----	-----	-----	-----
-----	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
800 International Drive 17.75	1988	50,979	100.00%	904,877	0.86%	
Columbia, MD -----						
7200 Riverwood 17.63	1986	160,000	100.00%	2,820,240	2.67%	
9140 Rt. 108 8.00	1974/1985	150,000	100.00%	1,200,072	1.14%	
6940 Columbia Gateway Drive 21.79	1999	108,737	100.00%	2,369,052	2.25%	
6950 Columbia Gateway Drive 20.95	1998	107,778	100.00%	2,257,695	2.14%	
6750 Alexander Bell Drive 25.43	2001	0(6)	100.00%	896,461	0.85%	
6740 Alexander Bell Drive 23.01	1992	61,878	83.81%	1,193,419	1.13%	
8815 Centre Park Drive 22.21	1987	53,782	100.00%	1,194,665	1.13%	
6716 Alexander Bell Drive 18.50	1990	51,980	95.63%	919,490	0.87%	
6760 Alexander Bell Drive 21.00	1991	37,248	100.00%	782,030	0.74%	
Hanover, MD -----						
7467 Ridge Road 22.83	1990	73,756	100.00%	1,684,075	1.60%	
7240 Parkway Drive 18.58	1985	73,500	98.28%	1,342,055	1.27%	
7318 Parkway Drive 12.75	1984	59,204	100.00%	754,981	0.72%	
1340 Ashton Road 12.90	1989	46,400	100.00%	598,668	0.57%	
7321 Parkway Drive 16.50	1984	39,822	100.00%	657,063	0.62%	
1334 Ashton Road 15.88	1989	37,565	100.00%	596,434	0.57%	
1331 Ashton Road 15.51	1989	29,936	100.00%	464,161	0.44%	

1350 Dorsey Road 15.56	1989	19,992	90.29%	280,821	0.27%
1344 Ashton Road 23.67	1989	16,865	100.00%	399,162	0.38%
1341 Ashton Road 15.32	1989	15,841	100.00%	242,664	0.23%
1343 Ashton Road 13.17	1989	9,962	100.00%	131,208	0.12%
Laurel, MD -----					
14502 Greenview Drive 18.67	1988	71,873	100.00%	1,341,855	1.27%
14504 Greenview Drive 18.66	1985	69,194	98.07%	1,266,408	1.20%

<CAPTION>

Property Location -----	Major Tenants (10% or more Rentable Sq. Ft.) -----
<S> 800 International Drive Columbia, MD -----	<C> Raytheon E-Systems, Inc. (100%)
7200 Riverwood 9140 Rt. 108 6940 Columbia Gateway Drive	U.S. Department of Defense (100%) Honeywell International (100%) Magellan Behavioral Health, Inc. (39%) Response Services Center (26%) Remedy Corporation (14%) Reliance Insurance (10%)
6950 Columbia Gateway Drive 6750 Alexander Bell Drive 6740 Alexander Bell Drive	Magellan Behavioral Health, Inc. (100%) Sun Microsystems, Inc. (45%) Johns Hopkins University (68%) Atmel Corporation (16%)
8815 Centre Park Drive	Corporate Office Management, Inc. (25%) Lipman, Frizzell and Mitchell (16%) Reap, Inc/REMAX (16%) Corporate Realty Management, LLC (13%) Copeland Associates, Inc. (10%) Sun Microsystems, Inc. (87%) Cadence Design Systems, Inc. (65%)
6716 Alexander Bell Drive 6760 Alexander Bell Drive	
Hanover, MD -----	
7467 Ridge Road	Travelers Casualty and Surety (53%) Pro Object (25%)
7240 Parkway Drive	National Data Payment System (47%) International Paper (12%)
7318 Parkway Drive 1340 Ashton Road 7321 Parkway Drive 1334 Ashton Road	U.S. Department of Defense (100%) Lockheed Martin Corporation (100%) U.S. Department of Defense (100%) Science Applications International Corporation (60%)
1331 Ashton Road	Merrill Corporation (37%) Booz Allen Hamilton (71%) Aerosol Monitoring (29%)
1350 Dorsey Road	Aerrotek, Inc. (23%) Noodles, Inc. (14%) Hunan Pagoda (12%) Electronic Systems USA (11%)
1344 Ashton Road	Titan Systems (28%) Student Travel Services (23%) AMP Corporation (16%) Jani-King of Baltimore (14%) Citizens National Bank (12%)
1341 Ashton Road	Supertots Childcare, Inc. (71%) Devereux Chesapeake Network (29%)
1343 Ashton Road	Nauticus Corporation (100%)

Laurel, MD

14502 Greenview Drive

iSky (20%)
Greenman-Pedersen, Inc. (18%)
LCC Telecom Management (11%)
Great West Life & Annuity (17%)

14504 Greenview Drive

</TABLE>

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<TABLE>
<CAPTION>

Rental	Year	Percentage	Percentage	Total
Revenue per	Built/	Occupied	Total	of Total
Occupied	Rentable	as of	Rental	Rental
Property Location	Square Feet	12/31/00(1)	Revenue(2)	Revenue(3)
Square Feet (4)	Renovated			
-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>

Timonium, MD

9690 Deereco Road
22.41

1988 133,702 85.15% 2,551,040 2.42%

375 W. Padonia Road
15.77

1986 100,804 100.00% 1,589,563 1.51%

Oxon Hill, MD

6009 - 6011 Oxon Hill Road
20.22

1990 181,768 78.83% 2,897,049 2.75%

Baltimore, MD

1615 - 1629 Thames Street
16.91

1989 103,683 96.43% 1,690,681 1.60%

TOTAL BALTIMORE/WASHINGTON CORRIDOR
\$18.11

3,864,766 97.84% \$68,642,618 65.08%

GREATER PHILADELPHIA:
Blue Bell, PA

753 Jolly Road
8.69

1960/92-94 419,472 100.00% \$ 3,644,515 3.46% \$

785 Jolly Road
10.01

1970/1996 219,065 100.00% 2,193,339 2.08%

760 Jolly Road
12.79

1974/1994 208,854 100.00% 2,670,981 2.53%

751 Jolly Road
8.69

1966/1991 112,958 100.00% 981,605 0.93%

TOTAL GREATER PHILADELPHIA
9.88

960,349 100.00% \$ 9,490,440 9.00% \$

GREATER HARRISBURG:
Harrisburg, PA

2605 Interstate Drive
\$14.47

1990 84,268 100.00% \$ 1,219,392 1.15%

6345 Flank Drive
16.13

1989 69,443 100.00% 1,120,377 1.05%

6340 Flank Drive

1988 68,200 100.00% 724,253 0.69%

10.62					
2601 Market Place 17.82	1989	67,753	95.51%	1,153,377	1.09%
5035 Ritter Road 12.97	1988	56,556	100.00%	733,365	0.70%
6400 Flank Drive 14.21	1992	52,439	100.00%	745,234	0.71%
6360 Flank Drive 13.57	1988	46,500	84.86%	535,359	0.51%
6385 Flank Drive 14.33	1995	32,800	100.00%	470,178	0.45%

<CAPTION>

Property Location -----	Major Tenants (10% or more Rentable Sq. Ft.) -----	
<S>	<C>	
Timonium, MD -----	Laurel Consulting Group (16%) Moore USA (11%) Light Wave Communications (10%)	
9690 Deereco Road	Fireman's Fund Insurance (24%) Verizon Wireless (11%)	
375 W. Padonia Road	Deutsche Bank Alex. Brown (84%) Riparius Corporation (13%)	
Oxon Hill, MD -----	U.S. Department of Treasury (47%) NRL Federal Credit Union (10%)	
6009 - 6011 Oxon Hill Road	Johns Hopkins University (37%) Community of Science (18%) Listas (14%)	
Baltimore, MD -----	TOTAL BALTIMORE/WASHINGTON CORRIDOR	
1615 - 1629 Thames Street		
GREATER PHILADELPHIA:		
Blue Bell, PA -----	Unisys (100%) Unisys with 100% sublease to Merck Unisys (100%) Unisys (100%)	
753 Jolly Road		
785 Jolly Road		
760 Jolly Road		
751 Jolly Road		
TOTAL GREATER PHILADELPHIA		
GREATER HARRISBURG:		
Harrisburg, PA -----	Commonwealth of Pennsylvania (56%) Health Central (38%)	
2605 Interstate Drive	Allstate Insurance (30%) First Health Services (24%) Coventry Health Care (18%) LWN Enterprises (15%)	
6345 Flank Drive	Lancaster Lebanon (73%) Merkert Enterprises (27%)	
6340 Flank Drive	Penn State Geisinger Systems (37%) Duke Energy Operating Company (26%) Ernst & Young, LLP (26%)	
2601 Market Place	Commonwealth of Pennsylvania (81%) Pennsylvania Coalition Against Violence (51%)	
5035 Ritter Road		
6400 Flank Drive		

6360 Flank Drive
 REM Organization (27%)
 Liberty Business Information (16%)
 Ikon Office Solutions, Inc. (22%)
 Computer Applications (20%)
 Sentage/Muth & Mumma (15%)
 Health Spectrum Medical (15%)

6385 Flank Drive
 Cowles Enthusiast Media (34%)
 Coventry Management Services (26%)
 Pitney Bowes, Inc. (21%)
 Orion Consulting (11%)

</TABLE>

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<TABLE>
 <CAPTION>

Rental Revenue per Occupied Property Location Square Feet (4)	Year Built/ Renovated	Rentable Square Feet	Percentage Occupied as of 12/31/00(1)	Total Rental Revenue(2)	Percentage of Total Rental Revenue(3)	Total
-----	-----	-----	-----	-----	-----	-----
<S> 6380 Flank Drive 14.61	<C> 1991	<C> 32,000	<C> 59.76%	<C> 279,478	<C> 0.26%	<C>
6405 Flank Drive 14.41	1991	32,000	100.00%	461,152	0.44%	
5070 Ritter Road - Building A 16.66	1989	32,000	62.81%	334,818	0.32%	
5070 Ritter Road - Building B 12.39	1989	28,000	95.88%	332,562	0.32%	
95 Shannon Road 14.81	1999	21,976	100.00%	325,456	0.31%	
75 Shannon Road 15.37	1999	20,887	100.00%	320,938	0.30%	
6375 Flank Drive 16.10	2000	19,783	71.31%	227,123	0.22%	
85 Shannon Road 14.81	1999	12,863	100.00%	190,496	0.18%	
		-----		-----	-----	
TOTAL GREATER HARRISBURG \$14.43		677,468	93.86%	\$9,173,558	8.70%	
		-----		-----	-----	
NORTHERN/CENTRAL NEW JERSEY: South Brunswick, NJ						

431 Ridge Road 20.19	1958/1998	170,000	100.00%	\$3,432,839	3.26%	
429 Ridge Road 19.00	1966/1996	142,385	100.00%	2,705,071	2.56%	
68 Culver Road 21.33	2000	57,280	100.00%	1,221,782	1.16%	
437 Ridge Road 21.22	1962/1996	30,000	100.00%	636,496	0.60%	
Cranbury, NJ						

19 Commerce 20.50	1989	65,277	100.00%	1,338,179	1.27%	
104 Interchange Plaza 22.98	1990	47,677	100.00%	1,095,704	1.04%	
101 Interchange Plaza 23.98	1985	43,749	94.67%	993,311	0.94%	

47 Commerce 11.57 7 Centre Drive 20.25	1992/1998	41,398	100.00%	478,940	0.45%
8 Centre Drive -	1986	16,199	0.00%	-	0.00%
2 Centre Drive 25.26	1989	16,132	100.00%	407,419	0.39%
Fairfield, NJ -----					
695 Rt. 46 21.05	1990	157,394	95.30%	3,157,526	2.99%
710 Rt. 46 18.00	1985	101,791	59.47%	1,089,596	1.03%
Monmouth Junction, NJ -----					
4301 Route 1 19.96	1986	61,300	100.00%	1,223,357	1.16%
		-----		-----	-----

<CAPTION>

Property Location -----	Major Tenants (10% or more Rentable Sq. Ft.) -----
<S> 6380 Flank Drive	<C> Myers & Stauffer (17%) Bell Atlantic Network (14%) Critical Care System (13%) U-Conn Technology USA, Inc. (10%) Cowles Enthusiast Media (100%) Maryland Casualty Company (63%) Vale National Training Center (63%) Pennsylvania Trauma System Foundation (18%) Paytime, Inc. (13%) New World Pasta (100%) McCormick, Taylor & Associates (100%) Orion Capital Companies, Inc. (71%) New World Pasta (100%)
6405 Flank Drive 5070 Ritter Road - Building A 5070 Ritter Road - Building B	
95 Shannon Road 75 Shannon Road 6375 Flank Drive 85 Shannon Road	
TOTAL GREATER HARRISBURG	
NORTHERN/CENTRAL NEW JERSEY: South Brunswick, NJ -----	
431 Ridge Road 429 Ridge Road 68 Culver Road 437 Ridge Road	IBM with 100% sublease to AT&T Local Services AT&T Local Services (100%) AT&T Local Services (100%) IBM with 100% sublease to AT&T Local Services (100%)
Cranbury, NJ -----	
19 Commerce 104 Interchange Plaza	The Associated Press (100%) Turner Construction Company (35%) Utica Mutual Insurance Company (15%) Laborer's International Union (13%) Lanier Worldwide (12%)
101 Interchange Plaza	Ford Motor Credit Company (21%) CSX Transportation, Inc. (18%) Arquest, Inc. (16%) Middlesex County Improve. Authority (13%) Trans Union Corporation (11%) Somfy Systems, Inc. (100%) Compugen, Inc. (29%) Systems Freight (22%)
47 Commerce 7 Centre Drive	
8 Centre Drive 2 Centre Drive	Summit Bancorp (100%)
Fairfield, NJ -----	
695 Rt. 46	ADT Security Services, Inc. (26%)

710 Rt. 46
 Monmouth Junction, NJ

 4301 Route 1
 </TABLE>

The Museum Company (16%)
 Chase Manhattan (15%)
 Dean Witter Reynolds (13%)
 Continental Casualty Company (12%)
 Lincoln Financial Group (11%)

Guest Supply, Inc. (45%)
 eCOM Server (16%)

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<TABLE>
 <CAPTION>

Rental Revenue per Occupied Property Location Square Feet (4)	Year		Percentage Occupied as of	Total Rental Revenue(2)	Percentage of Total Rental Revenue(3)	Total
	Built/ Renovated	Rentable Square Feet	12/31/00(1)			
TOTAL NORTHERN/CENTRAL NEW JERSEY \$20.13		970,048	93.07%	\$ 18,174,418	17.22%	
TOTAL OFFICE PROPERTIES \$16.77		6,472,631	97.03%	\$105,481,034	100.00%	

<CAPTION>

Property Location	Major Tenants (10% or more Rentable Sq. Ft.)
	Ikon Office Solutions (16%) NJ Foster Parents Association (10%)

TOTAL NORTHERN/CENTRAL NEW JERSEY
 TOTAL OFFICE PROPERTIES

</TABLE>

- (1) This percentage is based upon all leases signed and tenants occupying as of December 31, 2000.
- (2) Total Rental Revenue is the monthly contractual base rent as of December 31, 2000 multiplied by 12 plus the estimated annualized expense reimbursements under existing leases.
- (3) This percentage represents the individual property's rental revenue to our total revenue as of December 31, 2000.
- (4) This total rent per occupied square foot is the property's total rental revenue divided by that property's occupied square feet as of December 31, 2000.
- (5) This property contains 26,051 square feet which was not delivered as of December 31, 2000 due to construction of initial tenant fit-out. Accordingly, occupancy has been measured on the 91,839 square feet delivered as of December 31, 2000 which is 100% occupied.
- (6) This property under construction contains 78,460 square feet of which 35,248 was occupied and rent paying as of December 31, 2000. As substantial occupancy was not achieved for this property as of 12/31/00, this building is still considered under development. However, occupancy ratios include the 35,248 square feet at 12/31/00.

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The following table provides a summary schedule of the lease expirations for leases in place as of December 31, 2000, assuming that none of the tenants exercise renewal options (dollars in thousands, except per square foot amounts):

OFFICE LEASE EXPIRATION ANALYSIS BY YEAR

<TABLE>
 <CAPTION>

Total Rental Percentage

Revenue of Expiring Leases Occupied Square Foot	Year of Expiration (1)	Number of Leases Expiring	Square Footage of Leases Expiring	Percentage of Total Occupied Square Feet	Total Rental Revenue of Expiring Leases (2)	of Total Rental Revenue Expiring	per
-----	-----	-----	-----	-----	-----	-----	--
<S>		<C>	<C>	<C>	<C>	<C>	<C>
\$15.44	2001	83	682,906	10.9%	\$ 10,544	10.0%	
17.15	2002	81	978,397	15.6%	16,777	15.9%	
18.48	2003	89	925,536	14.7%	17,107	16.2%	
18.80	2004	48	585,463	9.3%	11,006	10.4%	
18.99	2005	57	585,929	9.3%	11,125	10.5%	
17.18	2006	7	219,722	3.5%	3,775	3.6%	
15.60	2007	7	188,326	3.0%	2,938	2.8%	
19.37	2008	9	539,101	8.6%	10,440	9.9%	
11.29	2009	11	1,193,500	18.9%	13,477	12.8%	
21.38	2010	7	325,272	5.2%	6,954	6.6%	
20.50	2015	1	65,277	1.0%	1,338	1.3%	
Total/Weighted Avg. \$17.31		400	6,289,429	100.0%	\$105,481	100.0%	
		===	=====	=====	=====	=====	

</TABLE>

- (1) Many of our government leases are subject to certain early termination provisions which are customary to government leases. The year of lease expiration was computed assuming no exercise of such early termination rights.
- (2) Total Rental Revenue is the monthly contractual base rent as of December 31, 2000 multiplied by 12 plus the estimated annualized expense reimbursements under existing office leases.

ITEM 3. LEGAL PROCEEDINGS

We are not currently involved in any material litigation nor, to our knowledge, is any material litigation currently threatened against the Company (other than routine litigation arising in the ordinary course of business, substantially all of which is expected to be covered by liability insurance).

ITEM 4. SUBMISSIONS OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of our security holders during the fourth quarter of 2000.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

Information for this item is incorporated herein by reference to the section of Exhibit 13.1 entitled "Market for Registrant's Common Equity and Related Shareholder Matters".

ITEM 6. SELECTED FINANCIAL DATA

Information for this item is incorporated herein by reference to the section of Exhibit 13.1 to this Form 10-K entitled "Selected Financial Data".

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Information for this item is incorporated herein by reference to the section of Exhibit 13.1 to this Form 10-K entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations".

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information for this section is incorporated herein by reference to the section of Exhibit 13.1 to this Form 10-K entitled "Quantitative and Qualitative Disclosures about Market Risk".

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Information for this section is incorporated herein by reference to the Section of Exhibit 13.1 to this Form 10-K beginning on Page 13.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10, 11, 12 & 13. TRUSTEES AND EXECUTIVE OFFICERS OF THE REGISTRANT, EXECUTIVE COMPENSATION, SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

For the information required by Item 10, Item 11, Item 12 and Item 13, you should refer to our definitive proxy statement relating to the 2001 Annual Meeting of our Shareholders to be filed with the Securities and Exchange Commission no later than 120 days after the end of the fiscal year covered by this Form 10-K.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) The following documents are filed as exhibits to this Form 10-K:

1. FINANCIAL STATEMENTS. Audited consolidated balance sheets as of December 31, 2000 and 1999, and the related consolidated statements of operations, of shareholders' equity, and of cash flows for each of the three years in the period ended December 31, 2000 are included in Exhibit 13.1 to this Form 10-K and are incorporated by reference.
2. FINANCIAL STATEMENT SCHEDULE. Audited Schedule III - Real Estate and Accumulated Depreciation is included in Exhibit 13.2 to this Form 10-K and is incorporated by reference.

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(b) We filed the following Current Reports on Form 8-K in the last quarter of the year ended December 31, 2000:

Item 7 and Item 9 dated October 25, 2000 that was filed in connection with our release of earnings on October 25, 2000. We also through this filing made available certain additional information pertaining to our properties and operations as of and for the period ended September 30, 2000.

(c) EXHIBITS. Refer to the Exhibit Index that follows.

Exhibit NO. - - - - -	DESCRIPTION - - - - -
2.1.1	Contribution Agreement between the Company and the Operating Partnership and certain Constellation affiliates (filed as Exhibit A of the Company's Schedule 14A Information on June 26, 1998 and incorporated herein by reference).
2.1.2	First Amendment to Contribution Agreement, dated July 16, 1998, between Constellation Properties, Inc. and certain entities controlled by Constellation Properties, Inc. (filed with the Company's Current Report on Form 8-K on October 13, 1998 and incorporated herein by reference).
2.1.3	Second Amendment to Contribution Agreement, dated September 28, 1998, between Constellation Properties, Inc. and certain entities controlled by Constellation Properties, Inc. (filed with the Company's Current Report on Form 8-K on October 13, 1998 and incorporated herein by reference).
2.2	Service Company Asset Contribution Agreement between the Company and the Operating Partnership and certain Constellation affiliates (filed as Exhibit B of the Company's Schedule 14A Information on June 26, 1998 and incorporated herein by reference).
2.3	Contribution Agreement, dated February 24, 1999, between the Operating Partnership and John Parsinen, John D. Parsinen, Jr., Enterprise Nautical, Inc. and Vernon Beck (filed with the Company's Quarterly

Report on Form 10-Q on May 14, 1999 and incorporated herein by reference).

- 2.4 Agreement to Sell Partnership Interests, dated August 12, 1999, between Gateway Shannon Development Corporation, Clay W. Hamlin, III and COPT Acquisitions, Inc. (filed with the Company's Quarterly Report on Form 10-Q on November 8, 1999 and incorporated herein by reference).
- 2.5 Agreement of Purchase and Sale, dated July 21, 1999, between First Industrial Financing Partnership, L.P. and COPT Acquisitions, Inc. (filed with the Company's Quarterly Report on Form 10-Q on November 8, 1999 and incorporated herein by reference).
- 2.6.1 Contract of Sale, dated August 9, 1999, between Jolly Acres Limited Partnership and the Operating Partnership (filed herewith).
- 2.6.2 Amendment to Contract of Sale, dated April 28, 2000, between Jolly Acres Limited Partnership and the Operating Partnership (filed herewith).
- 2.7 Contract of Sale, dated March 14, 2000, between Arbitrage Land Limited Partnership, Jolly Acres Limited Partnership and the Operating Partnership (filed herewith).

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Exhibit NO. -----	DESCRIPTION -----
3.1	Amended and Restated Declaration of Trust of Registrant (filed with the Registrant's Registration Statement on Form S-4 (Commission File No. 333-45649) and incorporated herein by reference).
3.2	Bylaws of Registrant (filed with the Registrant's Registration Statement on Form S-4 (Commission File No. 333-45649) and incorporated herein by reference).
4.1	Form of certificate for the Registrant's Common Shares of Beneficial Interest, \$0.01 par value per share (filed with the Registrant's Registration Statement on Form S-4 (Commission File No. 333-45649) and incorporated herein by reference).
4.2	Amended and Restated Registration Rights Agreement, dated March 16, 1998, for the benefit of certain shareholders of the Company (filed with the Company's Quarterly Report on Form 10-Q on August 12, 1998 and incorporated herein by reference).
4.3	Articles Supplementary of Corporate Office Properties Trust Series A Convertible Preferred Shares, dated September 28, 1998 (filed with the Company's Current Report on Form 8-K on October 13, 1998 and incorporated herein by reference).
4.4.1	Second Amended and Restated Limited Partnership Agreement of the Operating Partnership, dated December 7, 1999 (filed with the Company's Annual Report on Form 10-K on March 16, 2000 and incorporated herein by reference).
4.4.2	First Amendment to Second Amended and Restated Limited Partnership Agreement of the Operating Partnership, dated December 21, 1999 (filed with the Company's Annual Report on Form 10-K on March 16, 2000 and incorporated herein by reference).
4.4.3	Second Amendment to Second Amended and Restated Limited Partnership Agreement of the Operating Partnership, dated December 21, 1999 (filed with the Company's Post Effective Amendment No. 2 to Form S-3 dated November 1, 2000 (Registration Statement No. 333-71807) and incorporated herein by reference).
4.4.4	Third Amendment to Second Amended and Restated Limited Partnership Agreement of the Operating Partnership, dated September 29, 2000 (filed with the Company's Post Effective Amendment No. 2 to Form S-3 dated November 1, 2000 (Registration Statement No. 333-71807) and incorporated herein by reference).
4.5	Articles Supplementary of Corporate Office Properties Trust Series B Convertible Preferred Shares, dated July 2, 1999 (filed with the Company's Current Report on Form 8-K on July 7, 1999 and incorporated herein by reference).
4.6.1	Contribution Rights Agreement, dated June 23, 1999, between the Operating Partnership and United Properties Group, Incorporated (filed with the Company's Quarterly Report on Form 10-Q on August 13, 1999 and incorporated herein by reference).

- 4.6.2 Contribution Agreement, dated December 21, 1999, between United Properties Group, Incorporated and COPT Acquisitions, Inc. (filed with the Company's Annual Report on Form 10-K on March 16, 2000 and incorporated herein by reference).
- 4.7 Articles Supplementary of Corporate Office Properties Trust Series D Cumulative Convertible Redeemable Preferred Shares, dated January 25, 2001 (filed herewith).

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Exhibit NO. -----	DESCRIPTION -----
4.8	Registration Rights Agreement, dated January 25, 2001, for the benefit of Barony Trust Limited (filed herewith).
10.1	Employment Agreement, dated December 16, 1999, between Corporate Office Management, Inc., COPT and Clay W. Hamlin, III (filed with the Company's Annual Report on Form 10-K on March 16, 2000 and incorporated herein by reference).
10.2	Employment Agreement, dated December 16, 1999, between Corporate Office Management, Inc., COPT and Randall M. Griffin (filed with the Company's Annual Report on Form 10-K on March 16, 2000 and incorporated herein by reference).
10.3	Employment Agreement, dated December 16, 1999, between Corporate Office Management, Inc., COPT and Roger A. Waesche, Jr. (filed with the Company's Annual Report on Form 10-K on March 16, 2000 and incorporated herein by reference).
10.4	Employment Agreement, dated December 16, 1999, between Corporate Development Services, LLC, COPT and Dwight Taylor (filed with the Company's Annual Report on Form 10-K on March 16, 2000 and incorporated herein by reference).
10.5	Employment Agreement, dated December 16, 1999, between Corporate Realty Management, LLC, COPT and Michael D. Kaiser (filed with the Company's Annual Report on Form 10-K on March 16, 2000 and incorporated herein by reference).
10.6	Restricted Share Agreement, dated December 16, 1999, between Corporate Office Properties Trust and Randall M. Griffin (filed with the Company's Annual Report on Form 10-K on March 16, 2000 and incorporated herein by reference).
10.7	Restricted Share Agreement, dated December 16, 1999, between Corporate Office Properties Trust and Roger A. Waesche, Jr. (filed with the Company's Annual Report on Form 10-K on March 16, 2000 and incorporated herein by reference).
10.8	Restricted Share Agreement, dated December 16, 1999, between Corporate Office Properties Trust and Dwight Taylor (filed with the Company's Annual Report on Form 10-K on March 16, 2000 and incorporated herein by reference).
10.9	Restricted Share Agreement, dated December 16, 1999, between Corporate Office Properties Trust and Michael D. Kaiser (filed with the Company's Annual Report on Form 10-K on March 16, 2000 and incorporated herein by reference).
10.10.1	Corporate Office Properties Trust 1998 Long Term Incentive Plan (filed with the Registrant's Registration Statement on Form S-4 (Commission File No. 333-45649) and incorporated herein by reference).
10.10.2	Amendment No. 1 to Corporate Office Properties Trust 1998 Long Term Incentive Plan (filed with the Company's Quarterly Report on Form 10-Q on August 13, 1999 and incorporated herein by reference).
10.11	Stock Option Plan for Directors (filed with Royale Investments, Inc.'s Form 10-KSB for the year ended December 31, 1993 (Commission File No. 0-20047) and incorporated herein by reference).

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Exhibit NO. -----	DESCRIPTION -----
10.12	Senior Secured Credit Agreement, dated October 13, 1997, (filed with the Company's Current Report on Form 8-K on October 29, 1997, and

incorporated herein by reference).

- 10.13 Senior Secured Revolving Credit Agreement, dated May 28, 1998, between the Company, the Operating Partnership, Any Mortgaged Property Subsidiary and Bankers Trust Company (filed with the Company's Current Report on Form 8-K on June 10, 1998 and incorporated herein by reference).
- 10.14 Promissory Note, dated October 22, 1998, between Teachers Insurance and Annuity Association of America and the Operating Partnership (filed with the Company's Quarterly Report on Form 10-Q on November 13, 1998 and incorporated herein by reference).
- 10.15 Indemnity Deed of Trust, Assignment of Leases and Rents and Security Agreement, dated October 22, 1998, by affiliates of the Operating Partnership for the benefit of Teachers Insurance and Annuity Association of America (filed with the Company's Quarterly Report on Form 10-Q on November 13, 1998 and incorporated herein by reference).
- 10.16 Promissory Note, dated September 30, 1999, between Teachers Insurance and Annuity Association of America and the Operating Partnership (filed with the Company's Quarterly Report on Form 10-Q on November 8, 1999 and incorporated herein by reference).
- 10.17 Indemnity Deed of Trust, Assignment of Leases and Rents and Security Agreement, dated September 30, 1999, by affiliates of the Operating Partnership for the benefit of Teachers Insurance and Annuity Association of America (filed with the Company's Quarterly Report on Form 10-Q on November 8, 1999 and incorporated herein by reference).
- 10.18 Revolving Credit Agreement, dated December 29, 1999, between Corporate Office Properties, L.P. and Prudential Securities Credit Corp. (filed with the Company's Annual Report on Form 10-K on March 16, 2000 and incorporated herein by reference).
- 10.19 Letter Agreement for Interest Rate Swap Transaction, dated December 26, 2000, between Corporate Office Properties, L.P. and Deutsche Bank AG (filed herewith).
- 10.20 Lease Agreement between Blue Bell Investment Company, L.P. and Unisys Corporation dated March 12, 1997 with respect to lot A (filed with the Registrant's Registration Statement on Form S-4 (Commission File No. 333-45649) and incorporated herein by reference).
- 10.21 Lease Agreement between Blue Bell Investment Company, L.P. and Unisys Corporation, dated March 12, 1997, with respect to lot B (filed with the Registrant's Registration Statement on Form S-4 (Commission File No. 333-45649) and incorporated herein by reference).
- 10.22 Lease Agreement between Blue Bell Investment Company, L.P. and Unisys Corporation, dated March 12, 1997, with respect to lot C (filed with the Registrant's Registration Statement on Form S-4 (Commission File No. 333-45649) and incorporated herein by reference).
- 10.23 Project Consulting and Management Agreement, dated September 28, 1998, between Constellation Properties, Inc. and COMI (filed with the Company's Current Report on

Exhibit NO.	DESCRIPTION
- - - - -	- - - - -
	Form 8-K on October 13, 1998 and incorporated herein by reference).
10.24	Agreement for Services, dated September 28, 1998, between the Company and Corporate Office Management, Inc. (filed with the Company's Annual Report on Form 10-K on March 30, 1999 and incorporated herein by reference).
10.25.1	Lease Agreement, dated September 28, 1998, between St. Barnabas Limited Partnership and Constellation Properties, Inc. (filed with the Company's Annual Report on Form 10-K on March 30, 1999 and incorporated herein by reference).
10.25.2	Fourth Amendment to Agreement of Lease, dated June 12, 2000, between St. Barnabas, LLC and Constellation Real Estate, Inc. (filed herewith).
10.26.1	Lease Agreement, dated August 3, 1998, between Constellation Real Estate, Inc. and Constellation Properties, Inc. (filed with the Company's Annual Report on Form 10-K on March 30, 1999 and incorporated herein by reference).

- 10.26.2 First Amendment to Lease, dated December 30, 1998, between Three Centre Park, LLC and Constellation Properties, Inc. (filed with the Company's Annual Report on Form 10-K on March 30, 1999 and incorporated herein by reference).
- 10.27 Option agreement, dated March 1998, between Corporate Office Properties, L.P. and Blue Bell Land, L.P. (filed with the Company's Annual Report on Form 10-K on March 16, 2000 and incorporated herein by reference).
- 10.28 Option agreement, dated March 1998, between Corporate Office Properties, L.P. and Comcourt Land, L.P. (filed with the Company's Annual Report on Form 10-K on March 16, 2000 and incorporated herein by reference).
- 10.29 Option Agreement, dated September 28, 1998, between Jolly Acres Limited Partnership, Arbitrage Land Limited Partnership and the Operating Partnership (filed with the Company's Current Report on Form 8-K on October 13, 1998 and incorporated herein by reference).
- 13.1 Portions of the Annual Report of Corporate Office Properties Trust as of and for the year ended December 31, 2000 (filed herewith).
- 13.2 Schedule III - Real Estate and Accumulated Depreciation as of December 31, 2000 (filed herewith).
- 21.1 Subsidiaries of Registrant (filed herewith).
- 23.1 Consent of Independent Accountants (filed herewith).

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CORPORATE OFFICE PROPERTIES TRUST

Date: March 22, 2001 By: /s/ Randall M. Griffin

 Randall M. Griffin
 President and Chief Operating Officer

Date: March 22, 2001 By: /s/ Roger A. Waesche, Jr.

 Roger A. Waesche, Jr.
 Senior Vice President and Chief Financial Officer

Pursuant to the requirements of the Securities Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

<TABLE>
 <CAPTION>

SIGNATURES -----	TITLE -----	DATE -----
<S> /s/ Jay H. Shidler ----- (Jay H. Shidler)	<C> Chairman of the Board and Trustee	<C> MARCH 22, 2001
/s/ Clay W. Hamlin, III ----- (Clay W. Hamlin, III)	Chief Executive Officer and Trustee	MARCH 22, 2001
/s/ Randall M. Griffin ----- (Randall M. Griffin)	President and Chief Operating Officer	MARCH 22, 2001
/s/ Roger A. Waesche, Jr. ----- (Roger A. Waesche)	Senior Vice President and Chief Financial Officer	MARCH 22, 2001
/s/ Betsy Z. Cohen ----- (Betsy Z. Cohen)	Trustee	MARCH 22, 2001
/s/ Kenneth D. Wethe -----	Trustee	MARCH 22, 2001

(Kenneth D. Wethe)

/s/ Robert L. Denton	Trustee	MARCH 22, 2001
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(Robert L. Denton)

/s/ Kenneth S. Sweet, Jr.	Trustee	MARCH 22, 2001
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(Kenneth S. Sweet, Jr.)

/s/ Steven D. Kesler	Trustee	MARCH 22, 2001
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(Steven D. Kesler)

/s/ Edward A. Crooke	Trustee	MARCH 22, 2001
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(Edward A. Crooke)

</TABLE>

CONTRACT OF SALE

THIS CONTRACT OF SALE (this "Contract") is made and executed this 9th day of August, 1999, by and between JOLLY ACRES LIMITED PARTNERSHIP, a Maryland limited partnership ("Seller") and CORPORATE OFFICE PROPERTIES, L.P., a Delaware limited partnership ("Buyer").

RECITALS

Seller is the owner of various parcels of land to be referenced as "Lot 18RR," "Lot 19RR" and "Lot 20RR" in National Business Park, Annapolis Junction, Anne Arundel County, Maryland, as shown on the proposed subdivision plat (the "Plat") attached hereto and made a part hereof as EXHIBIT A (referred to individually by Lot numbers and collectively as the "Properties"). Seller intends to transfer fee simple title to the each of the Lots to separate single-member Maryland limited liability companies, to be formed by Seller and to be owned by Constellation Real Estate, Inc. ("CREI") or affiliates of CREI (collectively, the "Selling Parties" and each individually, a "Selling Party"). In phased closings, Seller will cause the Selling Parties to sell and Buyer will purchase the membership interests in each of the limited liability companies on the terms and conditions as set forth herein.

NOW THEREFORE, in consideration of the Recitals and other good and valuable consideration, the adequacy of which is hereby acknowledged, the parties hereto agree as follows:

1. SALE OF MEMBERSHIP INTERESTS. Seller hereby agrees to cause the Selling Parties to sell to Buyer the membership interests in each of the limited liability companies to be formed which will hold fee simple title to each of the Lots, upon the terms and subject to the conditions hereinafter set forth.
2. SUBDIVISION OF THE PROPERTIES. Seller, at Buyer's sole expense, has applied for and, together with Buyer shall, diligently prosecute the re-subdivision of the Properties (at no detriment to the remaining property owned by Seller in National Business Park) as shown on the Plat attached hereto and made a part hereof as EXHIBIT A. Seller shall obtain Buyer's approval prior to amending or modifying the Plat, which approval shall not be unreasonably withheld, delayed or conditioned in light of Buyer's development plans.
3. TRANSFER OF FEE SIMPLE TITLE BY SELLERS. Within fifteen (15) days after recordation of the Plat, Seller shall transfer fee simple title to Lot 18RR into a single-member Maryland limited liability company. Seller shall transfer fee simple title to Lots 19RR and 20RR into single-member Maryland limited liability companies within sixty (60) days' prior to the anticipated closing date. The names of the limited liability companies shall be as follows (provided that Buyer shall have the right to change the name(s) of the limited liability companies to hold title to Lots 19RR and 20RR prior to their formation, by written notice to Seller):

Property	Name of Limited Liability Company
Lot 18R	NBP 221, LLC
Lot 19R	NBP 211, LLC
Lot 20R	NBP 201, LLC

Buyer, at Buyer's expense, shall prepare the deeds transferring the Lots from Seller to the separate single member Maryland limited liability companies, the form of which shall be approved by Seller. Seller, at Seller's expense, shall form the limited liability companies. Seller and Buyer shall each pay one-half (1/2) of the recordation taxes, transfer taxes and related recording costs and expenses to record the deeds transferring the Lots into the limited liability companies. Seller and Buyer agree to use Anchor Title Insurance Company ("Title Company") for the purposes of recording the deeds.

4. CLOSINGS.

- A. Closing on the acquisition of the membership interests in NBP 221, LLC, the fee simple owner of Lot 18R, shall occur that date which is thirty (30) days after the recordation of the Plat (the "First Closing"). Notwithstanding anything herein to the contrary, provided that Seller has recorded of the Plat, the First Closing shall occur on or before December 31, 1999. If the date set forth above is not a business day, then the First Closing shall be postponed until the next following business day. Neither Buyer nor Seller shall take any action

to unreasonably delay recordation of the plat.

- B. Closing on the acquisition of (i) the membership interests in NBP 211, LLC, and (ii) the membership interests in NBP 201, LLC, shall occur on that dates which are sixty (60) days after application of the building permit for the improvements to be constructed on Lots 19RR and 20RR, respectively (the "Second Closing" and the "Third Closing" respectively). Notwithstanding anything herein to the contrary, the Second Closing shall occur no later than twenty-two (22) months after the First Closing and the Third Closing shall occur no later than forty-two (42) months after the First Closing. Notwithstanding anything herein to the contrary, if Buyer determines that it is unable or will be unable to obtain a building permit for the improvements to be constructed on the second and third Lots as a result of (i) a building moratorium, (ii) inadequate public facilities for sewer, water or transportation, or (iii) a change in the environmental condition of the subject Lot after the date of this Contract (which condition (a) was not present as of the date of this Contract (with the burden of proof on Buyer to establish that such environmental condition occurred after the date of this Contract), (b) was not caused by Buyer or any of Buyer's agents, invitees, or licensees, and (c) is not able to be cured by Seller,

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acting diligently, within sixty (60) days after date schedule for closing as set forth above (the "Permitting Impediment"), Buyer shall notify Seller in writing, of the nature of the Permitting Impediment, together with a letter from the applicable governmental authority which confirms such Permitting Impediment ("Buyer's Impediment Notice"). In such event, Seller, in Seller's sole discretion, may elect to either (i) terminate this Contract for the subject Lot, or (ii) extend the date of the Second Closing or the Third Closing, as applicable, for such period of time as is necessary to allow the Permitting Impediment to be resolved so that Buyer will be able to obtain a building permit for the subject Lot. Seller shall notify Buyer of its election within ten (10) days after receipt of Buyer's Impediment Notice and if Seller elects option (ii), Seller shall notify Buyer of the length of the extension granted to Buyer. Buyer specifically acknowledges and agrees that (i) the Second Closing and Third Closing are not conditioned on Buyer actually obtaining a building permit for the improvements to be constructed on the second and third Lots and (ii) a Permitting Impediment shall not include any circumstance within Buyer's control, including without limitation, Buyer's failure to submit a plan for permitting or Buyer's failure to modify its plan to accommodate the governmental authorities' requirements relating to Buyer's plans specifically.

- C. Notwithstanding anything herein to the contrary, provided that Buyer satisfies the time requirements outlined in subparagraphs (A) and (B) above, Buyer shall have the right to acquire the membership interests in NBP 221, LLC, NBP 211, LLC and NBP 201, LLC in any order which it desires.
- D. Buyer shall give Seller sixty (60) days advance written notice of its desired closing date(s) (the "Acquisition Notice") and the closing(s) shall occur in the Baltimore metropolitan area as agreed upon between Buyer and Seller.

5. PURCHASE PRICE AND DEPOSIT.

- A. The purchase price for the membership interests acquired in the First Closing shall be an amount equal to the product of \$22.50 multiplied by the greater of (i) the gross square feet of area contained in the building to be constructed on such Lot, as shown on the plans to be submitted to the governmental authorities to obtain the requisite building permits, or (ii) 120,000 square feet.
- B. If the Second Closing and/or the Third Closing occur on or before April 30, 2000, the purchase price for the respective membership interests shall be an amount equal to the product of \$22.50 multiplied by the greater of (i) the gross square feet of area contained in the building to be constructed on such Lot, as shown on the plans to be

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submitted to the governmental authorities to obtain the requisite building permits, or (ii) 120,000 square feet. Notwithstanding anything herein to the contrary, if both the Second Closing and Third Closing occur on or before April 30, 2000, if necessary, the purchase price at the Third Closing shall be reduced so that in no event shall Buyer have paid a total purchase price for the Properties, in an amount which is greater than the greater of (a) Eight Million One

Hundred Thousand Dollars (\$8,100,000.00) (which is determined by \$22.50 multiplied by 360), or (ii) an amount which is the amount of the total gross square feet of the buildings to be constructed on the Properties multiplied by \$22.50.

- C. If the Second Closing and/or the Third Closing occur after April 30, 2000, the purchase price for the respective membership interests shall be the fair market value of comparable office sites in the Columbia/Baltimore-Washington International Airport region which are required to contain the density of approximately 120,000 square feet of improvements and the related amenities (i.e., parking spaces); however, the purchase price shall not be less than the purchase price paid for the most recent membership interests acquired by Buyer pursuant to this Contract. Buyer shall give Seller its statement of the fair market value simultaneously with its Acquisition Notice as required pursuant to SECTION 4(D). Within ten (10) days after receipt of the Acquisition Notice, Seller shall notify Buyer in writing if it accepts or rejects Buyer's statement of fair market value. If Seller disagrees with Buyer's statement of fair market value, the parties shall meet within ten (10) days after the date Buyer receives Seller's notice of rejection to attempt to agree on the fair market value. If Seller and Buyer are unable to agree on the fair market value at such meeting, Seller and Buyer shall immediately engage Lipman, Frizzell & Mitchell (the "Appraiser") to determine the fair market value of the applicable Lot within ten (10) days after its engagement and the Appraiser's determination shall be binding on the parties. Seller and Buyer shall each pay one-half (1/2) of the costs of the Appraiser.
- D. Notwithstanding anything herein to the contrary, Seller shall grant Buyer a credit against the Purchase Price to be paid at the First Closing (the "Credit") in an amount equal to two-thirds (2/3) of the actual costs incurred by or to be incurred by Buyer to construct the private storm drain lines which will serve all three (3) Lots, provided that (i) the Credit shall not exceed Forty Thousand Dollars (\$40,000.00) and (ii) Buyer shall submit to Seller its budget, plans and computations of the actual costs incurred or to be incurred by Buyer as evidence for the Credit. The Purchase Price to be paid at the Second Closing and the Third Closing shall each be increased by one-half (1/2) of the amount of the Credit.

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- E. After the parties have agreed on the purchase price pursuant to the provisions of this Section, Seller and Buyer shall enter into an amendment to this Contract which confirms the purchase price of the applicable membership interests.
- F. At each of the Closings, Buyer shall pay Seller, in cash or by certified, cashier's, treasurer or title company check, or by wire transfer, the Purchase Price determined for each of the membership interests.

6. SEWER AND WATER PREPAID REIMBURSEMENTS. At Closing, in addition to the Purchase Price, Buyer shall reimburse Seller for all prepaid water and sewer connection fees associated with each Lot, in consideration of obtaining vouchers from Seller to deliver to the County as part of the building permit process sufficient for the proposed development.

7. SPECIAL TAXING DISTRICT. Buyer and Seller shall sign the disclosure regarding the National Business Park Special Taxing District attached hereto as EXHIBIT B and made a part hereof by this reference.

8. RESTRICTIVE COVENANTS. Buyer acknowledges and agrees that the Lots are or will be subject to any subsequent National Business Park Declaration of Covenants, Conditions and Restrictions and Architectural Guidelines. Prior to recordation of such restrictions, Buyer shall have an opportunity to review and approve such restrictions, such approval not to be unreasonably withheld, conditioned or delayed.

9. CONDITION OF LOTS AND TEMPORARY EASEMENT.

(A) Buyer agrees to accept the Lots in accordance with the mass grading plans prepared by John E. Harms & Associates, Inc., entitled "The National Business Park Lots 4RA, 5RR, 8R-10R & 16R-20R G.P. 02006648" dated August, 1998, as shown as Sheet 8 on such plan. Seller, at Seller's expense, shall compact the soil on the Lots to at least 95% of the maximum dry density as determined by ASTM D 1557.

(B) Where available, Seller shall make available additional fill material to assist Buyer in achieving its desired final grades for development. If Seller determines that excess fill material is available for Buyer's use as a result of Seller's grading for the improvement of Guilford Road at the right-in/right-out area near Route 32, Seller shall notify Buyer of such availability in which event, (i) Buyer, at Buyer's expense, shall have the right to supply the trucks

to transport the fill material and (ii) Seller, at Seller's expense, shall load the fill material on to the trucks. It is anticipated that approximately 5,000 to 7,000 yards of fill material will be taken in an efficient manner.

(C) Prior to the closings, Seller, at Seller's expense, shall maintain the sediment control

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system serving the Lots. After the closings, Buyer, at Buyer's expense, shall maintain the sediment control system serving the Lots.

(D) Seller, at Seller's expense, shall fully complete the construction and final paving of Phoenix Road on or before May 1, 2000 and shall extend the utility lines for the sanitary sewer and stormdrains to the boundary of the Properties on or before March 1, 2000.

(E) After the First Closing, Seller hereby grants Buyer a temporary easement over the two (2) Lots which Buyer has not yet purchased for the purposes of staging its construction materials, including, without limitation, a construction trailer, and for the construction and operation of a hauling road for construction materials. Buyer, at Buyer's expense, shall maintain and keep the staging areas and the hauling road in good condition and repair and shall remove any debris and unused construction materials if there is a period of time when Buyer is not in the process of constructing any improvements on the Lots previously acquired by Buyer. Buyer shall maintain the insurance policies described in SECTION 11 below in connection with any of the Lots on which Buyer exercises its easement rights. If Buyer or any of Buyer's agents, invitees or licensees causes, directly or indirectly, any adverse impact on the sediment control system serving the Lots or easement prior to the closings, including, but not limited to, any violations of laws, Buyer, at Buyer's sole cost and expense, shall be required to restore the sediment control system to its condition prior to the adverse impact and shall cure any such violations as promptly as possible.

10. PERMITTING PROCESS. Seller shall cooperate with Buyer during the permitting process, including, without limitation, obtaining the grading permit and building permit, and to such end, Seller agrees that if a permit application is filed prior to the acquisition by Buyer of a particular Lot, Seller shall execute the permit application in the name of the limited liability company. However, in no event whatsoever, shall Seller or any entity related to or affiliated with Seller be required to post any type of security or collateral for the development obligations relating to the permit applications.

11. RIGHT TO INSPECT. From and after execution of this Contract by both Buyer and Seller, Buyer and Buyer's consultants shall have the right to enter upon the Properties and each parcel comprising same and conduct, at Buyer's sole expense, any engineering tests, development and land use studies, environmental analysis, soil tests, topographical and other surveys, wetlands and flood plain delineations, and other surveys, tests and studies (collectively, "Site Investigations") as Buyer deems necessary. Buyer shall give Seller at least five (5) day's notice of its desire to enter the Properties to inspect and Buyer shall coordinate the scheduling of such inspection with Seller, taking into account any work Seller may be performing on the Properties. All lands, trees, shrubs, grass and field areas shall be restored as closely as possible to their pre-test conditions. Buyer and its consultants shall enter and test the Properties at their own risk; and Buyer and/or its consultants shall carry adequate commercial general liability insurance of not less than \$1,000,000 combined single

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limit naming Seller as an additional insured. Buyer and/or its consultants shall provide Seller with a certificate evidencing such insurance promptly upon execution of this Contract and at such times as such coverage is renewed. Further, Buyer shall indemnify and save Seller harmless from any and all suits, claims of injuries and judgments, and reasonable attorney's fees, in any way arising out or such entry and testing of the Properties, which indemnification and obligation to hold the Seller harmless shall survive any termination of this Contract.

12. TITLE TO THE LOTS. At each of the Closings, title to the Lot owned by the limited liability company which is being sold shall be good and marketable, free of all liens, encumbrances, encroachments and easements other than the Permitted Encumbrances (as hereinafter defined) and the liens and encumbrances set forth below which are acceptable to Buyer and shall not constitute and impediment to good and marketable fee simple title and possession of the portions of Property then being transferred shall be given to Buyer free of all tenancies or other rights of use or occupancy:

(i) easements and rights of way to Anne Arundel County or public utility companies existing as of Closing, including but not limited to, the pumping station access road;

(ii) easements and rights of way shown on the original subdivision plat or the resubdivision plat of the Lot;

(iii) easements and rights of way which as of the date of this Contract may be observed by an inspection of the Lot.

(iv) the Declaration of Covenants, Conditions and Restrictions for National Business Park which shall be recorded among the Land Records of Anne Arundel County, Maryland prior to Closing (the "Declaration");

(v) use or benefit charges assessed for public or private water and sewer facilities and taxes not delinquent;

(vi) zoning and building restrictions and other laws, ordinances and regulations of governmental bodies having jurisdiction over the Lot; and

(vii) obligations undertaken by Seller in connection with the approval of the resubdivision plat of the Lot, including public works agreements, utility agreements, inspection agreements and other agreements and commitments related to such resubdivision.

Within sixty (60) days prior to the anticipated closing, Buyer, at Buyer's expense, shall have the title to the portion of the Properties which is the subject of the closing examined by a reputable

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title insurance company and have such title insurance company issue a title insurance commitment (the "Title Commitment") to assure Buyer that, as of the examination date, title to the particular portion of the Properties is good and marketable and insurable at ordinary prevailing title insurance rates and that any exceptions to title contained in the Title Commitment are acceptable to Buyer. On or before that date which is thirty (30) days prior to the anticipated closing, Buyer shall provide to Seller a copy of the Title Commitment and either advise Seller in writing that all exceptions to title contained in the Title Commitment are acceptable to Buyer or advise Seller in writing of those exceptions to title contained in the Title Commitment that are unacceptable to Buyer; provided, however, that Buyer shall be required to accept all Permitted Encumbrances. Failure of Buyer to examine title or to advise Seller of the acceptability of title within the time periods required hereunder shall be deemed an acceptance of all title matters. Within fifteen (15) days after receipt of a notice from Buyer advising Seller that certain title exceptions are unacceptable to Buyer, Seller shall notify Buyer whether Seller will cure any of the unacceptable title exceptions. Failure of Seller to provide notice within such time period shall be deemed an election by Seller not to cure the unacceptable title exceptions. If Buyer has timely notified Seller of unacceptable title matters then, unless Seller has timely elected to cure such title exceptions as provided hereunder, Buyer, by written notice to Seller, may, within fifteen (15) days after expiration of the time period for Seller to elect to cure, either waive such unacceptable title exceptions (in which case such exceptions shall be deemed acceptable to Buyer) or terminate this Contract as to those portions of the Property. Failure of Buyer to notify Seller in such fifteen (15) days period shall be deemed an election by Buyer to waive the unacceptable title exceptions. If Seller notifies Buyer that Seller will cure any unacceptable title exception, then Seller shall be obligated to promptly and, in all events, prior to the applicable Closing, proceed to cure such title exception in such manner that the defect or objection to the title will not appear in the Buyer's title insurance policy. All exceptions to title accepted by Buyer or deemed to be accepted by Buyer under the provisions of this paragraph shall also constitute "Permitted Encumbrances." Notwithstanding the foregoing, from and after the date hereof, except as otherwise permitted hereunder, Seller shall not change or permit to be changed title to the Property or any portion thereof in a manner which would materially prevent or interfere with the development of the separate parcels comprising the Properties. Nothing herein shall preclude Seller from placing liens on the Properties in connection with financings or refinancings, it being understood that it is the obligation of Seller to remove such liens with respect to Properties being purchased by Buyer hereunder at the time of the applicable Closing.

13. CLOSING ADJUSTMENTS. All costs, including taxes, insurance and any and all costs relating to the ownership of the Lots and each portion of same shall be borne by Seller until time of any Closing hereunder. All taxes, general or special, and all other public, governmental or other assessments against each parcel comprising the Properties payable on an annual basis are to be adjusted and apportioned as of the date of Closing as to each Lot then being transferred and are to be assumed and paid after Closing by Buyer. The costs of all recordation taxes and transfer taxes shall be split and paid equally by Buyer and Seller. All other closing costs incurred by Buyer,

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including, without limitation, recording charges, document preparation

charges, notary fees and title insurance premiums shall be paid by Buyer. Seller and Buyer shall each pay their respective legal costs.

14. CLOSING DOCUMENTS. At each Closing hereunder, Seller shall execute and deliver to Buyer the following:

- (A) An Assignment of Limited Liability Company Interests in a form acceptable to Seller and Buyer;
- (B) A Certificate of Good Standing for the limited liability company of which Buyer is acquiring the membership interests;
- (C) Certified Copies of the Articles of Organization and Operating Agreement for the limited liability company in which Buyer is acquiring the membership interests;
- (D) an affidavit, in form sufficient to satisfy all Internal Revenue Service requirements, stating that Seller is not a "foreign person" (as defined by the Foreign Investment in Real Property Tax Act and the regulations promulgated thereunder) so that Buyer is not legally required to withhold any portion of the Purchase Price then being paid at any Closing hereunder; and
- (E) any other documents as reasonably requested by Buyer, which are necessary to effect the transactions set forth herein in accordance with the terms set forth herein.

15. RISK OF LOSS. Each of the Lots are to be held at the risk of the Seller until legal title has passed.

16. SELLER'S WARRANTIES AND REPRESENTATIONS. Seller warrants, represents and covenants to Buyer the following items which are true in all material respects and shall be deemed to have been restated at the time of each Closing hereunder, to the extent applicable:

(a) As of the date hereof Seller is the sole owner of fee simple title to the Lots, and will not have entered into any contract of sale, option agreement, right of first refusal or other agreement for the sale of any part of the Properties. As of the date of each Closing, the limited liability companies formed by Seller will be the sole owners of fee simple title to the Lots and such limited liability companies will not have entered into any contract of sale, option agreement, right of first refusal or other agreement for the sale of any part of the Properties.

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(b) Seller has full power and authority to execute, deliver and perform this Contract in accordance with its terms.

(c) To Seller's knowledge, as of the date of this Contract, the Property is zoned to permit its use for office and warehouse purposes and Seller shall not join in or consent to any change in the zoning of the Properties which would prohibit its use for office and warehouse purposes.

(d) To the best of Seller's actual knowledge, there are no underground storage tanks on the Properties.

(e) To the best of Seller's actual knowledge, Seller has not used, generated, stored or disposed, and from and after the date of this Contract, except to the extent consistent with current real estate industry practices for such type of property, consistent with use of the Properties for office and warehouse purposes, and permitted under governmental regulations, will not use, generate, store or dispose, on, under or about the Properties any hazardous waste, toxic substance or related materials or any friable asbestos or substance containing asbestos.

The foregoing warranties shall terminate as to a specific Lot twelve (12) months after the Closing on such Lot.

17. PERMITTED USE OF THE PROPERTIES. Buyer covenants and agrees that it will initially construct upon and put into use upon the Properties, in accordance with the terms hereof, (i) a minimum of 120,000 gross square feet of mid-rise office product on Lot 18RR and (ii) a minimum of 360,000 gross square feet of mid-rise office product in total on Lots 18RR, 19RR and 20RR (collectively, "Permitted Use"), subject to the restrictions contained in the Declaration.

18. COOPERATION WITH SELLER IN CONTINUING DEVELOPMENT OF NATIONAL BUSINESS PARK PROJECT. Buyer acknowledges that the Properties are a part of the larger National Business Park Project (the "Project") being developed by Seller concurrently with the Properties and that in order for Seller to obtain the necessary zoning for the Project, Seller made certain agreements and commitments with Anne Arundel County relating to the ongoing development and overall control of the Project. Buyer, accordingly, covenants and agrees with Seller that (i) it shall not knowingly violate the terms of the variances granted to Seller for the

Project, (ii) it shall cooperate with Seller as to its agreements and commitments with Anne Arundel County as the same shall pertain to the Properties only, and (iii) it shall cooperate with Seller's development efforts on land within the Project but outside the Properties, including the execution of any documents, plats agreements, easements, rights of way and other actions reasonably necessary or required by Seller or Anne Arundel County in connection with the subsequent development of the National Business Park, provided that Buyer shall not be obligated to expend its own funds in implementing this provision. Seller shall bear all expenses of

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such documentation or other actions required incidental to such development and shall hold Buyer harmless from all expenses, claims and liability associated with Buyer's cooperation efforts described herein.

Buyer also covenants to allow Seller a right of entry onto the Properties at all reasonable times for activities associated with the above described development efforts, provided that Seller provides Buyer with prior notice of Seller's intent to enter upon the Properties and Seller shall not unreasonably interfere with Buyer's development activities on the Properties. In connection with such entry, Seller agrees that it shall be responsible for any damages to the Properties resulting from such operations and shall indemnify and hold Buyer harmless from all claims of any type arising out of Seller's entry onto the Properties for the purposes set forth herein.

19. USE, DEVELOPMENT AND CONSTRUCTION ON THE PROPERTIES. Buyer agrees to use and develop the Properties in accordance with the provisions set forth in this Contract and in conformity with:

(i) the Declaration;

(ii) the sediment control plans, the resubdivision plat and those roads, utilities, grading, storm water management and other related plans and documentation approved by Anne Arundel County in conjunction with the development of the Properties; and

(iii) any design guidelines adopted for The National Business Park pursuant to the Declaration.

In conjunction with development and construction on the Properties of the Permitted Use, Buyer agrees to abide in good faith with the following provisions:

(i) Once construction has been commenced on a structure or other improvement same shall be completed as soon as reasonably practicable;

(ii) During construction, Buyer shall cause the Properties to be kept reasonably clean and free of trash and building debris and, promptly after completion of a structure or other improvement, all trash and debris shall be removed. No dirt, trash or debris shall be dumped, discarded or left on any land owned by Seller, (subject to the temporary easement rights granted to Buyer pursuant to the provisions of SECTION 9(E) of this Contract) or any other person within the Project; and

(iii) Buyer shall cause its agents and subcontractors and others to use reasonable care not to cause damage to, and not to deposit mud, dirt or debris on roads, curbing, gutters, sidewalks, roadbeds and unpaved rights of way.

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Buyer shall be liable to Seller for all damage resulting from construction operations performed by Buyer or its agents and other than as provided herein shall promptly cause any such damage to be repaired at Buyer's cost and expense forthwith. If following notice by Seller to Buyer of such damages, Buyer fails within five (5) days to repair such damage, Seller may repair and/or correct such damages and charge Buyer for the actual cost of same plus fifteen percent (15%). Buyer agrees to pay such costs immediately upon receipt of an invoice for same. In the event Buyer's construction activities shall have been determined by Seller to have resulted in damage to any item in or portion of a public right-of-way or facility covered by a public works or utility agreement entered into by that party, said damage may be repaired by Seller and on completion shall be billed at cost plus fifteen percent (15%) to Buyer who shall immediately pay over to Seller said sum.

In order to effectuate the above, Buyer agrees that Seller and its agents and employees shall have the right from time to time to enter upon the Properties without hindrance and to make such inspections as shall be deemed appropriate to determine if Buyer is complying with the terms of this Contract in general and in specific with those plats, plans, covenants and guidelines listed above.

20. MISCELLANEOUS.

(a) Seller and Buyer warrant that, in connection with this Contract, they have dealt with no broker, agent or other party who may be entitled to a commission or finder's fee, and each party agrees to indemnify the other from any claims or damages, including reasonable attorneys' fees, that the other may incur as a result of the violation of this warranty, which warranty and indemnification shall survive settlement and any termination of this Contract.

(b) Any written notices required under the terms of this Contract shall be sent by Federal Express Delivery or other national overnight delivery service and addressed as follows:

To Buyer: Corporate Office Properties, L.P.
8815 Centre Park Drive, Suite 400
Columbia, Maryland 21045
Attn: Dwight S. Taylor

with copies to: Corporate Office Properties Trust
8815 Centre Park Drive, Suite 400
Columbia, Maryland 21045
Attn: Karen M. Singer, Esquire

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To Seller: Jolly Acres Limited Partnership
c/o Constellation Real Estate, Inc.
8815 Centre Park Drive - Suite 104
Columbia, MD 21045
Attn: Steven S. Koren

with copies to: Constellation Power, Inc.
111 Market Place, Suite 200
Baltimore, Maryland 21202
Attn: Dan R. Skowronski, Esquire

Piper & Marbury, LLP
36 South Charles Street
Baltimore, Maryland 21201
Attn: Stephen L. Owen, Esquire

Any party hereto may change its notice address by giving notice of such change in accordance with this paragraph. Notice shall be deemed to have occurred upon actual delivery.

(c) Time shall be the essence of this Contract.

(d) This Contract contains the final and entire agreement between the parties thereto, and neither party shall be bound by any terms, condition, statement or representation not herein contained. The Contract may not be modified or changed orally, but only by agreement in writing, signed by the party against whom enforcement of any such change is sought.

(e) The Contract shall be governed by the laws of the State of Maryland. The titles of the paragraphs are inserted as a matter of convenience and for reference and in no way define, limit or describe the scope of this Contract or the intent of any provision hereof.

(f) If Buyer fails to purchase the Properties as contemplated herein (other than as a result of a default by Seller under this Contract), Seller may avail itself of any and all rights and remedies at law or in equity, including, but not limited to, the right to (i) cancel this Contract, and (ii) enforce specific performance of this Agreement. Buyer specifically acknowledges and agrees that Seller's right to enforce specific performance of Buyer's obligations under this Contract constitutes a fundamental condition and material inducement to Seller's entering into this Contract. The exercise of any one of Seller's rights or remedies under this Contract shall not be deemed to be in lieu of, or a waiver of, any other right or remedy available to Seller.

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(g) If Seller fails to sell the Properties as contemplated herein (other than as a result of a default by Buyer under this Contract), Buyer may avail itself of any and all rights and remedies at law or in equity, including, but not limited to, the right to (i) cancel this Contract, and (ii) enforce specific performance of this Contract. The exercise of any one of Buyer's rights or remedies under this Contract shall not be deemed to be in lieu of, or a waiver of, any other right or remedy available to Buyer.

(h) No requirement, obligation, remedy or provision of this Contract shall be deemed to have been waived, unless so waived expressly in writing or waived pursuant to other provisions of this Contract and any waiver of any

breach of nonperformance of a continuing obligation on one occasion shall not be considered a waiver of any right to enforce such provision thereafter.

(i) The obligations of Buyer set forth in this Contract that survive the Closings hereunder are intended to run with the land and Buyer agrees to execute in recordable form at the Closings, any and all agreements prepared by Seller, which Seller, acting in a reasonable manner, may wish to record in the Land Records of Anne Arundel County in connection therewith.

21. SUCCESSORS AND ASSIGNS. This Contract shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Buyer shall have the right to assign this Contract in whole or in part without the consent of Seller (i) to any entity controlled by, controlling, or under common control with Buyer or Corporate Office Properties Trust (where control shall mean owning directly or indirectly fifty percent (50%) or more of the voting stock or voting interest of such entity), or (ii) to any purchaser or transferee, or any entity controlled by, controlling, or under common control with any purchaser or transferee, of all or a portion of Buyer's real property within National Business Park. Buyer shall not have any other right to assign this Contract in whole or in part without the prior written consent of Seller, which consent shall not be unreasonably withheld or delayed.

22. COPT GUARANTY. As a material inducement to the Seller to enter into this Contract and without which the Seller would not enter into this Contract or close hereunder, Corporate Office Properties Trust, a Maryland real estate investment trust (the "Guarantor") does hereby unconditionally and continually guarantee the full and timely payment and performance of all obligations of the Buyer under this Contract. In the event of a default or failure on the part of the Buyer to pay or perform an obligation hereunder, the Seller may look to the Guarantor for payment and performance of all obligations of the Buyer, including, without limitation, Buyer's obligation to specifically perform its obligations under the Contract, and for the recovery of any loss or damage resulting from such default or failure without the necessity of prior exhaustion of remedies against the Buyer. The Guarantor acknowledges that it is a partner of the Buyer and will thereby receive a direct and material benefit as a result of Buyer's entering into this Contract. Accordingly, the

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Guarantor acknowledges and agrees that the Buyer entering into this Contract with the Seller is adequate consideration to the Guarantor to give this payment and performance guaranty.

IN WITNESS WHEREOF, each of the parties hereto has executed or caused this Contract to be executed by its duly authorized representative on the day and year first above written.

WITNESS: JOLLY ACRES LIMITED PARTNERSHIP
By: CONSTELLATION REAL ESTATE, INC.,
General Partner

/s/ Steven D. Kesler By: /s/ Steven S. Koren

Name: Steven S. Koren
Title: Managing Director

WITNESS: CORPORATE OFFICE PROPERTIES, L.P.
By: Corporate Office Properties Trust,
General Partner

/s/ Karen M. Singer By: /s/ Roger A. Waesche, Jr.

Roger A. Waesche, Jr.
Senior Vice President

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STATE OF MARYLAND COUNTY OF HOWARD TO WIT:

I HEREBY CERTIFY, that on this 9th day of September, 1999, before me, undersigned Notary Public of said State, personally appeared Steven S. Koren, who acknowledged himself to be the Managing Director of Constellation Real Estate, Inc., a Maryland corporation and General Partner of Jolly Acres Limited Partnership, known to me or satisfactorily proven to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same for the purposes therein contained as the duly authorized Managing Director of said corporation by signing the name of the corporation himself as Managing Director.

IN WITNESS WHEREOF, I have set my hand and Notarial Seal, the day and year first above written.

[ILLEGIBLE]

Notary Public

My commission expires: September 1, 2000

STATE OF MARYLAND COUNTY OF HOWARD TO WIT:

I HEREBY CERTIFY, that on this 3rd day of September, 1999, before me undersigned Notary Public of said State, personally appeared ROGER A. WAESCHE, JR., known to me or satisfactorily proven to be the person whose name is subscribed to the within instrument, and acknowledged himself to the Senior Vice President of Corporate Office Properties Trust, the general partner of Corporate Office Properties L.P., a Delaware limited partnership and acknowledged that he executed the same for the purposes therein contained as the duly authorized Senior Vice President of said trust by signing the name of the trust by himself as Senior Vice President.

IN WITNESS WHEREOF, I have set my hand and Notarial Seal, the day and year first above written.

[ILLEGIBLE]

Notary Public

My commission expires: February 2, 2002

JOINDER BY CORPORATE OFFICE PROPERTIES TRUST

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Corporate Office Properties Trust is executing this Contract to evidence its obligations under Section 22 of this Contract.

WITNESS: CORPORATE OFFICE PROPERTIES TRUST,

/s/ Karen M. Singer By: /s/ Roger A. Waesche, Jr.

Roger A. Waesche, Jr.
Senior Vice President

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STATE OF MARYLAND COUNTY OF BALTIMORE TO WIT:

I HEREBY CERTIFY, that on this 15th day of September, 1999, before me undersigned Notary Public of said State, personally appeared ROGER A. WAESCHE, JR., known to me or satisfactorily proven to be the person whose name is subscribed to the within instrument, and acknowledged himself to the Senior Vice President of Corporate Office Properties Trust, a Maryland real estate investment trust and acknowledged that he executed the same for the purposes therein contained as the duly authorized Senior Vice President of said trust by signing the name of the corporation himself as the Senior Vice President.

IN WITNESS WHEREOF, I have set my hand and Notarial Seal, the day and year first above written.

Zarae Pitts

Notary Public

My commission expires: November 25, 2002

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EXHIBIT A
SUBDIVISION PLAT OF LOTS 18RR, 19RR AND 20RR

AMENDMENT TO CONTRACT OF SALE

THIS AMENDMENT TO CONTRACT OF SALE (this "AMENDMENT") is made and executed this 28th day of April, 2000, by and between JOLLY ACRES LIMITED PARTNERSHIP, a Maryland limited partnership ("SELLER") and CORPORATE OFFICE PROPERTIES, L.P., a Delaware limited partnership ("BUYER").

WHEREAS, Seller and Buyer entered into a Contract of Sale on August 9, 1999 with respect to Lots 18RR, 19RR and 20RR in National Business Park, Annapolis Junction, Anne Arundel County, Maryland (the "ORIGINAL CONTRACT"); and

WHEREAS, Seller and Buyer desire to amend certain terms set forth in the Original Contract in this Amendment.

NOW, THEREFORE, in consideration of the foregoing, the parties hereto, intending legally to be bound, hereby agree that the Original Contract shall be amended as follows:

1. The second sentence in Section 3 of the Original Contract is hereby deleted in its entirety and is hereby replaced with the following:

"Seller shall transfer fee simple title to Lots 19RR and 20RR into single member Maryland limited liability companies within thirty (30) days prior to the Final Closing (as hereinafter defined)."

2. Section 4.B of the Original Contract is hereby deleted in its entirety and is hereby replaced with the following:

"Closing on the acquisition of the membership interests in NBP 211, LLC and NBP 201, LLC shall occur on the same date on or before July 28, 2000 (the "Final Closing")."

3. Section 4.C of the Original Contract is hereby deleted in its entirety and is hereby replaced with the following:

"Intentionally Omitted."

4. Section 4.D of the Original Contract is hereby deleted in its entirety and is hereby replaced with the following:

"Buyer shall give Seller reasonable advance written notice of the Final Closing and such closing shall occur in the Baltimore metropolitan area as agreed upon between Buyer and Seller."

5. Section 5.B of the Original Contract is hereby deleted in its entirety and is hereby replaced with the following:

"The purchase price for the respective membership interests in NBP 211, LLC and NBP 201, LLC shall be an amount equal to the product of \$22.50 multiplied by the greater of (i) the gross square feet of area contained in the building to be constructed on such Lot, as shown on the plans to be submitted to the governmental authorities to obtain the requisite building permits, or (ii) 120,000 square feet. Notwithstanding anything herein to the contrary, in no event shall Buyer pay a total purchase price for the Properties of an amount which is greater than the greater of (a) Eight Million One Hundred Thousand Dollars (\$8,100,000.00) (which is determined by \$22.50 multiplied by 360), or (b) \$22.50 multiplied by the total gross square feet of the buildings to be constructed on the Properties. [SELLER ACKNOWLEDGES THAT BUYER MAY INCREASE THE SQUARE FEET OF THE BUILDINGS TO BE CONSTRUCTED ON LOTS 19RR AND 20RR WHICH WILL REQUIRE BUYER TO HAVE STRUCTURED PARKING ON SUCH LOTS THEREBY INCREASING THE TOTAL BUILDING COSTS. SELLER IS WILLING TO ENTER INTO DISCUSSIONS WITH BUYER WITH RESPECT TO PROVIDING A SUBSIDY TO BUYER ON THE PURCHASE PRICE FOR SQUARE FEET IN EXCESS OF 360,000 FOR THE PROPERTIES IN THE EVENT THAT BUYER PLANS TO CONSTRUCT STRUCTURED PARKING.]

6. Section 5.C of the Original Contract is hereby deleted in its entirety and is hereby replaced with the following:

"Intentionally Omitted."

7. Section 5.D of the Original Contract is hereby deleted in its entirety and is hereby replaced with the following:

"The Purchase Price to be paid at the Final Closing shall be increased by Forty Thousand Dollars (\$40,000) to offset the credit provided by Seller to Buyer at the First Closing with respect to the construction of private storm drain lines."

8. Section 5.E of the Original Contract is hereby deleted in its entirety and is hereby replaced with the following:

"Intentionally Omitted."

9. Section 5.F of the Original Contract is hereby deleted in its entirety and is hereby replaced with the following:

"On the date hereof, Buyer shall pay Seller (as an advance payment of the Purchase Price for the membership interests in NBP 211, LLC and NBP 201, LLC, as adjusted at the Final Closing and exclusive of prorations and the reimbursements set forth in Section 6) Five Million Four Hundred Thousand Dollars (\$5,400,000) (which amount may not represent the entire Purchase Price) via wire transfer to the bank account designated by Seller. The advance payment described above shall be nonrefundable and any interest earned thereon from the date

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hereof to the Final Closing shall be for the account of Seller. The remainder of the Purchase Price for the membership interests in NBP 211, LLC and NBP 201, LLC, if any, and the prorations, adjustments and reimbursements set forth in this Contract shall be paid via wire transfer at the Final Closing."

10. Section 12 of the Original Contract is hereby amended by deleting the entire second paragraph thereof and by deleting the first sentence of Section 12 and replacing it with the following:

"At the Final Closing, title to the Lots owned by NBP 211, LLC and NBP 201, LLC shall be good and marketable, free of all liens, encumbrances, encroachments and easements other than the liens and encumbrances set forth below in clauses (i) through (vii) which are heretofore acceptable to Buyer and shall not constitute an impediment to good and marketable fee simple title ("Permitted Encumbrances") and possession of the portions of the Property then being transferred shall be given to Buyer free of all tenancies or other rights of use or occupancy:"

11. Section 20(b) of the Original Contract is hereby amended by deleting the notice name and address information for Piper & Marbury, LLP and replacing it with the following:

"Piper Marbury Rudnick & Wolfe LLP
6225 Smith Avenue
Baltimore, Maryland 21209-3600
Attn: Stephen L. Owen, Esquire"

12. Any term used in this Amendment which has initial capital letters and which is not defined herein shall have the meaning attributed to it in the Original Contract.

13. Except as otherwise provided herein, the Original Contract shall remain unchanged and in full force and effect and the parties hereto hereby confirm and agree to be bound by all the terms and provisions of the Original Contract as amended hereby.

14. In the event that the Final Closing does not occur as provided in Section 2 hereof (other than as a result of a default by Seller under the Original Contract or this Amendment), at Seller's election, this Amendment shall become null and void and of no further force and effect and all of the terms and conditions set forth in the Original Contract shall constitute the entire agreement of Seller and Buyer with respect to the sale of Lots 19RR and 20RR.

15. This Amendment may be executed in several counterparts, and all so executed shall constitute one amendment, binding on all of the parties hereto, notwithstanding that all of the parties are not signatory to the original or to the same counterpart.

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IN WITNESS WHEREOF, each of the parties hereto has executed or caused this Amendment to Contract of Sale to be executed by its duly authorized representative on the day and year first above written.

WITNESS: CORPORATE OFFICE PROPERTIES, L.P.

By: Corporate Office Properties Trust,
General Partner

/s/ [ILLEGIBLE]

By: /s/ Roger A. Waesche, Jr.

Roger A. Waesche, Jr.
Senior Vice President

JOLLY ACRES LIMITED PARTNERSHIP

By: Constellation Real Estate, Inc.,
General Partner

/s/ [ILLEGIBLE]

By: /s/ Steven S. Koren

Steven S. Koren,
Managing Director

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Corporate Office Properties Trust is executing this Amendment to evidence its obligations under Section 22 of the Original Contract, as such obligations have been amended pursuant to the terms of this Amendment.

WITNESS:

CORPORATE OFFICE PROPERTIES TRUST

/s/ [ILLEGIBLE]

By: /s/ Roger A. Waesche, Jr.

Roger A. Waesche, Jr.
Senior Vice President

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CONTRACT OF SALE

THIS CONTRACT OF SALE (this "Contract") is made and executed this 14 day of March, 2000, by and between ARBITRAGE LAND LIMITED PARTNERSHIP, a Maryland limited partnership and JOLLY ACRES LIMITED PARTNERSHIP, a Maryland limited partnership (collectively, "Seller") and CORPORATE OFFICE PROPERTIES, L.P., a Delaware limited partnership ("Buyer").

RECITALS

Seller is the owner of "Lot 5RR-RR" (the "Lot") in National Business Park, Annapolis Junction, Anne Arundel County, Maryland (the "Project"), as shown on the subdivision plat entitled "Phase Three, The National Business Park" which is recorded among the Land Records of Anne Arundel County, Maryland as Plat Book 221, Page 24 and 25, Plat Nos. 11600 and 11601 (the "Plat") attached hereto and made a part hereof as EXHIBIT A. Seller intends to transfer fee simple title to the Lot to a single-member Maryland limited liability company, to be formed by Seller and to be owned by Constellation Real Estate, Inc. ("CREI") or affiliates of CREI (collectively, the "Selling Parties" and each individually, a "Selling Party"). Seller will cause the Selling Parties to sell and Buyer will purchase the membership interests in the limited liability company on the terms and conditions as set forth herein.

NOW THEREFORE, in consideration of the Recitals and other good and valuable consideration, the adequacy of which is hereby acknowledged, the parties hereto agree as follows:

1. SALE OF MEMBERSHIP INTERESTS. Seller hereby agrees to cause the Selling Parties to sell to Buyer the membership interests in the limited liability company to be formed which will hold fee simple title to the Lot, upon the terms and subject to the conditions hereinafter set forth.

2. TRANSFER OF FEE SIMPLE TITLE BY SELLER. Prior to Closing, Seller shall transfer fee simple title to the Lot into a single-member Maryland limited liability company, NBP Retail, LLC or such other name to be designated by Buyer. Buyer, at Buyer's expense, shall prepare the deed transferring the Lot from Seller to the single-member Maryland limited liability company, the form of which shall be approved by Seller. Seller, at Seller's expense, shall form the limited liability company. Seller and Buyer shall each pay one-half (1/2) of the recordation taxes, transfer taxes and related recording costs and expenses to record the deed transferring the Lot into the limited liability company. Seller and Buyer agree to use Anchor Title Insurance Company ("Title Company") for the purposes of recording the deeds.

3. CLOSING. Closing on the acquisition of the membership interests in NBP Retail, LLC, the fee simple owner of Lot 5RR-RR, shall occur that date which is the earlier of (i) June 30, 2000 or (ii) that date which is thirty (30) days after Buyer obtains the requisite building permits for its Permitted Use (as defined herein) of the Lot (the "Closing"). If the date set forth above is not a business day, then the Closing shall be postponed until the next following business day.

4. PURCHASE PRICE. The purchase price for the membership interests acquired in the Closing shall be Three Hundred Twenty Thousand Dollars (\$320,000.00), provided, however, that if the aggregate improvements on the Lot exceed 10,000 square feet, such amount shall be increased by Thirty-Two Dollars (\$32.00) per square foot for each square foot by which the aggregate improvements exceed 10,000 square feet. At the Closing, Buyer shall pay Seller, in cash or by certified, cashier's, treasurer or title company check, or by wire transfer, the Purchase Price.

5. SEWER AND WATER PREPAID REIMBURSEMENTS. At Closing, in addition to the Purchase Price, Buyer shall reimburse Seller for all prepaid water and sewer connection fees associated with the Lot, in consideration of obtaining vouchers from Seller to deliver to the County as part of the building permit process sufficient for the proposed development.

6. SPECIAL TAXING DISTRICT. Buyer and Seller shall sign the disclosure regarding the National Business Park Special Taxing District attached hereto as EXHIBIT B and made a part hereof by this reference.

7. RESTRICTIVE COVENANTS. Buyer acknowledges and agrees that the Lot is or will be subject to any subsequent National Business Park Declaration of Covenants, Conditions and Restrictions and Architectural Guidelines. Prior to recordation of such restrictions, Buyer shall have an opportunity to review and approve such restrictions, such approval not to be unreasonably withheld, conditioned or delayed.

8. CONDITION OF LOT AND TEMPORARY EASEMENT.

(a) Buyer agrees to accept the Lot in accordance with the mass grading plans prepared by John E. Harms & Associates, Inc., entitled "The National Business Park Lots 4RA, 5RR, 8R-10R & 16R-20R G.P. 02006648" dated August, 1998, as shown as Sheet 8 on such plan. Seller, at Seller's expense, shall compact the soil on the Lot to at least 95% of the maximum dry density as determined by ASTM D 1557.

(b) Where available, Seller shall make available additional fill material to assist Buyer in achieving its desired final grades for development.

(c) Seller has prepared and recorded a joint access agreement for the Lot and Lot 4 RA-RR which has been recorded in the Land Records of Anne Arundel County. As shown on the Plat for the Lot, Lot 4 RA-RR and the Lot share a joint ingress and egress easement. To further the ingress rights of the owner of Lot 4 RA-RR, Seller shall have the right to pave a temporary road in the easement area on the Lot. If Seller constructs such temporary road, Buyer shall reimburse Seller for the reasonable costs incurred by Seller, within thirty (30) days after receipt of a written invoice, together with reasonable supporting evidence. Buyer will be required to keep such road open at all

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times to permit access from Lot 5RR-RR to Lot 4RA-RR. Buyer will also be required to keep the road broom-cleaned at all times. In addition, Buyer will be required to reimburse Seller for any and all costs incurred by Seller to fix or repair damages to such road caused by Buyer or Buyer's agents, employees, or contractors.

(d) A stormwater management pond shall be substantially completed by Seller on the Property to service Lot 4RA-RR and the Lot and the appropriate storm drain lines for Lot 4RA-RR shall be substantially completed on the Lot in the locations shown on the Plat. Buyer may use such facilities to the extent practical, but may be required by the County to construct other such facilities as a condition to final approval of the development of the Lot. It shall be Buyer's obligation to determine the extent to which and method by which such central system and other facilities can be used by it in its development of the Property. All such facilities required within the Lot (particularly in regard to quality of runoff) or connections into the Project system shall be constructed by Buyer, at Buyer's cost and expense.

9. PERMITTING PROCESS. Seller shall cooperate with Buyer during the permitting process, including, without limitation, obtaining the grading permit and building permit, and to such end, Seller agrees that if a permit application is filed prior to the acquisition by Buyer of the Lot, Seller shall execute the permit application in the name of the limited liability company. However, in no event whatsoever, shall Seller or any entity related to or affiliated with Seller be required to post any type of security or collateral for the development obligations relating to the permit applications.

10. RIGHT TO INSPECT. From and after execution of this Contract by both Buyer and Seller, Buyer and Buyer's consultants shall have the right to enter upon the Lot and conduct, at Buyer's sole expense, any engineering tests, development and land use studies, environmental analysis, soil tests, topographical and other surveys, wetlands and flood plain delineations, and other surveys, tests and studies (collectively, "Site Investigations") as Buyer deems necessary. Buyer shall give Seller at least five (5) day's notice of its desire to enter the Lot to inspect and Buyer shall coordinate the scheduling of such inspection with Seller, taking into account any work Seller may be performing on the Lot. All lands, trees, shrubs, grass and field areas shall be restored as closely as possible to their pre-test conditions. Buyer and its consultants shall enter and test the Lot at their own risk; and Buyer and/or its consultants shall carry adequate commercial general liability insurance of not less than \$1,000,000 combined single limit naming Seller as an additional insured. Buyer and/or its consultants shall provide Seller with a certificate evidencing such insurance promptly upon execution of this Contract and at such times as such coverage is renewed. Further, Buyer shall indemnify and save Seller harmless from any and all suits, claims of injuries and judgments, and reasonable attorney's fees, in any way arising out of such entry and testing of the Lot, which indemnification and obligation to hold the Seller harmless shall survive any termination of this Contract.

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11. TITLE TO THE LOT. At the Closing, title to the Lot shall be good and marketable, free of all liens, encumbrances, encroachments and easements other than the Permitted Encumbrances (as hereinafter defined) and the liens and encumbrances set forth below which are acceptable to Buyer and shall not constitute and impediment to good and marketable fee simple title and possession of the Lot shall be given to Buyer free of all tenancies or other rights of use or occupancy:

(a) easements and rights of way to Anne Arundel County or public utility companies existing as of Closing, including but not limited to, the pumping station access road;

(b) easements and rights of way shown on the Plat of the Lot;

(c) easements and rights of way which as of the date of this Contract may be observed by an inspection of the Lot.

(d) the Declaration of Covenants, Conditions and Restrictions for National Business Park which may be recorded among the Land Records of Anne Arundel County, Maryland prior to Closing (the "Declaration");

(e) use or benefit charges assessed for public or private water and sewer facilities and taxes not delinquent;

(f) zoning and building restrictions and other laws, ordinances and regulations of governmental bodies having jurisdiction over the Lot; and

(g) obligations undertaken by Seller in connection with the approval of the Plat of the Lot, including public works agreements, utility agreements, inspection agreements and other agreements and commitments related to such resubdivision.

(h) an agreement, in form and content satisfactory to Seller, in its reasonable discretion, with the owner of Lot 4RA-RR regarding the sharing and maintenance of the stormwater management facilities to be located on the Lot.

(i) the Joint Access Agreement described in SECTION 8(c).

Within sixty (60) days prior to the anticipated closing, Buyer, at Buyer's expense, shall have the title to Lot examined by a reputable title insurance company and have such title insurance company issue a title insurance commitment (the "Title Commitment") to assure Buyer that, as of the examination date, title to the Lot is good and marketable and insurable at ordinary prevailing title insurance rates and that any exceptions to title contained in the Title Commitment are acceptable to Buyer. On or before that date which is thirty (30) days prior to the anticipated closing, Buyer shall

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provide to Seller a copy of the Title Commitment and either advise Seller in writing that all exceptions to title contained in the Title Commitment are acceptable to Buyer or advise Seller in writing of those exceptions to title contained in the Title Commitment that are unacceptable to Buyer; provided, however, that Buyer shall be required to accept all Permitted Encumbrances. Failure of Buyer to examine title or to advise Seller of the acceptability of title within the time periods required hereunder shall be deemed an acceptance of all title matters. Within fifteen (15) days after receipt of a notice from Buyer advising Seller that certain title exceptions are unacceptable to Buyer, Seller shall notify Buyer whether Seller will cure any of the unacceptable title exceptions. Failure of Seller to provide notice within such time period shall be deemed an election by Seller not to cure the unacceptable title exceptions. If Buyer has timely notified Seller of unacceptable title matters then, unless Seller has timely elected to cure such title exceptions as provided hereunder, Buyer, by written notice to Seller, may, within fifteen (15) days after expiration of the time period for Seller to elect to cure, either waive such unacceptable title exceptions (in which case such exceptions shall be deemed acceptable to Buyer) or terminate this Contract. Failure of Buyer to notify Seller in such fifteen (15) day period shall be deemed an election by Buyer to waive the unacceptable title exceptions. If Seller notifies Buyer that Seller will cure any unacceptable title exception, then Seller shall be obligated to promptly and, in all events, prior to the applicable Closing, proceed to cure such title exception in such manner that the defect or objection to the title will not appear in the Buyer's title insurance policy. All exceptions to title accepted by Buyer or deemed to be accepted by Buyer under the provisions of this paragraph shall also constitute "Permitted Encumbrances." Notwithstanding the foregoing, from and after the date hereof, except as otherwise permitted hereunder, Seller shall not change or permit to be changed title to the Lot or any portion thereof in a manner which would materially prevent or interfere with the development of the Lot. Nothing herein shall preclude Seller from placing liens on the Lot in connection with financings or refinancings, it being understood that it is the obligation of Seller to remove such liens prior to Closing.

12. CLOSING ADJUSTMENTS. All costs, including taxes, insurance and any and all costs relating to the ownership of the Lot shall be borne by Seller until Closing. All taxes, general or special, and all other public, governmental or other assessments against the Lot payable on an annual basis are to be adjusted and apportioned as of the date of Closing and are to be assumed and paid after Closing by Buyer. The costs of all recordation taxes and transfer taxes shall be split and paid equally by Buyer and Seller. All other closing costs incurred by Buyer, including, without limitation, recording charges, document preparation charges, notary fees and title insurance premiums shall be paid by Buyer. Seller and Buyer shall each pay their respective legal costs.

13. CLOSING DOCUMENTS. At the Closing hereunder, Seller shall execute and deliver to Buyer the following:

(a) An Assignment of Limited Liability Company Interests in a form acceptable to Seller and Buyer;

(b) A Certificate of Good Standing for the limited liability company of which Buyer is acquiring the membership interests;

(c) Certified Copies of the Articles of Organization and Operating Agreement for the limited liability company in which Buyer is acquiring the membership interests;

(d) an affidavit, in form sufficient to satisfy all Internal Revenue Service requirements, stating that Seller is not a "foreign person" (as defined by the Foreign Investment in Real Property Tax Act and the regulations promulgated thereunder) so that Buyer is not legally required to withhold any portion of the Purchase Price then being paid at any Closing hereunder;

(e) any other documents as reasonably requested by Buyer, which are necessary to effect the transactions set forth herein in accordance with the terms set forth herein.

14. RISK OF LOSS. The Lot is to be held at the risk of the Seller until legal title has passed.

15. SELLER'S WARRANTIES AND REPRESENTATIONS. Seller warrants, represents and covenants to Buyer the following items which are true in all material respects and shall be deemed to have been restated at the time of the Closing hereunder, to the extent applicable:

(a) As of the date hereof Seller is the sole owner of fee simple title to the Lot, and will not have entered into any contract of sale, option agreement, right of first refusal or other agreement for the sale of the Lot. As of the date of the Closing, the limited liability company formed by Seller will be the sole owner of fee simple title to the Lot and such limited liability company will not have entered into any contract of sale, option agreement, right of first refusal or other agreement for the sale of any part of the Lot.

(b) Seller has full power and authority to execute, deliver and perform this Contract in accordance with its terms.

(c) To Seller's knowledge, as of the date of this Contract, the Lot is zoned to permit its use for retail and office purposes and Seller shall not join in or consent to any change in the zoning of the Lot which would prohibit its use for retail and office purposes.

(d) To the best of Seller's actual knowledge, there are no underground storage tanks on the Lot.

(e) To the best of Seller's actual knowledge, Seller has not used, generated, stored or disposed, and from and after the date of this Contract, except to the extent consistent with current real estate industry practices for such type of property, consistent with use of the Lot for retail purposes, and permitted under governmental regulations, will not use, generate, store or dispose, on, under or about the Lot any hazardous waste, toxic substance or related materials or any friable asbestos or substance containing asbestos.

The foregoing warranties shall terminate twelve (12) months after the Closing.

16. PERMITTED USE OF THE LOT. Buyer covenants and agrees that it will initially construct upon and put into use upon the Lot, in accordance with the terms hereof, a minimum of 10,000 gross square feet of multi-tenant retail and office product (collectively, "Permitted Use"), subject to the restrictions contained in the Declaration.

17. COOPERATION WITH SELLER IN CONTINUING DEVELOPMENT OF NATIONAL BUSINESS PARK PROJECT. Buyer acknowledges that the Lot is a part of the Project being developed by Seller concurrently with the Lot and that in order for Seller to obtain the necessary zoning for the Project, Seller made certain agreements and commitments with Anne Arundel County relating to the ongoing development and overall control of the Project. Buyer, accordingly, covenants and agrees with Seller that (i) it shall not knowingly violate the terms of the variances granted to Seller for the Project, (ii) it shall cooperate with Seller as to its agreements and commitments with Anne Arundel County as the same shall pertain to the Lot only, and (iii) it shall cooperate with Seller's development efforts on land within the Project but outside the Lot, including the execution of any documents, plats agreements, easements, rights of way and other actions

reasonably necessary or required by Seller or Anne Arundel County in connection with the subsequent development of the Project, provided that Buyer shall not be obligated to expend its own funds in implementing this provision. Seller shall bear all expenses of such documentation or other actions required incidental to such development and shall hold Buyer harmless from all expenses, claims and liability associated with Buyer's cooperation efforts described herein.

Buyer also covenants to allow Seller a right of entry onto the Lot at all reasonable times for activities associated with the above described development efforts, provided that Seller provides Buyer with prior notice of Seller's intent to enter upon the Lot and Seller shall not unreasonably interfere with Buyer's development activities on the Lot. In connection with such entry, Seller agrees that it shall be responsible for any damages to the Lot resulting from such operations and shall indemnify and hold Buyer harmless from all claims of any type arising out of Seller's entry onto the Lot for the purposes set forth herein.

18. USE, DEVELOPMENT AND CONSTRUCTION ON THE LOT. Buyer agrees to use and develop the Lot

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in accordance with the provisions set forth in this Contract and in conformity with:

(a) the Declaration;

(b) the sediment control plans, the resubdivision plat and those roads, utilities, grading, storm water management and other related plans and documentation approved by Anne Arundel County in conjunction with the development of the Lot; and

(c) any design guidelines adopted for The National Business Park pursuant to the Declaration.

In conjunction with development and construction on the Lot of the Permitted Use, Buyer agrees to abide in good faith with the following provisions:

(a) Once construction has been commenced on a structure or other improvement same shall be completed as soon as reasonably practicable;

(b) During construction, Buyer shall cause the Lot to be kept reasonably clean and free of trash and building debris and, promptly after completion of a structure or other improvement, all trash and debris shall be removed. No dirt, trash or debris shall be dumped, discarded or left on any land owned by Seller, or any other person within the Project; and

(c) Buyer shall cause its agents and subcontractors and others to use reasonable care not to cause damage to, and not to deposit mud, dirt or debris on roads, curbing, gutters, sidewalks, roadbeds and unpaved rights of way.

Buyer shall be liable to Seller for all damage resulting from construction operations performed by Buyer or its agents and other than as provided herein shall promptly cause any such damage to be repaired at Buyer's cost and expense forthwith. If following notice by Seller to Buyer of such damages, Buyer fails within five (5) days to repair such damage, Seller may repair and/or correct such damages and charge Buyer for the actual cost of same plus fifteen percent (15%). Buyer agrees to pay such costs immediately upon receipt of an invoice for same. In the event Buyer's construction activities shall have been determined by Seller to have resulted in damage to any item in or portion of a public right-of-way or facility covered by a public works or utility agreement entered into by that party, said damage may be repaired by Seller and on completion shall be billed at cost plus fifteen percent (15%) to Buyer who shall immediately pay over to Seller said sum.

In order to effectuate the above, Buyer agrees that Seller and its agents and employees shall have the right from time to time to enter upon the Lot without hindrance and to make such inspections as shall be deemed appropriate to determine if Buyer is complying with the terms of this

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Contract in general and in specific with those plats, plans, covenants and guidelines listed above.

19. MISCELLANEOUS.

(a) Seller and Buyer warrant that, in connection with this Contract, they have dealt with no broker, agent or other party who may be entitled to a commission or finder's fee, and each party agrees to indemnify the other from any claims or damages, including reasonable attorneys' fees, that the other may

incur as a result of the violation of this warranty, which warranty and indemnification shall survive settlement and any termination of this Contract.

(b) Any written notices required under the terms of this Contract shall be sent by Federal Express Delivery or other national overnight delivery service and addressed as follows:

To Buyer: Corporate Office Properties, L.P.
8815 Centre Park Drive, Suite 400
Columbia, Maryland 21045
Attn: Dwight S. Taylor

with copies to: Corporate Office Properties Trust
8815 Centre Park Drive, Suite 400
Columbia, Maryland 21045
Attn: Karen M. Singer, Esquire

To Seller: Arbitrage Land Limited Partnership &
Jolly Acres Limited Partnership
c/o Constellation Real Estate, Inc.
8815 Centre Park Drive - Suite 104
Columbia, MD 21045
Attn: Steven S. Koren

with copies to: Baltimore Gas & Electric
Richard Ransom, Esq.
39 W. Lexington Street
17th Floor
Baltimore, MD 21201

Piper Marbury Rudnick & Wolfe, LLP
6225 Smith Avenue
Baltimore, Maryland 21209-3600
Attn: Stephen L. Owen, Esquire

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Any party hereto may change its notice address by giving notice of such change in accordance with this paragraph. Notice shall be deemed to have occurred upon actual delivery.

(c) Time shall be the essence of this Contract.

(d) This Contract contains the final and entire agreement between the parties thereto, and neither party shall be bound by any terms, condition, statement or representation not herein contained. The Contract may not be modified or changed orally, but only by agreement in writing, signed by the party against whom enforcement of any such change is sought.

(e) The Contract shall be governed by the laws of the State of Maryland. The titles of the paragraphs are inserted as a matter of convenience and for reference and in no way define, limit or describe the scope of this Contract or the intent of any provision hereof.

(f) If Buyer fails to purchase the Lot as contemplated herein (other than as a result of a default by Seller under this Contract), Seller may avail itself of any and all rights and remedies at law or in equity, including, but not limited to, the right to (i) cancel this Contract, and (ii) enforce specific performance of this Agreement. Buyer specifically acknowledges and agrees that Seller's right to enforce specific performance of Buyer's obligations under this Contract constitutes a fundamental condition and material inducement to Seller's entering into this Contract. The exercise of any one of Seller's rights or remedies under this Contract shall not be deemed to be in lieu of, or a waiver of, any other right or remedy available to Seller.

(g) If Seller fails to sell the Lot as contemplated herein (other than as a result of a default by Buyer under this Contract), Buyer may avail itself of any and all rights and remedies at law or in equity, including, but not limited to, the right to (i) cancel this Contract, and (ii) enforce specific performance of this Contract. The exercise of any one of Buyer's rights or remedies under this Contract shall not be deemed to be in lieu of, or a waiver of, any other right or remedy available to Buyer.

(h) No requirement, obligation, remedy or provision of this Contract shall be deemed to have been waived, unless so waived expressly in writing or waived pursuant to other provisions of this Contract and any waiver of any breach of nonperformance of a continuing obligation on one occasion shall not be considered a waiver of any right to enforce such provision thereafter.

(i) The obligations of Buyer set forth in this Contract that survive the Closings hereunder are intended to run with the land and Buyer agrees to execute in recordable form at the Closings, any and all agreements prepared by Seller, which Seller, acting in a reasonable manner, may wish to record in the Land Records of Anne Arundel County in connection therewith.

20. SUCCESSORS AND ASSIGNS. This Contract shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Buyer shall have the right to assign this Contract in whole or in part without the consent of Seller (i) to any entity controlled by, controlling, or under common control with Buyer or Corporate Office Properties Trust (where control shall mean owning directly or indirectly fifty percent (50%) or more of the voting stock or voting interest of such entity), or (ii) to any purchaser or transferee, or any entity controlled by, controlling, or under common control with any purchaser or transferee, of all or a portion of Buyer's real property within National Business Park. Buyer shall not have any other right to assign this Contract in whole or in part without the prior written consent of Seller, which consent shall not be unreasonably withheld or delayed.

21. COPT GUARANTY. As a material inducement to the Seller to enter into this Contract and without which the Seller would not enter into this Contract or close hereunder, Corporate Office Properties Trust, a Maryland real estate investment trust (the "Guarantor") does hereby unconditionally and continually guarantee the full and timely payment and performance of all obligations of the Buyer under this Contract. In the event of a default or failure on the part of the Buyer to pay or perform an obligation hereunder, the Seller may look to the Guarantor for payment and performance of all obligations of the Buyer, including, without limitation, Buyer's obligation to specifically perform its obligations under the Contract, and for the recovery of any loss or damage resulting from such default or failure without the necessity of prior exhaustion of remedies against the Buyer. The Guarantor acknowledges that it is a partner of the Buyer and will thereby receive a direct and material benefit as a result of Buyer's entering into this Contract. Accordingly, the Guarantor acknowledges and agrees that the Buyer entering into this Contract with the Seller is adequate consideration to the Guarantor to give this payment and performance guaranty.

IN WITNESS WHEREOF, each of the parties hereto has executed or caused this Contract to be executed by its duly authorized representative on the day and year first above written.

WITNESS: ARBITRAGE LAND LIMITED PARTNERSHIP
By: CONSTELLATION REAL ESTATE, INC.,
General Partner

[ILLEGIBLE] By: /s/ Steven S. Koren

Name: Steven S. Koren
Title: Managing Director

WITNESS: JOLLY ACRES LIMITED PARTNERSHIP
By: Constellation Real Estate, Inc.,
General Partner

[ILLEGIBLE] By: /s/ Steven S. Koren (Seal)

Name: Steven S. Koren
Title: Managing Director

WITNESS: CORPORATE OFFICE PROPERTIES, L.P.
By: Corporate Office Properties
Trust, General Partner

/s/ Karen M. Singer By: /s/ Roger A. Waesche, Jr.

Roger A. Waesche, Jr.
Senior Vice President

STATE OF MARYLAND COUNTY OF HOWARD TO WIT:

I HEREBY CERTIFY, that on this 14th day of March, 2000, before me, undersigned Notary Public of said State, personally appeared Steven S. Koren, who acknowledged himself to be the Managing Director of Constellation Real Estate, Inc., a Maryland corporation and General Partner of Arbitrage Land Limited Partnership, known to me or satisfactorily proven to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same for the purposes therein contained as the duly authorized Managing Director of said corporation by signing the name of the corporation himself as Managing Director.

IN WITNESS WHEREOF, I have set my hand and Notarial Seal, the day and year first above written.

[ILLEGIBLE]

Notary Public

My commission expires: 11/1/10

STATE OF MARYLAND COUNTY OF HOWARD TO WIT:

I HEREBY CERTIFY, that on this 14th day of March, 2000, before me, undersigned Notary Public of said State, personally appeared Steven S. Koren, who acknowledged himself to be the Managing Director of Constellation Real Estate, Inc., a Maryland corporation and General Partner of Jolly Acres Limited Partnership, known to me or satisfactorily proven to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same for the purposes therein contained as the duly authorized Managing Director of said corporation by signing the name of the corporation himself as Managing Director.

IN WITNESS WHEREOF, I have set my hand and Notarial Seal, the day and year first above written.

[ILLEGIBLE]

Notary Public

My commission expires: 11/1/10

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STATE OF MARYLAND COUNTY OF BALTIMORE TO WIT:

I HEREBY CERTIFY, that on this 9th day of March, 2000, before me undersigned Notary Public of said State, personally appeared ROGER A. WAESCHE, JR., known to me or satisfactorily proven to be the person whose name is subscribed to the within instrument, and acknowledged himself to the Senior Vice President of Corporate Office Properties Trust, the general partner of Corporate Office Properties L.P., a Delaware limited partnership and acknowledged that he executed the same for the purposes therein contained as the duly authorized Senior Vice President of said trust by signing the name of the trust by himself as Senior Vice President.

IN WITNESS WHEREOF, I have set my hand and Notarial Seal, the day and year first above written.

/s/ Zarae Pitts

Notary Public

My commission expires: November 25, 2002

JOINDER BY CORPORATE OFFICE PROPERTIES TRUST

Corporate Office Properties Trust is executing this Contract to evidence its obligations under Section 21 of this Contract.

WITNESS: CORPORATE OFFICE PROPERTIES TRUST,

/s/ Karen M. Singer

By: /s/ Roger A. Waesche, Jr.

Roger A. Waesche, Jr.
Senior Vice President

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STATE OF MARYLAND COUNTY OF BALTIMORE TO WIT:

I HEREBY CERTIFY, that on this 9th day of March, 2000, before me undersigned Notary Public of said State, personally appeared ROGER A. WAESCHE, JR., known to me or satisfactorily proven to be the person whose name is subscribed to the within instrument, and acknowledged himself to the Senior Vice President of Corporate Office Properties Trust, a Maryland real estate investment trust and acknowledged that he executed the same for the purposes therein contained as the duly authorized Senior Vice President of said trust by

signing the name of the corporation himself as the Senior Vice President.

IN WITNESS WHEREOF, I have set my hand and Notarial Seal, the day and year first above written.

/s/ Zarah Pitts

Notary Public

My commission expires: November 25, 2002

ARTICLES SUPPLEMENTARY
OF
CORPORATE OFFICE PROPERTIES TRUST
SERIES D CUMULATIVE CONVERTIBLE REDEEMABLE
PREFERRED SHARES
(PAR VALUE \$.01 PER SHARE)

CORPORATE OFFICE PROPERTIES TRUST, a Maryland real estate investment trust (hereinafter called the "Trust"), having its principal office in Columbia, Maryland, hereby certifies to the Department of Assessments and Taxation of the State of Maryland that:

FIRST: Pursuant to authority expressly vested in the Board of Trustees of the Trust by Article VI of the Declaration of Trust of the Trust, as amended to date (the "Declaration of Trust"), the Board of Trustees has duly classified 544,000 authorized but unissued preferred shares of beneficial interest of the Trust, par value \$.01 per share (the "Preferred Shares"), into a class designated as Series D Cumulative Convertible Redeemable Preferred Shares, par value \$.01 per share, and has provided for the issuance of such class by adoption of a resolution in the form of Article Third hereof effective as of January 12, 2001.

SECOND: The classification increases the number of shares classified as Series D Cumulative Convertible Redeemable Preferred Shares, par value \$.01 per share, from no shares immediately prior to the classification to 544,000 shares immediately after the classification. The classification decreases the number of unclassified Preferred Shares from 2,875,000 to 2,331,000.

THIRD: The terms of the Series D Cumulative Convertible Redeemable Preferred Shares (including the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications, or terms or conditions of redemption) as set by the Board of Trustees are as follows:

1. NUMBER OF SHARES AND DESIGNATION.

This series of Preferred Shares shall be designated as Series D Cumulative Convertible Redeemable Preferred Shares, par value \$.01 per share (the "Series D Preferred Shares"), and 544,000 shall be the authorized number of such Series D Preferred Shares constituting such series.

2. DEFINITIONS.

For purposes of the Series D Preferred Shares, the following terms shall have the meanings indicated:

"Affiliate" of a Person means a Person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Person specified.

"Board of Trustees" shall mean the Board of Trustees of the Trust or any committee authorized by such Board of Trustees to perform any of its responsibilities with respect to the Series D Preferred Shares; provided that, for purposes of paragraph (a) of Section 9 of this Article, the term "Board of Trustees" shall not include any such committee.

"Business Day" shall mean any day other than a Saturday, Sunday or a day on which state or federally chartered banking institutions in New York, New York are not required to be open.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, or any successor statute thereto. Reference to any provision of the Code shall mean such provision as in effect from time to time, as the same may be amended, and any successor thereto, as interpreted by any applicable regulations or other administrative pronouncements as in effect from time to time.

"Common Shares" shall mean the common shares of beneficial interest, \$.01 par value per share, of the Trust.

"Conversion Rate" shall mean 2.20 Common Shares for each Series D Preferred Share, subject to adjustment as provided in paragraph (f) of Section 6 of this Article.

"Current Market Price" of publicly traded Common Shares or any other class or series of capital shares or other security of the Trust or of any similar security of any other issuer for any day shall mean the last reported sales

price, regular way settlement on such day, or, if no sale takes place on such day, the average of the reported closing bid and asked prices regular way on such day, in either case as reported on the New York Stock Exchange ("NYSE") or, if such security is not listed or admitted for trading on the NYSE, on the principal national securities exchange on which such security is listed or admitted for trading or, if not listed or admitted for trading on any national securities exchange, on the National Market of the National Association of Securities Dealers, Inc. Automated Quotations System ("NASDAQ") or, if such security is not quoted on such National Market, the average of the closing bid and asked prices on such day in the over-the-counter market as reported by NASDAQ or, if bid and asked prices for such security on such day shall not have been reported through NASDAQ, the average of the bid and asked prices on such day as furnished by any NYSE member firm regularly making a market in such security selected for such purpose by the Chief Executive Officer of the Trust or the Trustees or if any class or series of securities are not publicly traded, the fair value of the shares of such class as determined reasonably and in good faith by the Trustees.

"Declaration of Trust" shall mean the Amended and Restated Declaration of Trust of the Trust as filed for record with the State Department of Assessments and Taxation of Maryland, and any amendments thereto.

"Dividend Payment Date" shall mean January 15, April 15, July 15 and October 15 of each year; provided, that if any Dividend Payment Date falls on any day other than

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a Business Day, the dividend payment payable on such Dividend Payment Date shall be paid on the Business Day immediately following such Dividend Payment Date and no interest shall accrue on such dividend from such date to such Dividend Payment Date.

"Dividend Periods" shall mean the Initial Dividend Period and each subsequent quarterly dividend period commencing on and including January 15, April 15, July 15 and October 15 of each year and ending on and including the day preceding the first day of the next succeeding Dividend Period, other than the Dividend Period during which any Series D Preferred Shares shall be redeemed pursuant to Section 5 hereof, which shall end on and include the Redemption Date with respect to the Series D Preferred Shares being redeemed.

"Dividend Record Date" shall have the meaning set forth in paragraph (a) of Section 3 of this Article.

"Equity Shares" shall mean shares of any class or series of shares of beneficial ownership in the Trust.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Initial Dividend Period" shall mean the period commencing on and including the Issue Date and ending on and including April 16, 2001.

"Issue Date" shall mean the date of original issuance of the Series D Preferred Shares.

"Junior Shares" shall have the meaning set forth in paragraph (a) of Section 8 of this Article.

"Liquidation Preference" shall have the meaning set forth in paragraph (a) of Section 4 of this Article.

"Operating Partnership" shall mean Corporate Office Properties, L.P., a Delaware limited partnership.

"Parity Shares" shall have the meaning set forth in paragraph (b) of Section 8 of this Article.

"Person" shall mean an individual, corporation, partnership, estate, trust (including a trust qualifying under Section 401(a) or 501(c)(17) of the Code), a portion of a trust permanently set aside for or to be used exclusively for the purposes described in Section 642(c) of the Code, association, "private foundation," within the meaning of Section 509(a) of the Code, joint stock company or other entity, and also includes a "group," as that term is used for purposes of Section 13(d)(3) of the Exchange Act, and a group to which an Excepted Holder limit applies.

"Redemption Date" shall mean, in the case of any redemption of any Series D Preferred Shares, the date fixed for redemption of such shares.

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"Redemption Notice" shall have the meaning set forth in paragraph (d) of Section 5 of this Article.

"Redemption Price" shall mean, with respect to any Series D Preferred Shares to be redeemed, a cash payment equal to 100% of the Liquidation Preference thereof plus, all accrued and unpaid dividends, if any, to the Redemption Date.

"REIT" shall mean a "real estate investment trust," as defined in Section 856 of the Code.

"Senior Shares" shall have the meaning set forth in paragraph (c) of Section 8 of this Article.

"Series A Preferred Shares" shall mean the Trust's 5.5% Series A Convertible Preferred Shares of beneficial interest, par value \$.01 per share.

"Series B Preferred Shares" shall mean the Trust's 10% Series B Cumulative Redeemable Preferred Shares of beneficial interest, par value \$.01 per share.

"Series D Preferred Shares" shall have the meaning set forth in Section 1 of this Article.

"Set apart for payment" shall be deemed to include, without any action other than the following, the recording by the Trust in its accounting ledgers of any accounting or bookkeeping entry which indicates, pursuant to a declaration of dividends or other distribution by the Board of Trustees, the allocation of funds to be so paid on any series or class of Equity Shares of the Trust; provided, however, that if any funds for any class or series of Junior Shares or any class or series of Parity Shares are placed in a separate account of the Trust or delivered to a disbursing, paying or other similar agent, then "set apart for payment" with respect to the Series D Preferred Shares shall mean placing such funds in a separate account or delivering such funds to a disbursing, paying or other similar agent.

"Trading Day", as to any Common Shares, shall mean any day on which such Common Shares are traded on the NYSE or, if such Common Shares are not listed or admitted for trading on the NYSE, on the principal national securities exchange on which such Common Shares are listed or admitted or, if such Common Shares are not listed or admitted for trading on any national securities exchange, on the National Market of NASDAQ or, if such Common Shares are not quoted on such National Market, in the Common Shares market in which such Common Shares are traded.

"Transfer Agent" means Norwest Bank or such transfer agent as may be designated from time to time by the Board of Trustees or its designee as the transfer agent for the Series D Preferred Shares.

"Trustee" shall mean a member of the Board of Trustees.

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"Voting Parity Shares" shall have the meaning set forth in paragraph (a) of Section 9 of this Article.

Capitalized terms used but not defined in these Articles shall have the meanings set forth in the Declaration of Trust.

3. DIVIDENDS.

(a) The holders of Series D Preferred Shares shall be entitled to receive, when, as and if declared by the Board of Trustees, out of funds legally available for that purpose, quarterly cash dividends on the Series D Preferred Shares at the rate of 4% of the Liquidation Preference per year (equivalent to \$.25 per quarter per Series D Preferred Share). Such dividends shall be cumulative from the Issue Date, whether or not in any Dividend Period or Periods such dividends shall be declared or there shall be funds of the Trust legally available for the payment of such dividends, and shall be payable quarterly in arrears on each Dividend Payment Date. Each such dividend shall be payable in arrears to the holders of record of the Series D Preferred Shares, as they appear on the share records of the Trust at the close of business on the applicable record date (the "DIVIDEND RECORD DATE"), which shall be fixed by the Board of Trustees and which shall be not more than 60 days nor less than 10 days prior to each such Dividend Payment Date. Accrued and unpaid dividends for any past Dividend Periods may be declared and paid at any time, without reference to any regular Dividend Payment Date, to holders of record on such date as may be fixed by the Board of Trustees, which date shall not precede by more than 45 days nor less than 15 days the payment date thereof.

(b) Any dividend payable on the Series D Preferred Shares for any partial Dividend Period shall be computed ratably on the basis of twelve 30-day months and a 360-day year. Holders of Series D Preferred Shares shall not be entitled to any dividends in excess of full cumulative dividends, as herein provided, on

the Series D Preferred Shares. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series D Preferred Shares that may be in arrears.

(c) So long as any of the Series D Preferred Shares are outstanding, when dividends are not paid in full upon the Series D Preferred Shares or any other class or series of Parity Shares, or a sum sufficient for such payment is not set apart for payment, all dividends declared upon the Series D Preferred Shares and any Parity Shares shall be declared ratably in proportion to the respective amounts of dividends accrued and unpaid on the Series D Preferred Shares and accrued and unpaid on such Parity Shares. Except as set forth in the preceding sentence, unless dividends on the Series D Preferred Shares equal to the full amount of accrued and unpaid dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof has been or contemporaneously is set apart for such payment, for all past dividends periods, no dividends shall be declared or paid or set apart for payment by the Trust and no other distribution of cash or other property may be declared or made, directly or indirectly, by the Trust with respect to any Parity Shares.

(d) So long as any of the Series D Preferred Shares are outstanding, unless dividends equal to the full amount of all accrued and unpaid dividends on the Series D

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Preferred Shares have been paid, or declared and set apart for payment, for all past dividend periods, no dividends (other than dividends or distributions paid in Junior Shares or options, warrants or rights to subscribe for or purchase Junior Shares) may be declared or paid or set apart for payment by the Trust, and no other distribution of cash or other property may be declared or made (directly or indirectly) by the Trust, with respect to any Junior Shares, nor shall any Junior Shares be redeemed, purchased or otherwise acquired (except for a redemption, purchase or other acquisition of Common Shares made for purposes of an employee incentive or benefit plan of the Trust or a subsidiary of the Trust) for any consideration (or any monies be paid to or made available for a sinking fund for the redemption of any such Junior Shares), directly or indirectly, by the Trust (except by conversion into or exchange for Junior Shares, or options, warrants or rights to subscribe for or purchase Junior Shares), nor shall any other cash or other property be paid or distributed to or for the benefit of holders of Junior Shares.

(e) In the event that any Series D Preferred Share is converted into Common Shares pursuant to Section 6 below, holders of Series D Preferred Shares whose conversion is deemed effective before the close of business on a Dividend Record Date will not be entitled to receive any portion of the dividend payable on such Series D Preferred Shares on the corresponding Dividend Payment Date for the current quarter to which that Dividend Record Date pertains but will, however, be entitled to receive the entire dividend for such quarterly period payable, if any, on the Common Shares issuable upon conversion provided that any conversion of Series D Preferred Shares becomes effective prior to the close of business on the record date for such dividend payable on such Common Shares and such holders are the holders of record on the record date for such Common Share dividend. A holder of Series D Preferred Shares on a Dividend Record Date who (or whose transferee) tenders such shares for conversion into Common Shares after such Dividend Record Date will be entitled to receive the dividend payable on such Series D Preferred Shares on the corresponding Dividend Payment Date. Except as provided above, the Trust will pay at the time of conversion all accrued and unpaid dividends, whether or not declared, on converted Series D Preferred Shares, unless restricted by the rights of holders of Senior Shares or Parity Shares.

(f) Notwithstanding the provisions of this Section 3, the Trust shall not be prohibited from (i) declaring or paying or setting apart for payment any dividend or distribution on any Parity Shares or (ii) redeeming, purchasing or otherwise acquiring any Parity Shares, in each case, if such declaration, payment, redemption, purchase or other acquisition is necessary in order to maintain the continued qualification of the Trust as a REIT under Section 856 of the Code.

4. LIQUIDATION PREFERENCE.

(a) Upon any voluntary or involuntary liquidation, dissolution or winding-up of the Trust, before any payment or distribution by the Trust shall be made to or set apart for payment to the holders of any Junior Shares, the holders of Series D Preferred Shares shall be entitled to receive a liquidation preference of Twenty-Five Dollars (\$25.00) per Series D Preferred Share (the "LIQUIDATION PREFERENCE"), plus an amount equal to all accrued and unpaid dividends (whether or not earned or declared) to the date of final distribution to such holders; but such holders shall not be entitled to any further payment.

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Until the holders of the Series D Preferred Shares have been paid the Liquidation Preference in full, plus an amount equal to all accrued and unpaid dividends (whether or not earned or declared) to the date of final distribution to such holders, no payment will be made to any holder of Junior Shares upon the liquidation, dissolution or winding-up of the Trust. If, upon any liquidation, dissolution or winding-up of the Trust, the assets of the Trust, or proceeds thereof, distributable among the holders of Series D Preferred Shares shall be insufficient to pay in full the Liquidation Preference and liquidating payments on any other shares of any class or series of Parity Shares, then such assets, or the proceeds thereof, shall be distributed among the holders of Series D Preferred Shares and any such other Parity Shares ratably in the same proportion as the respective amounts that would be payable on such Series D Preferred Shares and any such other Parity Shares if all amounts payable thereon were paid in full. For the purposes of this Section 4, a voluntary or involuntary liquidation, dissolution or winding-up of the Trust shall not include (i) a consolidation or merger of the Trust with or into one or more other entities, (ii) a sale or transfer of all or substantially all of the Trust's assets, or (iii) a statutory share exchange.

(b) Upon any liquidation, dissolution or winding-up of the Trust, after payment shall have been made in full to the holders of Series D Preferred Shares and any Parity Shares, as provided in Section 4(a), any other series or class or classes of Junior Shares shall, subject to the respective terms thereof, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Series D Preferred Shares and any Parity Shares shall not be entitled to share therein.

5. REDEMPTION AT THE OPTION OF THE TRUST.

(a) Series D Preferred Shares shall not be redeemable by the Trust prior to the fifth anniversary of the Issue Date, except as set forth in Article VII of the Declaration of Trust which is incorporated by reference herein. On or after the fifth anniversary of the issue date, the Trust, at its option, may redeem Series D Preferred Shares, in whole or from time to time in part, at the Redemption Price; subject, however, to the holder's right to convert such shares pursuant to Section 6 at any time prior to the Redemption Date.

(b) In the event of a redemption of Series D Preferred Shares, if the Redemption Date occurs after a Dividend Record Date and on or prior to the related Dividend Payment Date, the dividend payable on such Dividend Payment Date in respect of such shares called for redemption shall be payable on such Dividend Payment Date to the holders of record at the close of business on such Dividend Record Date and shall not be payable as part of the Redemption Price for such shares. If full cumulative dividends on all outstanding Series D Preferred Shares have not been paid or declared and set apart for payment, no Series D Preferred Shares may be redeemed unless all outstanding Series D Preferred Shares are simultaneously redeemed and neither the Trust nor any Affiliate of the Trust may purchase or acquire Series D Preferred Shares, otherwise than pursuant to a purchase or exchange offer made on the same terms to all holders of Series D Preferred Shares.

(c) If fewer than all the outstanding Series D Preferred Shares are to be redeemed, the Trust will select those Series D Preferred Shares to be redeemed pro rata in

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proportion to the numbers of Series D Preferred Shares held by holders (with adjustment to avoid redemption of fractional shares) or by lot or in such other manner as the Board of Trustees may determine. If fewer than all Series D Preferred Shares represented by any certificate are redeemed, then a new certificate representing the unredeemed Series D Preferred Shares shall be issued without cost to the holders thereof.

(d) If the Trust shall redeem Series D Preferred Shares pursuant to paragraph (a) of this Section 5, notice of the redemption shall be mailed by the Trust not less than 30 days nor more than 60 days prior to the Redemption Date to each holder of record of the Series D Preferred Shares to be redeemed (the "REDEMPTION NOTICE"). Such Redemption Notice shall be provided by first class mail, postage prepaid, at such holder's address as the same appears on the share records of the Trust. Neither the failure to mail the Redemption Notice, nor any defect therein or in the mailing thereof to any particular holder, shall affect the sufficiency of the Redemption Notice or the validity of the proceedings for redemption with respect to the other holders. A Redemption Notice which has been mailed in the manner herein provided shall be conclusively presumed to have been duly given on the date mailed whether or not the holder receives the Redemption Notice. Each Redemption Notice shall state, as appropriate: (i) the Redemption Date; (ii) the number of Series D Preferred Shares to be redeemed; (iii) the place or places where certificates for such Series D Preferred Shares are to be surrendered; and (iv) the Redemption Price payable on such Redemption Date, including, without limitation, a statement as to whether or not accrued and unpaid dividends will be (x) payable as part of the Redemption Price, or (y)

payable on the next Dividend Payment Date to the record holder at the close of business on the relevant Dividend Record Date as described in the next succeeding sentence. A Redemption Notice having been mailed as aforesaid, from and after the Redemption Date (unless the Trust shall fail to make available the amount of cash necessary to effect such redemption), (i) dividends on the Series D Preferred Shares so called for redemption shall cease to accrue on said shares, (ii) said shares shall no longer be deemed to be outstanding, and (iii) all rights of the holders thereof as holders of Series D Preferred Shares shall cease, except (a) the right to receive the Redemption Price, without interest thereon, and (b) if the Redemption Date for any Series D Preferred Shares occurs after any Dividend Record Date and on or prior to the related Dividend Payment Date, the full dividend payable on such Dividend Payment Date in respect of such Series D Preferred Shares called for redemption shall be payable on such Dividend Payment Date to the holders of record of such shares at the close of business on the corresponding Dividend Record Date notwithstanding the prior redemption of such shares. The Trust's obligation to make available the cash necessary to effect such redemption in accordance with the preceding sentence shall be deemed fulfilled if, on or before the applicable Redemption Date, the Trust shall irrevocably deposit in trust with a bank or trust company (which may not be an Affiliate of the Trust) that has, or is an Affiliate of a bank or trust company that has, a capital and surplus of at least \$50,000,000, such amount of cash as is necessary for such redemption plus, if such Redemption Date occurs after any Dividend Record Date and on or prior to the related Dividend Payment Date, such amount of cash as is necessary to pay the dividend payable on such Dividend Payment Date in respect of such Series D Preferred Shares called for redemption, with irrevocable instructions that such cash be applied to the redemption of the Series D Preferred Shares so called for redemption and, if applicable, the payment of such dividend. No interest shall accrue for the benefit of the holders of Series D Preferred

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Shares to be redeemed on any cash so set aside by the Trust. Subject to applicable escheat laws, any such cash unclaimed at the end of two years from the Redemption Date shall revert to the general funds of the Trust, after which reversion the holders of Series D Preferred Shares so called for redemption shall look only to the general funds of the Trust for the payment of such cash. As promptly as practicable after the surrender in accordance with the Redemption Notice of the certificates for any such Series D Preferred Shares to be so redeemed (properly endorsed or assigned for Transfer, if the Trust shall so require and the Redemption Notice shall so state), such certificates shall be exchanged for cash (without interest thereon) for which such Series D Preferred Shares have been redeemed in accordance with such Redemption Notice.

6. CONVERSION AT OPTION OF THE HOLDER.

Holders of Series D Preferred Shares shall have the right to convert all or a portion of such shares into Common Shares, as follows:

(a) Subject to and upon compliance with the provisions of this Section 6, a holder of Series D Preferred Shares shall have the right, at such holder's option, at any time after December 31, 2003, to convert such shares, in whole or in part, into the number of fully paid and nonassessable shares of authorized but previously unissued Common Shares obtained by multiplying the Conversion Rate by the number of Series D Preferred Shares to be converted by surrendering such shares to be converted, such surrender to be made in the manner provided in paragraph (b) of this Section 6.

(b) In order to exercise the conversion right, the holder of each Series D Preferred Share to be converted shall surrender the certificate representing such shares, duly endorsed or assigned to the Trust or in blank, at the office of the Transfer Agent, accompanied by written notice to the Trust that the holder thereof elects to convert such Series D Preferred Shares. Unless the shares issuable on conversion are to be issued in the same name as the name in which such Series D Preferred Shares are registered, each share surrendered for conversion shall be accompanied by instruments of transfer, in form reasonably satisfactory to the Trust, duly executed by the holder or such holder's duly authorized attorney, and an amount sufficient to pay any transfer or similar tax (or evidence reasonably satisfactory to the Trust demonstrating that such taxes have been paid) as required by paragraph (j) of this Section 6. As promptly as practicable after the surrender of certificates for Series D Preferred Shares as aforesaid, the Trust shall issue and shall deliver at such office to such holder, or send on such holder's written order, a certificate or certificates for the number of full Common Shares issuable upon the conversion of such Series D Preferred Shares in accordance with provisions of this Section 6, and any fractional interest in respect of a Common Share arising upon such conversion shall be settled as provided in paragraph (c) of this Section 6. If all Series D Preferred Shares evidenced by any certificate are not converted, the Trust shall issue and deliver at such office to such holder a certificate for the remaining Series D Preferred Shares not converted. Each conversion shall be deemed to have been effected immediately prior to the close of business on the date on which the certificates for Series D Preferred Shares shall have been surrendered and such notice received by the Trust as aforesaid, and the Person

or Persons in whose name or names any certificate or certificates for Common Shares shall be issuable upon such conversion shall be deemed

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to have become the holder or holders of record of the shares represented thereby at such time on such date unless the share transfer books of the Trust shall be closed on that date, in which event such Person or Persons shall be deemed to have become such holder or holders of record at the close of business on the next succeeding day on which such transfer books are open, provided that such closure of the share transfer books shall not delay the date on which such Person shall become a holder of such shares by more than two Business Days.

(c) No fractional Common Share or scrip representing fractions of a Common Share shall be issued upon conversion of the Series D Preferred Shares. Instead of any fractional interest in a Common Share that would otherwise be deliverable upon the conversion of Series D Preferred Shares, the Trust shall pay to the holder of such share an amount in cash based upon the Current Market Price of the Common Shares on the Trading Day immediately preceding the date of conversion. If more than one share shall be surrendered for conversion at one time by the same holder, the number of full Common Shares issuable upon conversion thereof shall be computed on the basis of the aggregate number of Series D Preferred Shares so surrendered.

(d) If the Trust shall be a party to any transaction (including without limitation a merger, consolidation, statutory share exchange or reclassification of the Common Shares (each of the foregoing being referred to herein as a "Transaction")), in each case as a result of which Common Shares shall be converted into the right to receive shares, securities or other property (including cash or any combination thereof), each Series D Preferred Share which is not converted into the right to receive shares, securities or other property in connection with such Transaction shall thereupon be convertible into the kind and amount of shares, securities and other property (including cash or any combination thereof) receivable upon such consummation by a holder of that number of Common Shares into which one Series D Preferred Share was convertible immediately prior to such Transaction. The Trust shall not be a party to any Transaction unless the terms of such Transaction are consistent with the provisions of this paragraph (d), and it shall not consent or agree to the occurrence of any Transaction until the Trust has entered into an agreement with the successor or purchasing entity, as the case may be, for the benefit of the holders of the Series D Preferred Shares that will contain provisions enabling the holders of the Series D Preferred Shares that remain outstanding after such Transaction to convert into the consideration received by holders of Common Shares at the Conversion Rate. The provisions of this paragraph (d) shall similarly apply to successive Transactions.

(e) If there shall be any reclassification of the Common Shares or any consolidation or merger to which the Trust is a party and for which approval of any shareholders of the Trust is required, or a statutory share exchange, or the voluntary or involuntary liquidation, dissolution and winding up of the Trust, then the Trust shall cause to be mailed to each holder of Series D Preferred Shares at such holder's address as shown on the records of the Trust, as promptly as possible, but at least 15 days prior to the applicable date hereinafter specified, a notice stating the date on which such reclassification, consolidation, merger, statutory share exchange or liquidation, dissolution and winding up is expected to become effective, and the date as of which it is expected that holders of Common Shares of record shall be entitled to exchange their

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Common Shares for securities or other property, if any, deliverable upon such event. Failure to give or receive such notice or any defect therein shall not affect the legality or validity of the proceedings described in this Section 6.

(f) (i) In the event the Trust should at any time or from time to time after the date of issuance of the Series D Preferred Shares fix a record date for the effectuation of a split or subdivision of the outstanding Common Shares or the determination of holders of Common Shares entitled to receive a dividend or other distribution payable in additional Common Shares without payment of any consideration by such holder for the additional Common Shares, then, as of such record date (or the date of such dividend distribution, split or subdivision if no record date is fixed), the Conversion Rate shall be appropriately increased so that the number of Common Shares issuable on conversion of each Series D Preferred Share shall be increased in proportion to such increase of outstanding Common Shares. If the number of Common Shares outstanding at any time after the date of issuance of the Series D Preferred Shares is decreased by a combination of the then outstanding Common Shares, then, following the record date of such combination (or the date of such combination if no record date is fixed), the Conversion Rate for the Series D Preferred Shares shall be appropriately decreased so that the number of shares

of Common Stock issuable on conversion of each Series D Preferred Share shall be decreased in proportion to such decrease in outstanding Common Shares. Whenever the Conversion Rate is adjusted as herein provided, the Trust shall promptly file with the Transfer Agent an officer's certificate setting forth the Conversion Rate after such adjustment and setting forth a brief statement of the facts requiring such adjustment which certificate shall be conclusive evidence of the correctness of such adjustment absent manifest error. Promptly after delivery of such certificate, the Trust shall prepare a notice of such adjustment setting forth the adjusted Conversion Rate and the effective date such adjustment becomes effective and shall mail such notice of such adjustment to each holder of Series D Preferred Shares at such holder's last address as shown on the share records of the Trust.

(ii) In the event the Trust at any time, or from time to time, shall make or issue, or fix a record date for the determination of holders of Common Shares entitled to receive, a dividend or other distribution payable in securities of the Trust other than Common Shares, then and in each such event, provision shall be made so that the holders of Series D Preferred Shares shall receive upon conversion thereof, in addition to the number of Common Shares receivable thereupon, the amount of securities of the Trust which they would have received had their Series D Preferred Shares been converted into Common Shares on the date of such event and had thereafter, during the period from the date of such event to and including the date of conversion, retained such securities receivable by them as aforesaid during such period, giving application to all adjustments called for during such period under this Section 6(f) with respect to the rights of the holders of Series D Preferred Shares.

(g) In any case in which paragraph (f) of this Section 6 provides that an adjustment shall become effective on the day next following the record date for an event, the Trust may defer until the occurrence of such event (A) issuing to the holder of any Series D Preferred Share converted after such record date and before the occurrence of such event the additional Common Shares issuable upon such conversion by reason of

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the adjustment required by such event over and above the Common Shares issuable upon such conversion before giving effect to such adjustment and (B) paying to such holder any amount of cash in lieu of any fraction pursuant to paragraph (c) of this Section 6; provided, however, that the holder of such Series D Preferred Shares shall be entitled to such additional Common Shares and cash, as applicable, upon such event.

(h) There shall be no adjustment of the Conversion Rate in case of the issuance of any capital shares of the Trust, including issuance in connection with a reorganization, acquisition or other similar transaction except as specifically set forth in this Section 6. If any action or transaction would require adjustment of the Conversion Rate pursuant to more than one paragraph of this Section 6, only one adjustment shall be made and such adjustment shall be the amount of adjustment that has the highest absolute value to the holder of Series D Preferred Shares.

(i) The Trust shall at all times reserve and keep available, free from preemptive rights, out of the aggregate of its authorized but unissued Common Shares solely for the purpose of effecting conversion of the Series D Preferred Shares, the full number of Common Shares deliverable upon the conversion of all outstanding Series D Preferred Shares not theretofore converted into Common Shares. For purposes of this paragraph (i), the number of Common Shares that shall be deliverable upon the conversion of all outstanding Series D Preferred Shares shall be computed as if at the time of computation all such outstanding shares were held by a single holder. The Trust covenants that any Common Shares issued upon conversion of the Series D Preferred Shares shall be validly issued, fully paid and non-assessable. The Trust shall list the Common Shares required to be delivered upon conversion of the Series D Preferred Shares, prior to such delivery, upon each national securities exchange, if any, upon which the outstanding Common Shares are listed at the time of such delivery.

(j) The Trust will pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of Common Shares or other securities or property on conversion of Series D Preferred Shares pursuant hereto; provided, however, that the Trust shall not be required to pay any tax that may be payable in respect of any transfer involved in the issue or delivery of Common Shares or other securities or property in a name other than that of the holder of the Series D Preferred Shares to be converted, and no such issue or delivery shall be made unless and until the Person requesting such issue or delivery has paid to the Trust the amount of any such tax or established, to the reasonable satisfaction of the Trust, that such tax has been paid.

7. STATUS OF REACQUIRED SHARES.

All Series D Preferred Shares that have been issued and are reacquired in

any manner by the Trust (including, without limitation, Series D Preferred Shares which are redeemed or converted) shall be returned to the status of authorized but unissued Series D Preferred Shares.

8. RANKING.

The Series D Preferred Shares will, with respect to dividend rights and rights

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upon the liquidation, dissolution or winding-up of the Trust, rank:

(a) prior or senior to the Common Shares and any other class or series of Equity Shares authorized or designated in the future if the terms of such class or series provide that the holders of Series D Preferred Shares shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding-up in preference or priority to the holders of shares of such class or series ("JUNIOR SHARES");

(b) on a parity with the Series A Preferred Shares, Series B Preferred Shares and any other class or series of Equity Shares authorized or designated in the future if the terms of such class or series provide that the holders of such class or series and the Series D Preferred Shares shall be entitled to the receipt of dividends and of amounts distributable upon liquidation, dissolution or winding-up in proportion to their respective amounts of accrued and unpaid dividends per share or liquidation preferences, without preference or priority of one over the other ("PARITY SHARES"); and

(c) junior to any class or series of Equity Shares authorized or designated in the future if the terms of such class or series provide that the holders of such class or series shall be entitled to the receipt of dividends and amounts distributable upon liquidation, dissolution or winding-up in preference or priority to the holders of the Series D Preferred Shares ("SENIOR SHARES").

9. VOTING.

(a) If and whenever six quarterly dividends (whether or not consecutive) payable on the Series D Preferred Shares or any series or class of Parity Shares shall be in arrears (which shall, with respect to any such quarterly dividend, mean that any such dividend has not been paid in full), whether or not declared, the number of Trustees then constituting the Board of Trustees shall be increased by two (if not already increased by reason of similar types of provisions with respect to Parity Shares of any other class or series which is entitled to similar voting rights, other than the Series A Preferred Shares (the "VOTING PARITY SHARES")) and the holders of Series D Preferred Shares, together with the holders of all other Voting Parity Shares then entitled to exercise similar voting rights, voting as a single class regardless of series, shall be entitled to elect the two additional Trustees to serve on the Board of Trustees at any annual meeting of shareholders or at a special meeting of the holders of the Series D Preferred Shares and the Voting Parity Shares called as hereinafter provided. At any time when such right to elect Trustees separately shall have been so vested in the holders of Series D Preferred Shares and the Voting Parity Shares, if applicable, the Secretary of the Trust may, and upon the written request of the holders of record of not less than 20% of the total number of Series D Preferred Shares and Voting Parity Shares (addressed to the Secretary at the principal office of the Trust) shall, call a special meeting of the holders of the Series D Preferred Shares and of the Voting Parity Shares for the election of the two Trustees to be elected by them as herein provided, such call to be made by notice similar to that provided in the Bylaws of the Trust for a special meeting of the shareholders or as required by law. Such special meeting shall be held, in the case of such written request, within 90 days after the delivery of such request, provided that the Trust shall not be required to call such a special meeting if such request is received less than 120 days

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before the date fixed for the next ensuing annual meeting of shareholders and the holders of the Series D Preferred Shares and Voting Parity Share are offered the opportunity to elect such Trustees at such annual meeting. The Trustees elected at any such special meeting shall hold office until the next annual meeting of the shareholders or special meeting held in lieu thereof if such office shall not have previously terminated as provided below. If any vacancy shall occur among the Trustees elected by the holders of the Series D Preferred Shares and the Voting Parity Shares by reason of death, resignation or disability, a successor shall be elected by the Board of Trustees, upon the nomination of the then-remaining Trustee elected by the holders of the Series D Preferred Shares and the Voting Parity Shares or the successor of such remaining Trustee, to serve until the next annual meeting of the shareholders or special meeting held in place thereof if such office shall not have previously

terminated as provided below. Whenever all arrears in dividends on the Series D Preferred Shares and the Voting Parity Shares then outstanding shall have been paid and dividends thereon for the current Dividend Period shall have been declared and paid, or declared and set apart for payment, then the right of the holders of the Series D Preferred Shares and the Voting Parity Shares to elect such additional two Trustees shall cease (but subject always to the same provision for the vesting of such voting rights in the case of any similar future arrearages), and the terms of office of all persons elected as Trustees by the holders of the Series D Preferred Shares and the Voting Parity Shares shall forthwith terminate and the number of Trustees constituting the Board of Trustees shall be reduced accordingly.

(b) So long as any Series D Preferred Shares are outstanding, in addition to any other vote or consent of shareholders required by law or by the Declaration of Trust of the Trust, the affirmative vote or consent of at least 66-2/3% of the votes entitled to be cast by the holders of the outstanding Series D Preferred Shares voting as a single class with the holders of all other classes or series of Voting Parity Shares entitled to vote on such matters, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

(i) Any amendment, alteration or repeal of any of the provisions of, or the addition of any provision to, these Articles Supplementary, the Declaration of Trust or the By-Laws of the Trust that materially adversely affects the voting powers, rights or preferences of the holders of the Series D Preferred Shares; provided, however, that the amendment of or supplement to the provisions of the Declaration of Trust to authorize, create, increase or decrease the authorized amount of, or to issue, Junior Shares, Series D Preferred Shares or any class of Parity Shares shall not be deemed to materially adversely affect the voting powers, rights or preferences of the holders of Series D Preferred Shares; or

(ii) The authorization, creation of, increase in the authorized amount of, or issuance of shares of any class or series of Senior Shares or any security convertible into shares of any class or series of Senior Shares (whether or not such class or series of Senior Shares is currently authorized);

provided, however, that no such vote of the holders of Series D Preferred Shares shall be required if, at or prior to the time when such amendment, alteration or repeal is to take effect, or when the issuance of any such Senior Shares or convertible or exchangeable

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security is to be made, as the case may be, provision is made for the redemption of all outstanding Series D Preferred Shares to the extent such redemption is authorized by Section 5 of this Article.

For purposes of the foregoing provisions and all other voting rights under these Articles Supplementary, each Series D Preferred Share shall have one (1) vote per share, except that when any other class or series of preferred shares of the Trust shall have the right to vote with the Series D Preferred Shares as a single class on any matter, then the Series D Preferred Shares and such other class or series shall have with respect to such matters one quarter of one vote per \$25.00 of stated liquidation preference. Except as otherwise required by applicable law or as set forth herein or in the Declaration of Trust, the Series D Preferred Shares shall not have any relative, participating, optional or other special voting rights and powers other than as set forth herein, and the consent of the holders thereof shall not be required for the taking of any action by the Trust.

(c) In no event shall the Series A Preferred Shares be treated as Parity Shares for the purposes of this Section 9, and the voting rights of the Series A Preferred Shares as fixed by the Articles Supplementary establishing such series remain in full force and effect.

10. RECORD HOLDERS.

The Trust and the Transfer Agent may deem and treat the record holder of any Series D Preferred Share as the true and lawful owner thereof for all purposes, and neither the Trust nor the Transfer Agent shall be affected by any notice to the contrary.

11. RESTRICTIONS ON OWNERSHIP AND TRANSFER; REMEDIES.

Article VII of the Declaration of Trust sets forth certain ownership and transfer restrictions relating to the Equity Shares, including the Series D Preferred Shares. Article VII of the Declaration of Trust is hereby incorporated by reference herein. With respect to any conflict between the terms of these Articles Supplementary and Article VII of the Declaration of Trust, the provisions of Article VII of the Declaration of Trust shall control.

FOURTH: These Articles Supplementary have been duly adopted by all necessary action on the part of the Trust.

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IN WITNESS WHEREOF, the Trust has caused these Articles Supplementary be signed in its name and on its behalf by its Chief Executive Officer and witnessed by its Assistant Secretary on January 25, 2001.

WITNESS:

CORPORATE OFFICE PROPERTIES TRUST

/s/ John H. Gurley

By: /s/ Roger A. Waesche

Name: John H. Gurley
Title: Vice President and General
Counsel

Name: Roger A. Waesche
Title: Senior Vice President and Chief
Financial Officer

THE UNDERSIGNED, Senior Vice President and Chief Financial Officer of CORPORATE OFFICE PROPERTIES TRUST, who executed on behalf of the Trust the Articles Supplementary of which this Certificate is made a part, hereby acknowledges in the name and on behalf of said Trust the foregoing Articles Supplementary to be the official act of said Trust and hereby certifies that the matters and facts set forth herein with respect to the authorization and approval thereof are true in all material respects under the penalties of perjury.

/s/ Roger A. Waesche

Name: Roger A. Waesche
Title: Senior Vice President and Chief Financial Officer

REGISTRATION RIGHTS AGREEMENT

DATED AS OF JANUARY 25, 2001

of

CORPORATE OFFICE PROPERTIES TRUST

for the benefit of

BARONY TRUST LIMITED

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this "Agreement") is made and entered into as of January 25, 2001 by Corporate Office Properties Trust, a Maryland real estate investment trust (the "Company"), for the benefit of Barony Trust Limited, an Isle of Man trust ("Barony").

WHEREAS, on January 12, 2001, Barony became the owner of a certain convertible promissory note issued by the Company (the "Note"), which Note is convertible into Series D Cumulative Convertible Redeemable Preferred Shares of Beneficial Interest, par value \$0.01 per share (the "Series D Preferred Shares") which, in turn, are convertible into Common Shares (as defined below);

WHEREAS, contemporaneously with the execution of this Agreement, the Note is being converted into Series D Preferred Shares, and the Company is issuing to Barony the Series D Preferred Shares;

WHEREAS, in connection with the foregoing, the Company is granting certain registration rights to Barony consistent with the terms of Exhibit A to the Note.

NOW, THEREFORE, the Company for the benefit of Barony agrees as follows:

SECTION 1. DEFINITIONS.

As used in this Agreement, the following capitalized defined terms shall have the following meanings:

Commission: The Securities and Exchange Commission.

Common Shares: Common shares of beneficial interest, \$0.01 par value, of the Company.

Exchange Act: The Securities Exchange Act of 1934, as amended from time to time.

Holder or Holders: The owners of the Registrable Securities.

Indemnitee: A Holder of Registrable Securities covered by the registration statement filed with the Commission as provided in this Agreement pursuant to Section 2 hereof.

Majority Holders: At any time, Holders then holding a majority of the Registrable Securities.

NASD: The National Association of Securities Dealers, Inc.

Person: Any individual, partnership, corporation, limited liability company, trust or other legal entity.

Prospectus: A prospectus included in the Shelf Registration Statement, including any preliminary prospectus, and any such prospectus as amended or supplemented by any prospectus supplement with respect to the terms of the offering of any portion of the Registrable Securities covered

by such Shelf Registration Statement, and by all other amendments and supplements to such prospectus, including post-effective amendments, and in each case including all material incorporated by reference therein.

Registrable Securities: The Shares, excluding (i) Shares which shall have been disposed of under the Shelf Registration Statement, (ii) Shares sold or

otherwise distributed pursuant to Rule 144 under the Securities Act and (iii) Shares as to which registration under the Securities Act is not required to permit the sale thereof to the public.

Sale Period: The 45-day period immediately following the filing with the Commission by the Company of an annual report of the Company on Form 10-K or a quarterly report of the Company on Form 10-Q or such other period as the Company may determine from time to time.

Securities Act: The Securities Act of 1933, as amended from time to time.

Shares: The Common Shares issued to Holders of Series D Preferred Shares upon conversion thereof.

Shelf Registration: A "shelf" registration of the Registrable Securities under Rule 415 under the Securities Act.

Shelf Registration Statement: A "shelf" registration statement of the Company and any other entity required to be a registrant with respect to such shelf registration statement pursuant to the requirements of the Securities Act which covers all of the Registrable Securities then issued and outstanding or which may thereafter be issued in redemption of any securities of the Company or its affiliates on an appropriate form under Rule 415 under the Securities Act, or any similar rule that may be adopted by the Commission, and all amendments and supplements to such registration statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and all materials incorporated by reference therein.

SECTION 2. SHELF REGISTRATION UNDER THE SECURITIES ACT.

(a) FILING OF SHELF REGISTRATION STATEMENT. By March 31, 2001, the Company shall cause to be included in a Shelf Registration Statement all of the Registrable Securities in accordance with the terms hereof and will use its reasonable best efforts to cause such Shelf Registration Statement to be declared effective by the Commission as soon as reasonably practicable. The Company agrees to use its reasonable best efforts to keep such Shelf Registration Statement continuously effective under the Securities Act until such time as the aggregate number of Registrable Securities then outstanding, on a fully diluted basis, is less than 5% of the then outstanding Common Shares, and further agrees to supplement or amend such Shelf Registration Statement, if and as required by the rules, regulations or instructions applicable to the registration form used by the Company for such Shelf Registration Statement or by the Securities Act or by any other rules and regulations thereunder for a Shelf Registration. Each Holder who sells Shares as part of any such Shelf Registration Statement shall be deemed to have agreed to all of the terms and conditions of this Agreement and to have agreed to perform any and all obligations of a Holder hereunder.

(b) SHELF REGISTRATION STATEMENT INFORMATION. Each Holder shall provide the information reasonably requested by the Company in connection with the preparation of the Shelf Registration Statement as promptly as practicable after request by the Company, but in no event later than 20 days

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thereafter, and if such Holder shall not provide such information, shall not be entitled to have its Registrable Securities included in such Shelf Registration Statement after such 20 day period until such information is provided.

SECTION 3. SHELF REGISTRATION PROCEDURES.

In connection with the obligations of the Company with respect to the Shelf Registration Statement pursuant to Section 2 hereof, the Company shall:

(a) prepare and file with the SEC, within the time period set forth in Section 2(a) hereof, an amendment to its current Shelf Registration Statement, which Shelf Registration Statement (i) shall be available for the sale of the Registrable Securities covered thereby in accordance with the intended method or methods of distribution by the Holders thereof as set forth in the Prospectus and (ii) shall comply as to form in all material respects with the requirements of the applicable form and include all financial statements required by the Commission to be filed therewith.

(b) subject to the last three sentences of this Section 3(b) and to Section 3(i) hereof, (i) prepare and file with the Commission such amendments and post-effective amendments to such Shelf Registration Statement as may be necessary to keep such Shelf Registration Statement effective for the applicable period set forth in Section 2; (ii) cause the Prospectus to be supplemented by any required prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 or any similar rule that may be adopted under the Securities Act; (iii) respond promptly to any comments received from the Commission with respect to such Shelf Registration Statement, or any amendment, post-effective amendment

or supplement relating thereto; and (iv) comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such Shelf Registration Statement during the applicable period in accordance with the intended method or methods of distribution by the selling Holders thereof. Notwithstanding anything to the contrary contained herein, the Company shall not be required to take any of the actions described in clauses (i), (ii) or (iii) above with respect to a particular Holder of Registrable Securities unless and until the Company has received a written notice (a "Registration Notice") from such Holder that it intends to make offers or sales under such Shelf Registration Statement as specified in such Registration Notice; provided, however, that the Company shall have 7 business days to prepare and file any such amendment or supplement after receipt of a Registration Notice. Once a Holder has delivered such a Registration Notice to the Company, such Holder shall promptly provide to the Company such information as the Company reasonably requests in order to identify such Holder and the method of distribution in a post-effective amendment to such Shelf Registration Statement or a supplement to a Prospectus. Offers or sales under such Shelf Registration Statement may be made only during a Sale Period. Such Holder also shall notify the Company in writing upon completion of such offer or sale or at such time as such Holder no longer intends to make offers or sales under such Shelf Registration Statement.

(c) furnish to each Holder of Registrable Securities that has delivered a Registration Notice to the Company, without charge, as many copies of each applicable Prospectus, including each preliminary Prospectus, and any amendment or supplement thereto and such other documents as such Holder may reasonably request, in order to facilitate the public sale or other disposition of the Registrable Securities; the Company consents to the use of such Prospectus, including each preliminary Prospectus, by each such Holder of Registrable Securities in connection with the offering and sale of the Registrable Securities covered by such Prospectus or the preliminary Prospectus.

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(d) use its reasonable best efforts to register or qualify the Registrable Securities covered thereby by the time such amendment to the Shelf Registration Statement is declared effective by the Commission under all applicable state securities or "blue sky" laws of such jurisdictions as any Holder of Registrable Securities covered by such Shelf Registration Statement shall reasonably request in writing, keep each such registration or qualification effective during the period such Shelf Registration Statement is required to be kept effective or during the period offers or sales are being made by a Holder that has delivered a Registration Notice to the Company, whichever is shorter, and do any and all other acts and things which may be reasonably necessary or advisable to enable such Holder to consummate the disposition in each such jurisdiction of such Registrable Securities then owned by such Holder; provided, however, that the Company shall not be required (i) to qualify generally to do business in any jurisdiction or to register as a broker or dealer in such jurisdiction where it would not be required so to qualify or register but for this Section 3(d), (ii) to subject itself to taxation in any such jurisdiction or (iii) to submit to the general service of process in any such jurisdiction.

(e) notify each Holder when such amendment to the Shelf Registration Statement has become effective and notify each Holder of Registrable Securities that has delivered a Registration Notice to the Company promptly and, if requested by such Holder, confirm such advice in writing (i) when any post-effective amendments and supplements to such Shelf Registration Statement become effective, (ii) of the issuance by the Commission or any state securities authority of any stop order suspending the effectiveness of such Shelf Registration Statement or the initiation of any proceedings for that purpose, (iii) if the Company receives any notification with respect to the suspension of the qualification of the Registrable Securities for sale in any jurisdiction or the initiation of any proceeding for such purpose and (iv) of the happening of any event during the period such Shelf Registration Statement is effective as a result of which such Shelf Registration Statement or a related Prospectus contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein (in the case of the Prospectus, in light of the circumstances under which they were made) not misleading.

(f) make every reasonable effort to obtain the withdrawal of any order suspending the effectiveness of such Shelf Registration Statement at the earliest possible moment.

(g) furnish to each Holder of Registrable Securities covered thereby that has delivered a Registration Notice to the Company, without charge, at least one conformed copy of such Shelf Registration Statement and any post-effective amendment thereto (without documents incorporated therein by reference or exhibits thereto, unless requested).

(h) cooperate with the selling Holders of Registrable Securities covered thereby to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold and not bearing any Securities

Act legend; and enable certificates for such Registrable Securities to be issued for such numbers of shares and registered in such names as the selling Holders may reasonably request at least two business days prior to any sale of Registrable Securities.

(i) subject to the last three sentences of Section 3(b) hereof, upon the occurrence of any event contemplated by Section 3(e)(iv) hereof, use its reasonable best efforts promptly to prepare and file a supplement or prepare, file and obtain effectiveness of a post-effective amendment to such Shelf Registration Statement or a related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of the Registrable Securities, such Prospectus will not contain any untrue statement of a material fact or omit to state a

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material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(j) make available for inspection by representatives of the Holders of the Registrable Securities and any counsel or accountant retained by such Holders, all financial and other records, pertinent corporate documents and properties of the Company, and cause the respective officers, directors and employees of the Company to supply all information reasonably requested by any such representative, counsel or accountant in connection with such Shelf Registration Statement; provided, however, that such records, documents or information which the Company determines in good faith to be confidential, and notifies such representatives, counsel or accountants in writing that such records, documents or information are confidential, shall not be disclosed by the representatives, counsel or accountants unless (i) the disclosure of such records, documents or information is necessary to avoid or correct a material misstatement or omission in such Shelf Registration Statement, (ii) the release of such records, documents or information is ordered pursuant to a subpoena or other order from a court of competent jurisdiction or (iii) such records, documents or information have been generally made available to the public otherwise than in violation of this Agreement.

(k) a reasonable time prior to the filing of any Prospectus, any amendment to such Shelf Registration Statement or amendment or supplement to a Prospectus, provide copies of such document (not including any documents incorporated by reference therein unless requested) to the Holders of Registrable Securities that have provided a Registration Notice to the Company.

(l) use its reasonable best efforts to cause all Registrable Securities to be listed on any securities exchange on which similar securities issued by the Company are then listed.

(m) continue to maintain a CUSIP number for all Registrable Securities.

(n) otherwise use its reasonable best efforts to comply with all applicable rules and regulations of the Commission and make available to its security holders, as soon as reasonably practicable, an earnings statement covering at least 12 months which shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder.

(o) use its reasonable best efforts to cause the Registrable Securities covered by such Shelf Registration Statement to be registered with or approved by such other governmental agencies or authorities as may be necessary by virtue of the business and operations of the Company to enable Holders that have delivered Registration Notices to the Company to consummate the disposition of such Registrable Securities.

The Company may require each Holder of Registrable Securities to furnish to the Company in writing such information regarding the proposed distribution by such Holder of such Registrable Securities as the Company may from time to time reasonably request in writing.

In connection with and as a condition to the Company's obligations with respect to any Shelf Registration Statement pursuant to Section 2 hereof and this Section 3, each Holder agrees with the Company that:

(i) it will not offer or sell its Registrable Securities under a Shelf Registration Statement until (A) it has provided a Registration Notice pursuant to Section 3(b) hereof and

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(B) it has received copies of the supplemented or amended Prospectus contemplated by Section 3(b) hereof and receives notice that any post-effective amendment has become effective;

(ii) upon receipt of any notice from the Company of the happening of any event of the kind described in Section 3(e)(iv) hereof, such Holder will forthwith discontinue disposition of Registrable Securities pursuant to such Shelf Registration Statement until such Holder receives copies of the supplemented or amended Prospectus contemplated by Section 3(i) hereof and receives notice that any post-effective amendment has become effective, and, if so directed by the Company, such Holder will deliver to the Company (at the expense of the Company) all copies in its possession, other than permanent file copies then in such Holder's possession, of the Prospectus covering such Registrable Securities current at the time of receipt of such notice;

(iii) all offers and sales under such Shelf Registration Statement shall be completed within forty-five (45) days after the first date on which offers or sales can be made pursuant to clause (i) above, and upon expiration of such forty-five (45) day period the Holder will not offer or sell its Registrable Securities under the Shelf Registration Statement until it has again complied with the provisions of clauses (i)(A) and (B) above, except that if the applicable Registration Notice was delivered to the Company at a time which was not part of a Sale Period, such forty-five (45) day period shall be the next succeeding Sale Period;

(iv) if the Company determines in its good faith judgment, after consultation with counsel, that an amendment of a Shelf Registration Statement under Section 2 hereof or the use of any Prospectus would require the disclosure of important information which the Company has a bona fide business purpose for preserving as confidential or the disclosure of which would impede the Company's ability to consummate a significant transaction, upon written notice of such determination by the Company, the rights of the Holders to offer, sell or distribute any Registrable Securities pursuant to a Shelf Registration Statement or Prospectus or to require the Company to take action with respect to the registration or sale of any Registrable Securities pursuant to a Shelf Registration Statement (including any action contemplated by this Section 3) will be suspended until the date upon which the Company notifies the Holders in writing that suspension of such rights for the grounds set forth in this paragraph is no longer necessary; provided, however, that the Company may not suspend such rights for an aggregate period of more than 90 days in any 12-month period; and

(v) in the case of the registration of any underwritten equity offering proposed by the Company (other than any registration by the Company on Form S-8, or a successor or substantially similar form, of (i) an employee stock option, stock purchase or compensation plan or of securities issued or issuable pursuant to any such plan or (ii) a dividend reinvestment plan), such Holder will agree, if requested in writing by the managing underwriter or underwriters administering such offering, not to effect any offer, sale or distribution of any Registrable Securities (or any option or right to acquire Registrable Securities) (each, a "Transfer") during the period commencing on the 10th day prior to the expected effective date (which date shall be stated in such notice) of the registration statement covering such underwritten primary equity offering or, if such offering shall be a "take-down" from an effective Shelf Registration Statement, the 10th day prior to the expected commencement date (which date shall be stated in such notice) of such offering, and ending on the date specified by such managing underwriter in such written request to such Holder; provided, however, that no Holder shall be required to agree not to Transfer its Registrable Securities for a period of time which is longer than the greater of 90 days or the period of time

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for which any senior executive of the Company is required so to agree in connection with such offering.

SECTION 4. SELECTION OF UNDERWRITERS. If any offering pursuant to the Shelf Registration Statement is to be an underwritten offering, the Company will select a managing underwriter or underwriters to administer the offering.

SECTION 5. REGISTRATION EXPENSES. The Company shall pay the following registration expenses: (i) all Commission, stock exchange or NASD registration and filing fees, (ii) all fees and expenses of compliance with securities or blue sky laws (including reasonable fees and disbursements of counsel in connection with the blue sky qualifications of the Registrable Securities), (iii) printing expenses, (iv) internal expenses (including without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), (v) the fees and expenses incurred in connection with the listing of the Registrable Securities on any national securities exchange or interdealer quotation system, (vi) the reasonable fees and disbursements of counsel for the Company and customary fees and expenses for independent certified public accountants retained by the Company (including the expenses of any comfort letters or costs associated with the delivery by independent

certified public accountants of a comfort letter or comfort letters), (vii) the fees and expenses of any registrar and transfer agent for the Common Shares, (viii) the underwriting fees, discounts and commissions applicable to any Common Shares sold for the account of the Company and (ix) all expenses of any Person in preparing or assisting in preparing, word processing, printing and distributing any registration statement, prospectus, certificates and other documents relating to the performance of and compliance with this Agreement. Except as otherwise provided in clause (viii) of this Section 5, the Company shall have no obligation to pay any underwriting fees, discounts or commissions attributable to the sale of Registrable Securities.

SECTION 6. INDEMNIFICATION; CONTRIBUTION.

(a) The Company agrees to indemnify and hold harmless each Indemnitee from and against any and all losses, claims, damages, liabilities and expenses (including reasonable costs of investigation) arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in any prepricing prospectus, registration statement or prospectus or in any amendment or supplement thereto, or arising out of or based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages, liabilities or expenses arise out of or are based upon any untrue statement or omission or alleged untrue statement or omission which has been made therein or omitted therefrom in reliance upon and in conformity with the information relating to a participating Holder furnished in writing to the Company by or on behalf of a participating Holder expressly for use in connection therewith. The foregoing indemnity agreement shall be in addition to any liability which the Company may otherwise have.

(b) If any action, suit or proceeding shall be brought against an Indemnitee in respect of which indemnity may be sought against the Company, such Indemnitee shall promptly notify the Company, and the Company shall assume the defense thereof, including the employment of counsel and payment of all fees and expenses. The Indemnitee shall have the right to employ separate counsel in any such action, suit or proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnitee unless (x) the Company has agreed in writing to pay such fees and expenses, (y) the Company has failed to assume the defense and employ counsel, or (z) the named parties to any such action, suit or proceeding (including any impleaded

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parties) include both such Indemnitee and the Company, and such Indemnitee shall have been advised by its counsel that representation of such Indemnitee and the Company by the same counsel would be inappropriate under applicable standards of professional conduct (whether or not such representation by the same counsel has been proposed) due to actual or potential differing interests between them (in which case the Company shall not have the right to assume the defense of such action, suit or proceeding on behalf of such Indemnitee). It is understood, however, that the Company shall, in connection with any one such action, suit or proceeding or separate but substantially similar or related actions, suits or proceedings in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of only one separate firm of attorneys (in addition to any local counsel) at any time for all such Indemnitees not having actual or potential differing interests among themselves, and that all such fees and expenses shall be reimbursed as they are incurred. The Company shall not be liable for any settlement of any such action, suit or proceeding effected without its written consent, but if settled with such written consent, or if there be a final judgment for the plaintiff in any such action, suit or proceeding, the Company agrees to indemnify and hold harmless such Indemnitee, to the extent provided in the preceding paragraph, from and against any loss, claim, damage, liability or expense by reason of such settlement or judgment.

(c) Each of the participating Holders, severally and not jointly, agree to indemnify and hold harmless the Company, its directors, its officers who sign the registration statement, and any person who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, to the same extent as the foregoing indemnity from the Company to an Indemnitee, but only with respect to information relating to such Holder furnished in writing by or on behalf of such Holder expressly for use in the registration statement, prospectus or any prepricing prospectus, or any amendment or supplement thereto. If any action, suit or proceeding shall be brought against the Company, any of its directors, any such officer, or any such controlling person based on the registration statement, prospectus or any prepricing prospectus, or any amendment or supplement thereto, and in respect of which indemnity may be sought against any Holder pursuant to this Section 6(c), such Holder shall have the rights and duties given to the Company by Section 6(b) hereof (except that if the Company shall have assumed the defense thereof such Holder shall not be required to do so, but may employ separate counsel therein and participate in the defense thereof, but the fees and expenses of such counsel shall be at the Holder's expense), and the Company, its directors, any such officer, and any such controlling person shall have the rights and duties

given to an Indemnitee by Section 6(b) hereof. The foregoing indemnity agreement shall be in addition to any liability which the participating Holders may otherwise have.

(d) If the indemnification provided for in this Section 6 is unavailable to an indemnified party under paragraphs (a) or (c) hereof in respect of any losses, claims, damages, liabilities or expenses referred to therein, then an indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities or expenses in such proportion as is appropriate to reflect the relative fault of the Company and of the participating Holders in connection with the statements or omissions that resulted in such losses, claims, damages, liabilities or expenses. The relative fault of the Company on the one hand and a participating Holder on the other hand shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or by such participating Holder on the other hand and the parties' relative intent, knowledge, access or information and opportunity to correct or prevent such statement or omission.

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(e) The Company and the participating Holders agree that it would not be just and equitable if contribution pursuant to this Section 6 were determined by a pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in Section 6(d) hereof. The amount paid or payable by an indemnified party as a result of the losses, claims, damages, liabilities and expenses referred to in Section 6(d) hereof shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating any claim or defending any such action, suit or proceeding. Notwithstanding the provisions of this Section 6, no participating Holder shall be required to contribute any amount in excess of the amount by which the proceeds to such participating Holder exceeds the amount of any damages which such participating Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(f) No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened action, suit or proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such action, suit or proceeding.

(g) Any losses, claims, damages, liabilities or expenses for which an indemnified party is entitled to indemnification or contribution under this Section 6 shall be paid by the indemnifying party to the indemnified party as such losses, claims, damages, liabilities or expenses are incurred. The indemnity and contribution agreements contained in this Section 6 shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of an Indemnitee, the Company, its directors or officers, or any person controlling the Company, and (ii) any termination of this Agreement.

SECTION 7. PARTICIPATION IN UNDERWRITTEN REGISTRATIONS. A Holder may not participate in any underwritten offering unless such Holder (i) agrees to sell its Registrable Securities on the basis provided in any underwriting arrangements which are approved by the Company in its reasonable discretion and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents (including lock-up agreements) reasonably required under the terms of such underwriting arrangements which are not inconsistent with the terms of this Agreement.

SECTION 8. OTHER REGISTRATION RIGHTS. The Company is party to the Amended and Restated Registration Rights Agreement dated as of March 16, 1998 and the Registration Rights Agreement dated September 28, 1998 between the Company and certain shareholders of the Company (together, the "Prior Registration Rights Agreements"). In the event of any conflict between the provisions of this Agreement and the Prior Registration Rights Agreements which would adversely affect the rights exercisable by shareholders of the Company pursuant to the Prior Registration Rights Agreement, the Holders hereby waive the enforcement of the provisions of this Agreement to the extent necessary to alleviate such conflict.

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SECTION 9. RULE 144 SALES.

(a) The Company covenants that it will file the reports required to be filed by the Company under the Securities Act and the Exchange Act, so as to enable any Holder to sell Registrable Securities pursuant to Rule 144 under the Securities Act.

(b) In connection with any sale, transfer or other disposition by any Holder of any Registrable Securities pursuant to Rule 144 under the Securities Act, the Company shall cooperate with such Holder to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold and not bearing any Securities Act legend, and enable certificates for such Registrable Securities to be for such number of shares and registered in such names as the selling Holders may reasonably request at least two business days prior to any sale of Registrable Securities.

SECTION 10. MISCELLANEOUS.

(a) AMENDMENTS AND WAIVERS. The provisions of this Agreement, including the provisions of this sentence, may be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may be given with the written consent of the Company and Holders constituting Majority Holders. Notice of any amendment, modification or supplement to this Agreement adopted in accordance with this Section 10(a) shall be provided by the Company to each Holder of Registrable Securities at least thirty (30) days prior to the effective date of such amendment, modification or supplement.

(b) NOTICES. All notices and other communications provided for or permitted hereunder shall be made in writing by hand delivery, registered first-class mail, telex, telecopier or any courier guaranteeing overnight delivery, (i) if to a Holder, at the most current address given by such Holder to the Company by means of a notice given in accordance with the provisions of this Section 10(b), which address initially is, with respect to each Holder, at 7 Athol Street, Douglas, Isle of Man IM1 1LD, British Isles, Attention: Managing Director, or (ii) if to the Company, at 8815 Centre Park Drive, Suite 400, Columbia, Maryland 21045, Attention: General Counsel.

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five business days after being deposited in the mail, postage prepaid, if mailed; when answered back, if telexed; when receipt is acknowledged, if telecopied; or at the time delivered if delivered by an air courier guaranteeing overnight delivery.

(c) SUCCESSORS AND ASSIGNS. This Agreement shall inure to the benefit of and be binding upon the successors, assigns and transferees of each of the Company and the Holders, including without limitation and without the need for an express assignment, subsequent Holders. If any successor, assignee or transferee of any Holder shall acquire Registrable Securities, in any manner, whether by operation of law or otherwise, such Registrable Securities shall be held subject to all of the terms of this Agreement, and by taking and holding such Registrable Securities such Person shall be entitled to receive the benefits hereof and shall be conclusively deemed to have agreed to be bound by all of the terms and provisions hereof.

(d) HEADINGS. The headings in this Agreement are for the convenience of reference only and shall not limit or otherwise affect the meaning hereof.

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(e) GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF MARYLAND WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAW PROVISIONS THEREOF.

(f) SPECIFIC PERFORMANCE. The Company and the Holders acknowledge that there would be no adequate remedy at law if any party fails to perform any of its obligations hereunder, and accordingly agree that the Company and each Holder, in addition to any other remedy to which it may be entitled at law or in equity, shall be entitled to compel specific performance of the obligations of another under this Agreement in accordance with the terms and conditions of this Agreement in any court of the United States or any State thereof having jurisdiction.

(g) ENTIRE AGREEMENT. This Agreement is intended by the Company as a final expression of its agreement and is intended to be a complete and exclusive statement of the agreement and understanding of the Company in respect of the subject matter contained herein. This Agreement supersedes all prior agreements and understandings of the Company with respect to such subject matter.

IN WITNESS WHEREOF, the Company has executed this Agreement as of the date first written above.

CORPORATE OFFICE PROPERTIES TRUST

By: /s/ Roger A. Waeche Jr.

Name: Roger A. Waeche Jr.

Title: Senior Vice President and CFO

[Deutsche Bank Letterhead]

REVISED AS OF JANUARY 23, 2001

Date: December 26, 2000
To: Corporate Office Properties LP
Attention: Roger Waesche
Facsimile no.: 410 740 1174
CC: Chatham Financial Corp.
Attention: Ted McCullough
Facsimile no.: 610-925-3125
Our Reference: 616590-MJ
Re: Interest Rate Swap Transaction- THIS CONFIRMATION
SUPERCEDES AND REPLACES ALL PRIOR COMMUNICATION
BETWEEN THE PARTIES HERETO WITH RESPECT TO THE
TRANSACTION DESCRIBED BELOW

Ladies and Gentlemen:

The purpose of this letter agreement is to set forth the terms and conditions of the Transaction entered into between Deutsche Bank AG ("DBAG") and Corporate Office Properties LP ("Counterparty") on the Trade Date specified below (the "Transaction"). This letter agreement constitutes a "Confirmation" as referred to in the Agreement specified below.

The definitions and provisions contained the 2000 ISDA Definitions (the "Definitions") as published by the International Swaps and Derivatives Association, Inc. are incorporated by reference herein. In the event of any inconsistency between the Definitions and this Confirmation, this Confirmation will govern.

For the purpose of this Confirmation, references in the Definitions or the Agreement to a "Swap Transaction" shall be deemed to be references to this Transaction.

1. This Confirmation evidences a complete and binding agreement between DBAG ("Party A") and Counterparty ("Party B") as to the terms of the Transaction to which this Confirmation relates. In addition, Party A and Party B agree to use all reasonable efforts to negotiate, execute and deliver an agreement in the form of the ISDA Master Agreement (Multicurrency-Cross Border) (the "ISDA Form") (as may be amended, modified or supplemented from time to time, the "Agreement") with such modifications as Party A and Party B will in good faith agree. Upon execution by the parties of such Agreement, this Confirmation will supplement, form a part of and be subject to the Agreement. All provisions contained or incorporated by reference in such Agreement upon its execution shall govern this Confirmation except as expressly modified below. Until Party A and Party B execute and

deliver the agreement, this Confirmation, together with all other documents referring to the ISDA Form (each a "Confirmation") confirming Transactions (each a "Transaction") entered into between us (notwithstanding anything to the contrary is a Confirmation) shall supplement, form a part of, and be subject to an agreement in the form of the ISDA Form as if Party A and Party B had executed an agreement on the Trade Date of the first such Transaction between us in such form, with the Schedule thereto (i) specifying only that (a) the governing law is the laws of the State of New York, without reference to choice of law doctrine, provided, that such choice of law shall be superceded by any choice of law provision specified in the Agreement upon its execution, and (b) the Termination Currency is U.S. Dollars and (ii) incorporating the addition to the definition of "Indemnifiable Tax" contained in (page 48 of) the ISDA "User's Guide to the 1992 ISDA Master Agreements". In the event of any inconsistency between the terms of this Confirmation and the terms of the Agreement, this Confirmation will prevail for the purpose of this Transaction.

2. The Terms of the particular Transaction to which this Confirmation relates are as follows:

Notional Amount:

USC 100,000,000.00

Trade Date: December 21, 2000
Effective Date: January 2, 2001
Termination Date: January 2, 2003, subject to adjustment in accordance with the Modified Following Business Day Convention.

Fixed Amounts:

Fixed Rate Payer: Counterparty
Fixed Rate Payer Payment Dates: The 1st day of each month of each year, commencing February 1, 2001, through and including the Termination Date, subject to adjustment in accordance with the Following Business Day Convention.
Fixed Rate: 5.76%
Fixed Rate Day Count Fraction: Actual/360

Floating Amounts:

Floating Rate Payer: DBAG
Floating Rate Payer Payment Dates: The 1st day of each month of each year, commencing February 1, 2001, through and including the Termination Date, subject to adjustment in accordance with the Following Business Day Convention.
Fixed Rate Option: USD-LIBOR-BBA
Designated Maturity: One Month
Spread: None
Floating Rate Day Count Fraction: Actual/360
Floating Rate for initial Calculation Period: To be determined
Reset Dates: The first Business Day in each Calculation Period or Compounding Period, if Compounding is applicable.
Compounding: Inapplicable
Business Days: NEW YORK

3. Account Details:

Account Details for DBAG:

Deutsche Bank AG New York Branch (Direct)
CHIPS UID 053335 ABA #: 026003780
A/c: 100440170004 / Ref: Interest Rate Swaps

Account Details for Counterparty:

Account no. 2040000175896 with First Union National Bank, Charlotte

4. Offices:

The Office of DBAG for this Transaction is New York.

5. Calculation Agent: DBAG

6. Assignment:

DBAG AGREES THAT IT WILL NOT UNREASONABLY WITHHOLD ITS CONSENT TO AN ASSIGNMENT BY COUNTERPARTY OF ITS RIGHTS AND OBLIGATIONS HEREUNDER PROVIDED THAT ANY REFUSAL STATED BY DBAG TO BE IN ACCORDANCE WITH DBAG'S CREDIT DECISIONS, LEGAL

DETERMINATIONS AND CORE CORPORATE POLICIES SHALL BE AUTOMATICALLY DEEMED REASONABLE FOR THESE PURPOSES.

7. Representations

Each party will be deemed to represent to the other party on the date on which it enters into this Transaction that (absent a written agreement between the parties that expressly imposes affirmative obligations to the contrary for this Transaction):

(i) Non-Reliance. It is acting for its own account, and it has made its own independent decisions to enter into this Transaction as to whether this Transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into this Transaction; it being understood that information and explanations related to the terms and conditions of this Transaction shall not be considered investment advice or a recommendation to enter into this Transaction. No communication (written or oral) received from the other party shall be deemed to be an assurance or guarantee as to the expected results of this Transaction.

(ii) Assessment and Understanding. It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms conditions and risks of this Transaction. It is also capable of assuming, and assumes, the risks of this Transaction.

(iii) Status of Parties. The other party is not acting as a fiduciary for, or an adviser to it in respect of this Transaction.

7. Please confirm that the foregoing correctly sets forth the terms of our agreement by having an authorized officer sign this Confirmation and return it by facsimile to:

Attention Julie Mei - Swap Documentation
Telephone: (212) 250-5360
Facsimile: (212) 669-1592

This message will be the only form of Confirmation dispatched by us. If you wish to exchange hard copy forms of this Confirmation, please contact us.

Yours sincerely,

Deutsche Bank AG

By: /s/ KEITH DOREE

Name: Keith Doree
Authorized Signatory

By: /s/ MARISA FLOOD

Name: Marisa Flood
Authorized Signatory

Confirmed as of the date first written above:

Corporate Office Properties LP
By: Corporate Office Properties Trust, L.P.

By: /s/ Roger A. Waesche Jr

Name: Roger A. Waesche Jr.
Title: Sr. V.P. & CFO

FOURTH AMENDMENT TO AGREEMENT OF LEASE

THIS FOURTH AMENDMENT TO AGREEMENT OF LEASE (this "Amendment") is made this 12 day of June, 2000 and is effective as of May 26, 2000, by ST. BARNABAS, LLC, a Maryland limited liability company, successor-in-interest to St. Barnabas Limited Partnership ("Landlord") and CONSTELLATION REAL ESTATE, INC., a Maryland corporation, formerly known as CONSTELLATION PROPERTIES, INC., a Maryland corporation ("Tenant").

W I T N E S S E T H:

WHEREAS, Landlord and Tenant entered into that Agreement of Lease dated September 28, 1998, as amended by that certain First Amendment to Agreement of Lease dated December 31, 1998, that certain Second Amendment to Agreement of Lease dated June 18, 1999, and that certain Third Amendment to agreement of Lease dated December 6, 1999 (collectively, the "Lease"), by the terms of which Tenant has leased from Landlord and Landlord leased to Tenant that certain premises located on the fourth, fifth and sixth floors containing an agreed upon equivalent of 48,863 square feet of rentable area (the "Original Premises") and located within the office building known as One Constellation Centre, 6009 Oxon Hill Road, Oxon Hill, Maryland 20745 (the "Building"), all as more particularly described in the Lease; and

WHEREAS, pursuant to the terms of the Lease amended as aforesaid, Landlord has recaptured three (3) separate areas of the Original Premises, namely (i) that area comprised of 2,621 rentable square feet (the "Recapture Space #1"), (ii) that area comprised of 2,654 rentable square feet (the "Recapture Space #2"), and (iii) that area comprised of 3,563 rentable square feet (the "Recapture Space #3") resulting in the Premises containing 40,025 rentable square feet (the "Current Premises") as of the effective date of this Amendment; and

WHEREAS, as contemplated by SECTION 19.2 of the Lease as amended by SECTION 1 of the Second Amendment, Landlord and Tenant mutually desire to amend the Lease with respect to the size of the Current Premises and other matters as more particularly set forth below.

NOW, THEREFORE, in consideration of the above Recitals and the mutual covenants and conditions contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant agree as follows:

1. EFFECTIVE DATE. The Effective Date of this Amendment shall be May 26, 2000.
2. FURTHER REDUCTION OF PREMISES. As of May 26, 2000, the Current Premises shall be reduced by the space known as Suite 405 which contains 2,074 (the "Recapture Space #4") as shown on EXHIBIT A attached hereto and made a part hereof.
3. DEFINITION OF "PREMISES". For the period commencing on May 26, 2000, and continuing through the expiration of the Term, any references in the Lease to the "Premises" shall refer to 37,951 rentable square feet.
4. AMENDMENT OF SECTION 5.1-BASE RENT. Section 5.1 of the Lease is deleted in its entirety and the following is inserted in lieu thereof:

5.1 BASE RENT. As rent for the Premises during each year of the Term, Tenant shall pay to Landlord an annual base rent, in equal monthly installments, in advance on the first day of each calendar month during the Term, and without deduction, setoff or demand, in accordance with the following schedule:

LEASE YEAR -----	ANNUAL BASE RENT ----- (Or pro rata share thereof)	MONTHLY INSTALLMENT OF BASE RENT -----
9/28/98-10/12/98	\$903,965.52	\$75,330.46
10/13/98-11/30/98	\$855,477.00	\$71,289.75
12/1/98-10/18/99	\$806,378.04	\$67,198.17
10/19/99-5/25/00	\$770,748.00	\$64,229.00
5/26/00-9/28/00	\$702,093.50	\$58,507.79

Landlord shall credit any overpayment of Base Rent due hereunder against the next installment of Base Rent due under the terms of the Lease.

5. RATIFICATION OF LEASE. All other terms, covenants and conditions of the Lease shall remain the same and continue in full force and effect, and shall be deemed unchanged, except as such terms, covenants and conditions of the Lease have been amended or modified by this Amendment, and this Amendment shall constitute a part of the Lease.

IN WITNESS WHEREOF, Landlord and Tenant have respectively affixed their hands and seals to this Amendment as of the day and year written below their respective signatures.

WITNESS: LANDLORD:
ST. BARNABAS, LLC,
a Maryland limited liability company

/s/ By: /s/ Roger A. Waesche, Jr. (SEAL)

Roger A. Waesche, Jr.
Senior Vice President

WITNESS: TENANT:
CONSTELLATION REAL ESTATE, INC.,
a Maryland corporation

/s/ By: /s/ Steven S. Korin (SEAL)

Name: Steven S. Korin

Title: Agent

STATE OF MARYLAND, COUNTY OF Baltimore, TO WIT:

I HEREBY CERTIFY, that on this 12th day of June, 2000, before me, the undersigned Notary Public of said State, personally appeared ROGER A. WAESCHE, JR. who acknowledged himself to be a Senior Vice President of ST. BARNABAS, LLC, a Maryland limited liability company known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same for the purposes therein contained as the duly authorized Senior Vice President by signing the name of the limited liability company by himself as Senior Vice President.

WITNESS my hand and Notarial Seal.

/s/ ZARAE PITTS

Notary Public

(SEAL) ZARAE PITTS
NOTARY PUBLIC STATE OF MARYLAND
My Commission Expires: November 25, 2002

STATE OF MARYLAND, HOWARD , TO WIT:

I HEREBY CERTIFY, that on this 12th day of June, 2000, before me, the undersigned Notary Public of said State, personally appeared STEVEN S. KORIN, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged himself/herself to be the AGENT of CONSTELLATION REAL ESTATE, INC., a Maryland corporation, that he/she, as such AGENT, being authorized so to do, executed the foregoing instrument on behalf of said Corporation by himself/herself as such AGENT.

WITNESS my hand and Notarial Seal.

Notary Public

My Commission Expires: 11/1/00
(SEAL)

EXHIBIT 13.1

SELECTED FINANCIAL DATA

The following table contains selected financial data for each of the years ended December 31, 1996 through 2000. Our selected financial data for the years reported is not comparable due to our growth resulting from property acquisitions, completed construction and other changes in our organization. Since this information is only a summary, you should refer to our consolidated financial statements and the section of this report entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" for additional information.

CORPORATE OFFICE PROPERTIES TRUST

(DOLLAR AND SHARE INFORMATION IN THOUSANDS, EXCEPT RATIOS AND PER SHARE DATA)

<TABLE>
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	2000	1999	1998	1997	1996
	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>
Revenues					
Rental revenue	\$ 93,309	\$ 70,101	\$ 35,676	\$ 6,122	\$ 2,477
Tenant recoveries and other revenue	15,684	11,011	4,538	496	32
	-----	-----	-----	-----	-----
Total revenues	108,993	81,112	40,214	6,618	2,509
	-----	-----	-----	-----	-----
Expenses					
Property operating	31,235	22,325	9,632	728	31
General and administrative	4,867	3,204	1,890	533	372
Interest	30,454	21,808	12,207	2,855	1,246
Amortization of deferred financing costs	1,382	975	423	64	13
Depreciation and other amortization	16,977	12,075	6,285	1,267	554
Reformation costs (1)	--	--	637	--	--
Termination of advisory agreement (2) ..	--	--	--	1,353	--
	-----	-----	-----	-----	-----
Total expenses	84,915	60,387	31,074	6,800	2,216
	-----	-----	-----	-----	-----
Income (loss) before equity in (loss)					
income of Service Companies, gain on					
sales of rental properties, minority					
interests and extraordinary item	24,078	20,725	9,140	(182)	293
Equity in (loss) income of Service					
Companies	(310)	198	139	--	--
	-----	-----	-----	-----	-----
Income (loss) before gain on sales of					
rental properties, minority interests					
and extraordinary item	23,768	20,923	9,279	(182)	293
Gain on sales of rental properties	107	1,140	--	--	--
	-----	-----	-----	-----	-----
Income (loss) before minority interests					
and extraordinary item	23,875	22,063	9,279	(182)	293
Minority interests	(8,588)	(6,077)	(4,583)	(785)	--
	-----	-----	-----	-----	-----
Income (loss) before extraordinary item ...	15,287	15,986	4,696	(967)	293
Extraordinary item - loss on early					
retirement of debt	(153)	(903)	--	--	--
	-----	-----	-----	-----	-----
Net income (loss)	15,134	15,083	4,696	(967)	293
Preferred Share dividends	(3,802)	(2,854)	(327)	--	--
	-----	-----	-----	-----	-----
Net income (loss) available to Common					
Shareholders	\$ 11,332	\$ 12,229	\$ 4,369	\$ (967)	\$ 293
	=====	=====	=====	=====	=====
Basic earnings (loss) per Common Share					
Income (loss) before extraordinary					
item	\$ 0.61	\$ 0.77	\$ 0.48	\$ (0.60)	\$ 0.21
	=====	=====	=====	=====	=====
Net income (loss)	\$ 0.60	\$ 0.72	\$ 0.48	\$ (0.60)	\$ 0.21
	=====	=====	=====	=====	=====
Diluted earnings (loss) per Common Share					
Income (loss) before extraordinary					
item	\$ 0.60	\$ 0.70	\$ 0.47	\$ (0.60)	\$ 0.21
	=====	=====	=====	=====	=====
Net income (loss)	\$ 0.59	\$ 0.66	\$ 0.47	\$ (0.60)	\$ 0.21
	=====	=====	=====	=====	=====
Weighted average shares					
outstanding - basic	18,818	16,955	9,099	1,601	1,420
Weighted average shares					
outstanding - diluted	19,213	22,574	19,237	1,601	1,420

</TABLE>

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	2000 ----- <C>	1999 ----- <C>	1998 ----- <C>	1997 ----- <C>	1996 ----- <C>
<S>					
BALANCE SHEET DATA (AS OF PERIOD END):					
Investment in real estate	\$ 751,734	\$ 696,489	\$ 546,887	\$ 188,625	\$
23,070					
Total assets	\$ 794,837	\$ 721,034	\$ 563,677	\$ 193,534	\$
24,197					
Mortgage and other loans payable	\$ 474,349	\$ 399,627	\$ 306,824	\$ 114,375	\$
14,658					
Total liabilities	\$ 495,549	\$ 416,298	\$ 317,700	\$ 117,008	\$
15,026					
Minority interests	\$ 105,560	\$ 112,635	\$ 77,196	\$ 64,862	\$ --
Shareholders' equity	\$ 193,728	\$ 192,101	\$ 168,781	\$ 11,664	\$
9,171					
Debt to market capitalization	57.3%	57.6%	58.7%	53.1%	
66.3%					
Debt to undepreciated real estate assets ...	60.4%	55.9%	55.1%	59.6%	
58.6%					
OTHER FINANCIAL DATA (FOR THE YEAR ENDED):					
Cash flows provided by (used in):					
Operating activities	\$ 35,026	\$ 32,296	\$ 12,863	\$ 3,216	\$
840					
Investing activities	\$ (73,256)	\$ (125,836)	\$ (183,650)	\$ 973	\$
127					
Financing activities	\$ 40,835	\$ 93,567	\$ 169,741	\$ (1,052)	\$
(967)					
Funds from operations - basic (3) (7)	\$ 34,587	\$ 27,428	\$ 11,778	\$ 365	\$
847					
Funds from operations - diluted (3) (7)	\$ 37,504	\$ 31,401	\$ 15,517	\$ 1,085	\$
847					
Adjusted funds from operations -					
diluted (4) (7)	\$ 30,554	\$ 26,056	\$ 13,194	\$ 790	\$
780					
Cash dividends declared per Common Share ...	\$ 0.78	\$ 0.74	\$ 0.66	\$ 0.50	\$
0.50					
Payout ratio (5) (7)	66.98%	64.31%	77.69%	166.74%	
83.83%					
Interest coverage (6)	2.38	2.56	2.36	1.88	
1.69					
Ratio of earnings to combined fixed charges					
and Preferred Share dividends	1.33	1.48	1.33	0.75	
1.23					
PROPERTY DATA (AS OF PERIOD END):					
Number of properties owned	83	79	57	17	
7					
Total rentable square feet owned (in					
thousands)	6,473	6,076	4,977	1,852	
370					
</TABLE>					

- (1) Reflects a non-recurring expense of \$637 associated with our reformation as a Maryland REIT during the first quarter of 1998.
- (2) Reflects a non-recurring expense of \$1,353 associated with the termination of an advisory agreement during the fourth quarter of 1997.
- (3) We consider Funds from Operations ("FFO") to be meaningful to investors as a measure of the financial performance of an equity REIT when considered with the financial data presented under generally accepted accounting principles ("GAAP"). Under the National Association of Real Estate Investment Trusts' ("NAREIT") definition, FFO means net income (loss) computed using generally accepted accounting principles, excluding gains (or losses) from debt restructuring and sales of property, plus real estate-related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. Further, if the conversion of securities into Common Shares is dilutive, we exclude any GAAP income allocated to these securities in computing FFO. The FFO we present may not be comparable to the FFO of other REITs since they may interpret the current NAREIT definition of FFO differently or they may not use the current NAREIT definition of FFO. FFO is not the same as cash generated from operating activities or net income determined in accordance with GAAP. FFO is not necessarily an indication of our cash flow available to fund cash needs. Additionally, it should not be used as an alternative to net income when evaluating our financial performance or to cash flow from operating, investing and financing when evaluating our liquidity or ability to make cash distributions or pay debt service.
- (4) We compute adjusted funds from operations-diluted by subtracting straight-line rent adjustments and recurring capital improvements from

- funds from operations-diluted.
- (5) We compute payout ratio by dividing total Common and convertible Preferred Share dividends and total distributions reported for the year by funds from operations-diluted.
 - (6) We compute interest coverage by dividing earnings before interest, depreciation and amortization by interest expense. We compute earnings before interest, depreciation and amortization by subtracting property operating and general and administrative expenses from the sum of total revenues and equity in income of Service Companies.
 - (7) The amounts reported for 1998 and 1997 are restated from amounts previously reported due to a change in NAREIT's definition of FF0.

2

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OVERVIEW

Over the last three years, we:

- o acquired 69 office properties;
- o completed construction of seven new office properties;
- o sold all of our nine retail properties and three office properties;
- o financed acquisitions and construction activities using debt, proceeds from sales of properties and issuing Common Shares of beneficial interest ("Common Shares"), Preferred Shares and ownership interests in Corporate Office Properties, L.P., our Operating Partnership; and
- o added management and other staffing functions in 1998 to support the growth of our portfolio and enhance our organizational infrastructure to more efficiently meet tenant needs.

As a result of these activities during the last three years, we grew our portfolio of office properties from 10 properties totaling 1.5 million square feet to 83 properties totaling 6.5 million square feet. Due to these significant changes in our real estate portfolio and operating structure, our results of operations changed dramatically.

We conduct almost all of our operations through our Operating Partnership, for which we are the managing general partner. The Operating Partnership owns real estate both directly and through subsidiary partnerships and limited liability companies. The Operating Partnership also owned the principal economic interest and, collectively with our Chief Executive Officer and Chief Operating Officer, 49.5% of the voting stock of Corporate Office Management, Inc. ("COMI") at December 31, 2000. On January 1, 2001, the Operating Partnership acquired all of the stock in COMI which it did not previously own. We refer to COMI and its subsidiaries as the "Service Companies". Interests in our Operating Partnership are in the form of Common and Preferred Units. As of December 31, 2000, we owned approximately 66% of the outstanding Common Units and approximately 55% of the outstanding Preferred Units. The remaining Common and Preferred Units in our Operating Partnership were owned by third parties, which included certain of our officers and Trustees.

We are organized and have operated in a manner that permits us to satisfy the requirements for taxation as a Real Estate Investment Trust ("REIT") under the Internal Revenue Code of 1986.

In this section, we discuss our financial condition and results of operations for 2000 and 1999. This section includes discussions on:

- o why various components of our Consolidated Statements of Operations changed from 1999 to 2000 and from 1998 to 1999;
- o what our primary sources and uses of cash were in 2000;
- o how we raised cash for acquisitions and other capital expenditures during 2000;
- o how we intend to generate cash for future capital expenditures; and
- o the computation of our funds from operations for 2000, 1999 and 1998.

You should refer to our consolidated financial statements and selected financial data table as you read this section.

This section contains "forward-looking" statements, as defined in the Private Securities Litigation Reform Act of 1995, that are based on our current expectations, estimates and projections about future events and financial trends affecting the financial condition of our business. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. These statements are not guarantees of future performance, events or results and involve potential risks and uncertainties. Accordingly, actual results may differ materially. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Important facts that may affect these expectations, estimates or projections include, but are not limited to: our ability to borrow on favorable terms; general economic and business conditions, which will, among other things

affect office property demand and rents, tenant creditworthiness and financing availability; interest rates; adverse changes in the real estate markets including, among other things, competition with other companies; risks of real estate acquisition and development; governmental actions and initiatives and environmental requirements.

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CORPORATE OFFICE PROPERTIES TRUST
OPERATING DATA VARIANCE ANALYSIS

(DOLLARS FOR THIS TABLE ARE IN THOUSANDS, EXCEPT PER SHARE DATA)

<TABLE>
<CAPTION>

	For the Years Ended December 31,			
	2000	1999	Variance	% Change
<S>	<C>	<C>	<C>	<C>
Revenues				
Rental revenue	\$ 93,309	\$ 70,101	\$ 23,208	33%
Tenant recoveries and other revenue	15,684	11,011	4,673	42%
Total revenues	108,993	81,112	27,881	34%
Expenses				
Property operating	31,235	22,325	8,910	40%
General and administrative	4,867	3,204	1,663	52%
Interest and amortization of deferred financing costs	31,836	22,783	9,053	40%
Depreciation and other amortization	16,977	12,075	4,902	41%
Reformation costs	--	--	--	N/A
Total expenses	84,915	60,387	24,528	41%
Income before equity in (loss) income of Service Companies, gain on sales of rental properties, minority interests and extraordinary item	24,078	20,725	3,353	16%
Equity in (loss) income of Service Companies	(310)	198	(508)	(257%)
Gain on sales of rental properties	107	1,140	(1,033)	(91%)
Income before minority interests and extraordinary item	23,875	22,063	1,812	8%
Minority interests	(8,588)	(6,077)	(2,511)	41%
Extraordinary item - loss on early retirement of debt	(153)	(903)	750	(83%)
Net income	15,134	15,083	51	0%
Preferred Share dividends	(3,802)	(2,854)	(948)	(33%)
Net income available to Common Shareholders	\$ 11,332	\$ 12,229	\$ (897)	(7%)
Basic earnings per Common Share				
Income before extraordinary item	\$ 0.61	\$ 0.77	\$ (0.16)	(21%)
Net income	\$ 0.60	\$ 0.72	\$ (0.12)	(17%)
Diluted earnings per Common Share				
Income before extraordinary item	\$ 0.60	\$ 0.70	\$ (0.10)	(14%)
Net income	\$ 0.59	\$ 0.66	\$ (0.07)	(11%)

<CAPTION>

	For the Years Ended December 31,			
	1999	1998	Variance	% Change
<S>	<C>	<C>	<C>	<C>
Revenues				
Rental revenue	\$ 70,101	\$ 35,676	\$ 34,425	96%
Tenant recoveries and other revenue	11,011	4,538	6,473	143%
Total revenues	81,112	40,214	40,898	102%
Expenses				
Property operating	22,325	9,632	12,693	132%
General and administrative	3,204	1,890	1,314	70%
Interest and amortization of deferred financing costs	22,783	12,630	10,153	80%
Depreciation and other amortization	12,075	6,285	5,790	92%
Reformation costs	--	637	(637)	(100%)
Total expenses	60,387	31,074	29,313	94%
Income before equity in (loss) income of Service Companies, gain on sales of rental properties,				

minority interests and extraordinary item	20,725	9,140	11,585	127%
Equity in (loss) income of Service Companies	198	139	59	42%
Gain on sales of rental properties	1,140	--	1,140	N/A
	-----	-----	-----	
Income before minority interests and extraordinary item	22,063	9,279	12,784	138%
Minority interests	(6,077)	(4,583)	(1,494)	33%
Extraordinary item - loss on early retirement of debt	(903)	--	(903)	N/A
	-----	-----	-----	
Net income	15,083	4,696	10,387	221%
Preferred Share dividends	(2,854)	(327)	(2,527)	773%
	-----	-----	-----	
Net income available to Common Shareholders	\$ 12,229	\$ 4,369	\$ 7,860	180%
	=====	=====	=====	
Basic earnings per Common Share				
Income before extraordinary item	\$ 0.77	\$ 0.48	\$ 0.29	60%
Net income	\$ 0.72	\$ 0.48	\$ 0.24	50%
Diluted earnings per Common Share				
Income before extraordinary item	\$ 0.70	\$ 0.47	\$ 0.23	49%
Net income	\$ 0.66	\$ 0.47	\$ 0.19	40%

</TABLE>

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RESULTS OF OPERATIONS

COMPARISON OF THE YEARS ENDED DECEMBER 31, 2000 AND 1999

Our total revenues increased \$27.9 million or 34%, of which \$23.2 million was generated by rental revenue and \$4.7 million by tenant recoveries and other revenue. Tenant recovery revenue includes payments from tenants as reimbursement for property taxes, insurance and other property operating expenses. Included in this change in total revenue is the following:

- o \$24.3 million increase attributable to 30 properties acquired and seven newly-constructed properties placed in service since January 1, 1999.
- o \$3.4 million increase attributable to 45 office properties owned throughout both reporting periods due mostly to increases in rental rates on renewed space, additional lease termination revenue and steady occupancy.
- o \$1.0 million decrease attributable to properties sold since January 1, 1999.

Our total expenses increased \$24.5 million or 41% due to the effects of the increases in property operating, interest expense and amortization of deferred financing costs, depreciation and other amortization and general and administrative expenses described below.

Our property operating expenses increased \$8.9 million or 40%. Included in this change is the following:

- o \$6.9 million increase attributable to 30 properties acquired and seven newly-constructed properties placed in service since January 1, 1999.
- o \$1.9 increase attributable to 45 office properties owned throughout both reporting periods. \$1.2 million of this increase is attributable to increased repairs and maintenance costs, \$424,000 of which is increased snow removal and \$221,000 of which is increased heating and air conditioning unit maintenance costs.

Our interest expense and amortization of deferred financing costs increased \$9.1 million or 40% due to a 38% increase in our average outstanding debt balance resulting from our 1999 and 2000 acquisitions and construction activity and an increase in interest rates on our variable rate and refinanced debt. Our depreciation and other amortization expense increased \$4.9 million or 41%, \$4.0 million of which is attributable to 30 properties acquired and seven newly-constructed properties placed in service since January 1, 1999. Our general and administrative expenses increased \$1.7 million or 52% due mostly to our responsibility for an increased percentage of COMI's personnel and overhead related expenses in the current year and the expense associated with Common Shares subject to forfeiture restrictions issued to certain of our officers in December 1999 and January 2000.

Our income before minority interests and extraordinary item also includes a \$1.0 million decrease in our gain realized on the sales of rental properties and a \$508,000 decrease in our equity in income of the Service Companies. These Service Companies were not included as consolidated subsidiaries in our financial statements. As a result of the above factors, income before minority interests and extraordinary item increased by \$1.8 million or 8%. The amounts reported for minority interests on our Consolidated Statements of Operations represent primarily the portion of the Operating Partnership's net income not allocated to us. Our income allocation to minority interests increased \$2.5 million or 41% due to the increase in the Operating Partnership's net income combined with a higher percentage ownership by minority interests during the

current year.

The factors discussed above combined with a \$750,000 decrease in extraordinary losses on early retirement of debt collectively resulted in a \$51,000 increase in net income. There was a \$948,000 increase in Preferred Share dividends resulting mostly from the issuance of Series B Cumulative Redeemable Preferred

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Shares of beneficial interest ("Series B Preferred Shares") in July 1999, offset somewhat by the absence of dividends on the Series A Cumulative Convertible Preferred Shares of beneficial interest ("Series A Preferred Shares") converted into Common Shares in September 2000. As a result of all of the above, net income available to Common Shareholders decreased \$897,000 or 7%.

COMPARISON OF THE YEARS ENDED DECEMBER 31, 1999 AND 1998

Our total revenues increased \$40.9 million or 102%, of which \$34.4 million was generated by rental revenue and \$6.5 million by tenant recoveries and other revenue. Our growth in revenues was due primarily to our property acquisitions in 1998 and 1999, although revenues increased \$700,000 or 4% on the operations of office properties owned since the beginning of 1998 and \$2.0 million due to additional interest and real estate service revenue earned in 1999, offset by a \$1.6 million decrease due to the absence of revenues from Midwest region retail properties sold during 1999.

Our total expenses increased \$29.3 million or 94% due mostly to the effects of the increases in property operating, interest expense and amortization of deferred financing costs, depreciation and other amortization and general and administrative expenses described below. However, our 1998 expenses also included \$637,000 in nonrecurring costs associated with our reformation into a Maryland REIT in March 1998.

Our property operating expenses increased \$12.7 million or 132% due mostly to our property acquisitions, although property operating expenses increased \$268,000 or 7% on the operations of office properties owned since the beginning of 1998. Our property operating expenses increased as a percentage of total revenue from 24% to 28% due to more of our leases being written on a gross basis (meaning we incur operating expenses) versus a net basis (meaning the tenant incurs operating expenses directly). Our interest expense and amortization of deferred financing costs increased \$10.2 million or 80% due mostly to our borrowings and assumptions of debt needed to finance property acquisitions which amount includes a decrease of \$724,000 attributable to our Midwest region retail property sales. Our depreciation and other amortization expense increased \$5.8 million or 92% due mostly to our property acquisitions which amount includes a decrease of \$359,000 attributable to our Midwest region retail property sales.

Our general and administrative expenses increased \$1.3 million or 70%. Much of this increase is due to the management and other staffing functions added during 1998 that were in place for all of 1999. Approximately \$255,000 of this increase is due to additional professional fees for audit, legal and tax preparation required to support the increased complexity of our organization resulting from our growth and the creation of our Operating Partnership and the Service Companies. This increase was partially offset by a \$235,000 decrease in costs expensed in exploring possible acquisitions that did not occur.

Our income before minority interests and extraordinary item also includes the gain we realized on the sale of six of our retail properties in 1999 and a \$59,000 increase in our equity in the income of the Service Companies. As a result of the above factors, our income before minority interests and extraordinary item increased by \$12.8 million or 138%. Our income allocation to minority interests increased \$1.5 million or 33% due to the increase in the Operating Partnership's net income. However, the percentage of income allocated to minority interests decreased due to a higher weighted average ownership of the Operating Partnership by us during the year.

Our net income available to Common Shareholders increased \$7.9 million or 180% due to the factors discussed above, partially offset by a \$903,000 loss on the early retirement of debt and a \$2.5 million increase in Preferred Share dividends due to the Series A Preferred Shares issued in 1998 that were in place for the entire year and the Series B Preferred Shares issued in 1999. Our diluted earnings per Common Share on net income increased \$0.19 per share or 40% due to the effect of the increase in net income being proportionately greater than the dilutive effects of issuing additional Common Shares and securities that are convertible into our Common Shares.

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LIQUIDITY AND CAPITAL RESOURCES

Cash provided from operations represented our primary source of liquidity to fund dividends and distributions, pay debt service and fund working capital

requirements. We expect to continue to use cash provided by operations to meet our short-term capital needs, including all property expenses, general and administrative expenses, debt service, dividend and distribution requirements and recurring capital improvements and leasing commissions. We do not anticipate borrowing to meet these requirements.

We historically have financed our property acquisitions using a combination of borrowings secured by our properties, proceeds from sales of properties and the equity issuances of Common and Preferred Units in our Operating Partnership and Common and Preferred Shares. We use our secured revolving credit facility with Deutsche Banc Alex. Brown (the "Revolving Credit Facility") to finance much of our investing and financing activities. We pay down our Revolving Credit Facility using proceeds from long-term borrowings collateralized by our properties as attractive financing conditions arise and equity issuances as attractive equity market conditions arise. We also have a \$50.0 million line of credit with Prudential Securities Credit Corporation (the "Prudential Credit Facility"). Amounts available under the Revolving Credit Facility and the Prudential Credit Facility are generally computed based on 65% of the appraised value of properties pledged as collateral. As of February 12, 2001, the maximum amount available under our Revolving Credit Facility was \$93.0 million, of which \$19.0 million was unused. As of February 12, 2001, the maximum amount available under the Prudential Credit Facility was \$29.1 million all of which was borrowed.

As of December 31, 2000, we had \$237.9 million in mortgage and other loans payable maturing in 2001. Included in these 2001 loan maturities are two loans totaling \$109.0 million that may be extended for a one-year period and a \$4.8 million loan that may be extended for a two-year period, all subject to certain conditions. As of December 31, 2000, we were in compliance with the necessary conditions for us to extend these loans. The 2001 maturities as of December 31, 2000 also include \$82.2 million on the Revolving Credit Facility, which we are negotiating to extend by approximately three years. While we expect for the extension of this loan to occur, we would need to locate alternative financing in the event that it does not. We expect to repay the remaining balance of the 2001 loan maturities through a combination of borrowings from existing credit facilities and new loans and cash from operations.

We expect to meet our long-term capital needs through a combination of cash from operations, additional borrowings from existing credit facilities and new loans and additional equity issuances of Common Shares, Preferred Shares, Common Units and/or Preferred Units.

We have no other material contractual obligations as of December 31, 2000 for property acquisitions or material capital costs other than the completion of construction and development projects that were underway and tenant improvements and leasing costs in the ordinary course of business.

INVESTING AND FINANCING ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2000

During 2000, we acquired two operating properties and seven parcels of land for an aggregate acquisition cost of \$30.0 million. These acquisitions were financed by:

- o using \$10.8 million in proceeds under our Revolving Credit Facility,
- o assuming \$10.7 million in mortgage and other loans, and
- o using cash reserves for the balance.

During 2000, we completed the construction of five office buildings totaling 380,760 square feet. Costs incurred on these buildings through December 31, 2000 totaled \$46.5 million. We have \$32.7 million in construction loan facilities for three of these buildings of which \$23.8 million was borrowed at December 31, 2000. We also borrowed \$6.5 million for one of these buildings under a construction loan facility that was subsequently refinanced. The balance of the costs was funded primarily using proceeds from the Revolving Credit Facility and cash from operations.

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As of December 31, 2000, we had construction activities underway on three new buildings totaling 301,000 square feet that were 23% pre-leased. Estimated costs upon completion for these projects total approximately \$51.0 million. Costs incurred on these buildings through December 31, 2000 totaled \$26.4 million. We have construction loan facilities in place totaling \$36.9 million to finance the construction of these projects. Borrowings under these facilities totaled \$8.0 million at December 31, 2000 all of which was drawn upon during 2000. We also borrowed under the Revolving Credit Facility to finance these activities. As of December 31, 2000, we also had a \$358,000 net investment in joint ventures constructing two new buildings totaling 268,000 square feet.

As of December 31, 2000, we also had development activities underway on two parcels of land.

As of December 31, 2000, we had a \$3.6 million investment in an unconsolidated real estate joint venture. This investment was acquired during 2000 using \$3.5 million in proceeds under our Revolving Credit Facility.

During 2000, we sold two retail properties and one office property for \$11.6 million of which \$6.9 million was used to pay off mortgage loans payable on the properties. Net proceeds from these sales after property level debt repayments and transaction costs totaled \$4.3 million, \$2.0 million of which was used to repay a portion of our Revolving Credit Facility and the remainder applied to working capital.

During 2000, we received \$106.5 million in borrowings from mortgages and other loans payable other than our Revolving Credit Facility, the proceeds of which were used as follows:

- o \$40.7 million to repay other loans,
- o \$34.1 million to finance construction activities,
- o \$10.7 million to finance acquisitions,
- o \$8.0 million to pay down our Revolving Credit Facility, and
- o the balance applied to cash reserves.

INVESTING AND FINANCING ACTIVITY SUBSEQUENT TO THE YEAR ENDED DECEMBER 31, 2000

In January 2001, we issued 544,000 Series D Cumulative Convertible Redeemable Preferred Shares of beneficial interest ("Series D Preferred Shares") to a foreign trust at a price of \$22.00 per share for proceeds totaling \$12.0 million. These shares are nonvoting and are redeemable for cash at \$25.00 per share at our option on or after January 25, 2006. These shares are also convertible on or after January 1, 2004 into Common Shares on the basis of 2.2 Common Shares for each Series D Preferred Share. Holders of these shares are entitled to cumulative dividends, payable quarterly (as and if declared by the Board of Trustees). Dividends accrue from the date of issue at the annual rate of \$1.00 per share, which is equal to 4% of the \$25.00 per share redemption price. We contributed the net proceeds to our Operating Partnership in exchange for 544,000 Series D Preferred Units. The Series D Preferred Units carry terms that are substantially the same as the Series D Preferred Shares. The Operating Partnership used most of the proceeds to pay down the Revolving Credit Facility.

STATEMENT OF CASH FLOWS

We generated net cash flow from operating activities of \$35.0 million for the year ended December 31, 2000, an increase of \$2.7 million from the year ended December 31, 1999. Our increase in cash flows from operating activities is due mostly to income generated from our newly acquired and newly constructed properties. Our net cash flow used in investing activities for the year ended December 31, 2000 decreased \$52.6 million from the prior year due mostly to an \$87.6 million decrease in cash outlays associated with purchases of and additions to commercial real estate properties offset by a \$26.7 million decrease in proceeds from rental property sales. Our net cash flow provided by financing activities for the year ended December 31, 2000 decreased \$52.7 million from the prior year due mostly to an \$108.2 million decrease in proceeds from mortgage and other loans payable and a \$29.4 million decrease in proceeds from the issuance of Preferred Shares offset by a \$91.9 million decrease in repayments of mortgage and other loans payable.

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FUNDS FROM OPERATIONS

We consider Funds from Operations ("FFO") to be meaningful to investors as a measure of the financial performance of an equity REIT when considered with the financial data presented under generally accepted accounting principles ("GAAP"). Under the National Association of Real Estate Investment Trusts' ("NAREIT") definition, FFO means net income (loss) computed using generally accepted accounting principles, excluding gains (or losses) from debt restructuring and sales of property, plus real estate-related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. Further, if the conversion of securities into Common Shares is dilutive, we exclude any GAAP income allocated to these securities in computing FFO. The FFO we present may not be comparable to the FFO of other REITs since they may interpret the current NAREIT definition of FFO differently or they may not use the current NAREIT definition of FFO. FFO is not the same as cash generated from operating activities or net income determined in accordance with GAAP. FFO is not necessarily an indication of our cash flow available to fund cash needs. Additionally, it should not be used as an alternative to net income when evaluating our financial performance or to cash flow from operating, investing and financing when evaluating our liquidity or ability to make cash distributions or pay debt service. Our FFO for 2000, 1999 and 1998 are summarized in the following table.

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<TABLE>
<CAPTION>

For the Years Ended December 31,

(Dollars and shares in thousands)

	2000	1999	1998(1)
<S>	<C>	<C>	<C>
Income before minority interests and extraordinary item	\$ 23,875	\$ 22,063	\$ 9,279
Add: Real estate related depreciation and amortization	16,887	11,987	6,238
Less: Preferred Unit distributions	(2,240)	(2,620)	(3,412)
Less: Preferred Share dividends	(3,802)	(2,854)	(327)
Less: Minority interest in other consolidated partnership	(26)	(8)	--
Less: Gain on sales of rental properties	(107)	(1,140)	--
Funds from operations	34,587	27,428	11,778
Add: Preferred Unit distributions	2,240	2,620	3,412
Add: Convertible Preferred Share dividends	677	1,353	327
Funds from operations assuming conversion of share options, Common Unit warrants, Preferred Units and Preferred Shares	37,504	31,401	15,517
Less: Straight line rent adjustments	(4,107)	(2,766)	(1,785)
Less: Recurring capital improvements	(2,843)	(2,579)	(538)
Adjusted funds from operations assuming conversion of share options, Common Unit warrants, Preferred Units and Preferred Shares	\$ 30,554	\$ 26,056	\$ 13,194
Weighted average Common Shares	18,818	16,955	9,099
Conversion of weighted average Common Units	9,652	4,883	2,614
Weighted average Common Shares/Units	28,470	21,838	11,713
Assumed conversion of share options	164	9	24
Assumed conversion of Common Unit Warrants	231	--	--
Conversion of weighted average Preferred Shares	918	1,845	449
Conversion of weighted average Preferred Units	2,371	5,680	7,500
Weighted average Common Shares/Units assuming conversion of share options, Common Unit warrants, Preferred Units and Preferred Shares	32,154	29,372	19,686

</TABLE>

(1) The amounts reported for 1998 are restated from amounts previously reported due to a change in NAREIT's definition of FF0.

INFLATION

We have not been significantly impacted by inflation during the periods presented in this report. This is mostly because of the relatively low inflation rates in our markets. Most of our tenants are obligated to pay their share of a building's operating expenses to the extent such expenses exceed amounts established in their leases that are based on historical expense levels. In addition, some of our tenants are obligated to pay their share of all of a building's operating expenses. These arrangements reduce our exposure to increases in such costs resulting from inflation.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to certain market risks, the most predominant of which is changes in interest rates. Increases in interest rates can result in increased interest expense under our Revolving Credit Facility and our other mortgage loans payable carrying variable interest rate terms. Increases in interest rates can also result in increased interest expense when our loans payable carrying fixed interest rate terms mature and need to be

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refinanced. Our debt strategy favors long-term, fixed rate, secured debt over variable-rate debt to minimize the risk of short-term increases in interest rates. As of December 31, 2000, 43% of our mortgage and other loans payable balance carried fixed interest rates. We also use interest rate swap and interest rate cap agreements to reduce the impact of interest rate changes.

The following table sets forth our long-term debt obligations, principal cash flows by scheduled maturity and weighted average interest rates at December 31, 2000 (dollars in thousands):

<TABLE>
<CAPTION>

	For the Years Ended December 31,						Total
<S>	2001(1)	2002(2)	2003	2004	2005	Thereafter	<C>
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Long term debt:							

Fixed rate	\$ 3,349	\$ 3,607	\$3,885	\$29,728	\$20,214	\$140,932	\$ 201,715
Average interest rate	7.44%	7.44%	7.45%	7.46%	7.46%	7.12%	7.33%
Variable rate	\$234,551	\$34,164	\$ 39	\$ 43	\$ 3,837	\$ --	\$ 272,634
Average interest rate	8.52%	8.30%	8.04%	8.04%	8.04%	0%	8.05%

- (1) Includes \$100.0 million maturity in October that may be extended for a one-year period, subject to certain conditions. Also includes an \$8.9 million maturity in October that may be extended for a one-year term and a \$4.8 million maturity in February that may be extended for a two-year period, subject to certain conditions.
- (2) Includes \$10.0 million maturity in March and \$6.1 million in maturities in July that may be extended for one-year terms, subject to certain conditions.

The fair market value of our mortgage and other loans payable was \$481.1 million at December 31, 2000 and \$387.5 million at December 31, 1999.

The following table sets forth derivative contracts we had in place as of December 31, 2000 and their respective fair market values ("FMV"):

Nature of Derivative	Notional Amount (in millions)	One-Month LIBOR base	Effective Date	Expiration Date	FMV at 12/31/00
Interest rate cap	\$ 50.0	7.70%	5/25/00	5/31/02	\$ 4,000
Interest rate cap	50.0	7.00%	9/13/00	10/13/01	1,000
Interest rate cap	25.0	7.00%	10/17/00	10/13/01	1,000
Interest rate swap	100.0	5.76%	1/2/01	1/2/03	(246,000)
Total					\$ (240,000)

Based on our variable rate debt balances, our interest expense would have increased \$1.4 million in 2000 and \$727,000 in 1999 if interest rates were 1% higher. Interest expense in 2000 would have been more sensitive to a change in interest rates than 1999 due to a higher average variable debt balance in 2000.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133 ("SFAS 133"), "Accounting for Derivative Instruments and Hedging Activities". The statement's effective date was delayed until 2001. Accordingly, we adopted this standard beginning January 1, 2001. SFAS 133 establishes accounting and reporting standards for derivative financial instruments and for hedging activities. It requires that an entity recognize all derivatives as assets or liabilities in the balance sheet at fair value with the offset to:

- o the other comprehensive income component of shareholders' equity ("OCI") for any derivatives designated as cash flow hedges to the extent such derivatives are deemed effective;
 - o other income or expense on our Statement of Operations for any derivatives designated as cash flow hedges to the extent such derivatives are deemed ineffective; or
- 11
- o other income or expense on our Statement of Operations for any derivatives designated as fair value hedges.

At December 31, 2000, we had in place three interest rate cap contracts and one interest rate swap contract. We have designated each of these derivatives as cash flow hedges. We expect the interest rate swap contract to be substantially effective. We do not expect the interest rate cap contracts to be effective. At adoption on January 1, 2001, we reduced OCI by \$246,000 as a cumulative effect adjustment to recognize the net fair value of our interest rate swap contract. We also recognized an unrealized loss of \$258,000 on the book value associated with our derivatives at January 1, 2001.

Effective July 1, 2000, the FASB issued FIN No. 44, "Accounting for Certain Transactions Involving Stock Compensation." FIN No. 44 clarifies the application of the Accounting Principle Board's Opinion No. 25, "Accounting for Stock Issued to Employees" for certain issues, including the definition of the term "employee", the criteria for determining whether a plan qualifies as a noncompensatory plan, the accounting consequence of various modifications to previous issuances and the accounting for an exchange of stock compensation awards in a business combination. We adopted FIN No. 44 effective July 1, 2000. The primary impact of our adoption of this Interpretation is that we and the Service Companies recognize additional expenses from share options issued to

employees for the following:

- o the share price appreciation and future vesting relating to share options that were repriced in 1999, and
- o the issuance of share options to employees of Corporate Realty Management, LLC and Martin G. Knott, LLC.

Our adoption of this Interpretation resulted in a \$83,000 increase in general and administrative expenses and \$67,000 decrease in our equity in income of the Service Companies in 2000.

REIT MODERNIZATION ACT

In December 1999, legislation containing the REIT Modernization Act was signed into law. This law is effective January 1, 2001 and includes the following changes:

- o REITs are now allowed to own up to 100% investments in the stock of a taxable REIT subsidiary ("TRS"), subject to certain restrictions relating to the size of such investments. TRSs can provide services to REIT tenants and others without adversely impacting the income requirements to which REITs are subject;
- o REITs are no longer able to enter into new arrangements to own more than 10% of the vote or value of the securities in a non-REIT C corporation unless such C corporation elects to be treated as a TRS; and
- o the percentage of REIT taxable income that REITs are required to distribute to shareholders is reduced from 95% to 90%.

On January 1, 2001, we acquired all of the stock in COMI which we did not previously own. We also elected to have COMI treated as a TRS effective January 1, 2001. Since we own all of the voting interests in COMI and control its operations effective January 1, 2001, we began combining the accounts of COMI and its subsidiaries with our accounts on that date.

CORPORATE OFFICE PROPERTIES TRUST AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEETS
 (DOLLARS IN THOUSANDS)

<TABLE>
 <CAPTION>

	December 31,	
	2000	1999
	-----	-----
	<C>	<C>
<S>		
ASSETS		
Investment in real estate:		
Operating properties, net	\$ 711,560	\$ 662,664
Projects under construction	36,558	33,825
	-----	-----
Total commercial real estate properties, net	748,118	696,489
Investment in unconsolidated real estate joint venture	3,616	--
	-----	-----
Investment in real estate	751,734	696,489
Cash and cash equivalents	4,981	2,376
Restricted cash	2,703	2,041
Accounts receivable, net	3,245	1,928
Investment in and advances to other unconsolidated entities	6,124	3,661
Deferred rent receivable	8,644	4,634
Deferred charges, net	12,905	7,525
Prepaid and other assets	4,501	2,380
	-----	-----
TOTAL ASSETS	\$ 794,837	\$ 721,034
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Mortgage and other loans payable	\$ 474,349	\$ 399,627
Accounts payable and accrued expenses	10,227	6,597
Rents received in advance and security deposits	3,883	3,776
Dividends and distributions payable	7,090	6,298
	-----	-----
Total liabilities	495,549	416,298
	-----	-----
Minority interests:		
Preferred Units in the Operating Partnership	24,367	24,367
Common Units in the Operating Partnership	81,069	88,170
Other consolidated partnerships	124	98
	-----	-----
Total minority interests	105,560	112,635
	-----	-----
Commitments and contingencies (Note 15)		
Shareholders' equity:		

Preferred Shares (\$0.01 par value; 5,000,000 shares authorized); 1,025,000 designated as Series A Convertible Preferred Shares of beneficial interest (shares issued of 1 at December 31, 2000 and 984,308 with an aggregate liquidation preference of \$24,608 at December 31, 1999)	--	10
1,725,000 designated as Series B Cumulative Redeemable Preferred Shares of beneficial interest (1,250,000 shares issued with an aggregate liquidation preference of \$31,250)	12	12
Common Shares of beneficial interest (\$0.01 par value; 45,000,000 shares authorized, shares issued of 20,575,936 at December 31, 2000 and 17,646,046 at December 31, 1999)	206	176
Additional paid-in capital	209,388	202,867
Cumulative dividends in excess of net income	(11,064)	(7,547)
Value of unearned restricted Common Share grants	(3,399)	(3,417)
Treasury Shares, at cost (166,600 shares at December 31, 2000)	(1,415)	--
	-----	-----
Total shareholders' equity	193,728	192,101
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 794,837	\$ 721,034
	=====	=====

</TABLE>

See accompanying notes to financial statements.

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CORPORATE OFFICE PROPERTIES TRUST
CONSOLIDATED STATEMENTS OF OPERATIONS
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

<TABLE>

<CAPTION>

	For the years ended December 31,		
	2000	1999	1998
	-----	-----	-----
<S>	<C>	<C>	<C>
REVENUES			
Rental revenue	\$ 93,309	\$70,101	\$ 35,676
Tenant recoveries and other revenue	15,684	11,011	4,538
	-----	-----	-----
Total revenues	108,993	81,112	40,214
	-----	-----	-----
EXPENSES			
Property operating	31,235	22,325	9,632
General and administrative	4,867	3,204	1,890
Interest	30,454	21,808	12,207
Amortization of deferred financing costs	1,382	975	423
Depreciation and other amortization	16,977	12,075	6,285
Reformation costs	--	--	637
	-----	-----	-----
Total expenses	84,915	60,387	31,074
	-----	-----	-----
Income before equity in (loss) income of Service Companies, gain on sales of rental properties, minority interests and extraordinary item	24,078	20,725	9,140
Equity in (loss) income of Service Companies	(310)	198	139
	-----	-----	-----
Income before gain on sales of rental properties, minority interests and extraordinary item	23,768	20,923	9,279
Gain on sales of rental properties	107	1,140	--
	-----	-----	-----
Income before minority interests and extraordinary item	23,875	22,063	9,279
Minority interests			
Common Units in the Operating Partnership	(6,322)	(3,449)	(1,171)
Preferred Units in the Operating Partnership	(2,240)	(2,620)	(3,412)
Other consolidated partnership	(26)	(8)	--
	-----	-----	-----
Income before extraordinary item	15,287	15,986	4,696
Extraordinary item - loss on early retirement of debt	(153)	(903)	--
	-----	-----	-----
NET INCOME	15,134	15,083	4,696
Preferred Share dividends	(3,802)	(2,854)	(327)
	-----	-----	-----
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	\$ 11,332	\$12,229	\$ 4,369
	=====	=====	=====
BASIC EARNINGS PER COMMON SHARE			
Income before extraordinary item	\$ 0.61	\$ 0.77	\$ 0.48
Extraordinary item	(0.01)	(0.05)	--
	-----	-----	-----
Net income	\$ 0.60	\$ 0.72	\$ 0.48
	=====	=====	=====
DILUTED EARNINGS PER COMMON SHARE			
Income before extraordinary item	\$ 0.60	\$ 0.70	\$ 0.47

Extraordinary item	(0.01)	(0.04)	--
Net income	\$ 0.59	\$ 0.66	\$ 0.47

</TABLE>

See accompanying notes to financial statements.

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CORPORATE OFFICE PROPERTIES TRUST
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

Value of				Cumulative	
Unearned			Additional	Dividends in	
Restricted	Preferred	Common	Paid-in	Excess of Net	
Common	Shares	Shares	Capital	Income	
Share Grants					
	-----	-----	-----	-----	--
<S>	<C>	<C>	<C>	<C>	
<C>					
Balance at December 31, 1997	\$ --	\$ 23	\$ 16,620	\$ (4,979)	\$
--					
Common Shares issued to the public (7,500,000 Shares)	--	75	72,640	--	
--					
Common Shares issued in connection with acquisitions (7,030,793 Shares)	--	70	73,248	--	
--					
Series A Convertible Preferred Shares issued in connection with acquisitions (984,308 Shares)	10	--	24,598	--	
--					
Exercise of share options (5,000 Shares)	--	--	27	--	
--					
Adjustments to minority interests resulting from changes in ownership of Operating Partnership by COPT	--	--	(11,331)	--	
--					
Net income	--	--	--	4,696	
--					
Dividends	--	--	--	(6,916)	
--					
	-----	-----	-----	-----	-
Balance at December 31, 1998	10	168	175,802	(7,199)	
--					
Conversion of Common Units to Common Shares (372,295 Shares)	--	4	3,137	--	
--					
Series B Cumulative Redeemable Preferred Shares issued to the public (1,250,000 Shares)	12	--	29,422	--	
--					
Restricted Common Share grants issued (471,875 Shares) (3,480)	--	4	3,476	--	
--					
Value of earned restricted share grants	--	--	--	--	
63					
Adjustments to minority interests resulting from changes in ownership of Operating Partnership by COPT	--	--	(8,970)	--	
--					
Net income	--	--	--	15,083	
--					
Dividends	--	--	--	(15,431)	
--					
	-----	-----	-----	-----	-
Balance at December 31, 1999	22	176	202,867	(7,547)	
(3,417)					
Conversion of Common Units to Common Shares (1,047,545 Shares)	--	11	8,514	--	
--					
Conversion of Preferred Shares (984,307 Shares)	(10)	19	(9)	--	
--					
Restricted Common Share grants					

issued (12,500 Shares)	--	--	97	--	
(97)					
Value of earned restricted share grants	--	--	4	--	
115					
Exercise of share options (24,467 Shares)	--	--	169	--	
--					
Issuance of share options	--	--	206	--	
--					
Acquisition of Treasury Shares (166,600 Shares)	--	--	--	--	
--					
Adjustments to minority interests resulting from changes in ownership of Operating Partnership by COPT	--	--	(2,460)	--	
--					
Net income	--	--	--	15,134	
--					
Dividends	--	--	--	(18,651)	
--					

Balance at December 31, 2000 (3,399)	\$ 12	\$ 206	\$ 209,388	\$ (11,064)	\$
=====					

<CAPTION>

	Treasury Shares	Total
	-----	-----
<S>	<C>	<C>
Balance at December 31, 1997	\$ --	\$ 11,664
Common Shares issued to the public (7,500,000 Shares)	--	72,715
Common Shares issued in connection with acquisitions (7,030,793 Shares)	--	73,318
Series A Convertible Preferred Shares issued in connection with acquisitions (984,308 Shares)	--	24,608
Exercise of share options (5,000 Shares)	--	27
Adjustments to minority interests resulting from changes in ownership of Operating Partnership by COPT	--	(11,331)
Net income	--	4,696
Dividends	--	(6,916)
	-----	-----
Balance at December 31, 1998	--	168,781
Conversion of Common Units to Common Shares (372,295 Shares)	--	3,141
Series B Cumulative Redeemable Preferred Shares issued to the public (1,250,000 Shares)	--	29,434
Restricted Common Share grants issued (471,875 Shares)	--	--
Value of earned restricted share grants	--	63
Adjustments to minority interests resulting from changes in ownership of Operating Partnership by COPT	--	(8,970)
Net income	--	15,083
Dividends	--	(15,431)
	-----	-----
Balance at December 31, 1999	--	192,101
Conversion of Common Units to Common Shares (1,047,545 Shares)	--	8,525
Conversion of Preferred Shares (984,307 Shares)	--	--
Restricted Common Share grants issued (12,500 Shares)	--	--
Value of earned restricted share grants	--	119
Exercise of share options (24,467 Shares)	--	169
Issuance of share options	--	206
Acquisition of Treasury Shares (166,600 Shares)	(1,415)	(1,415)
Adjustments to minority interests resulting from changes in ownership of Operating Partnership by COPT	--	(2,460)
Net income	--	15,134
Dividends	--	(18,651)
	-----	-----
Balance at December 31, 2000	\$ (1,415)	\$ 193,728
=====		=====

</TABLE>

See accompanying notes to financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

	For the years ended December 31,		
	2000	1999	1998
	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 15,134	\$ 15,083	\$ 4,696
Adjustments to reconcile net income to net cash provided by operating activities:			
Minority interests	8,588	6,077	4,583
Depreciation and other amortization	16,977	12,075	6,285
Amortization of deferred financing costs	1,382	975	423
Equity in loss (income) of Service Companies	310	(198)	(139)
Gain on sales of rental properties	(107)	(1,140)	--
Extraordinary item - loss on early retirement of debt	153	903	--
Increase in deferred rent receivable	(4,113)	(2,766)	(1,784)
Increase in accounts receivable, restricted cash and prepaid and other assets	(4,225)	(1,690)	(4,286)
Increase in accounts payable, accrued expenses, rents received in advance and security deposits	927	2,977	3,085
Net cash provided by operating activities	35,026	32,296	12,863
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of and additions to commercial real estate properties	(65,130)	(152,749)	(180,649)
Proceeds from sales of rental properties	4,435	31,163	--
Investment in unconsolidated real estate joint venture	(3,616)	--	--
Investments in and advances (to) from other unconsolidated entities	(2,773)	(1,112)	288
Leasing commissions paid	(6,176)	(3,275)	(1,468)
Change in prepaid and other assets	4	137	(1,821)
Net cash used in investing activities	(73,256)	(125,836)	(183,650)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from mortgage and other loans payable	140,479	248,639	117,962
Repayments of mortgage and other loans payable	(69,493)	(161,417)	(10,192)
Deferred financing costs paid	(1,774)	(3,064)	(1,627)
Net proceeds from issuance of Preferred Shares	--	29,434	--
Net proceeds from issuance of Common Shares	286	63	72,237
Net proceeds from issuance of share options	206	--	--
Purchase of Treasury Shares	(1,415)	--	--
Dividends paid	(18,265)	(14,528)	(3,848)
Distributions paid	(9,189)	(5,560)	(4,791)
Net cash provided by financing activities	40,835	93,567	169,741
Net increase (decrease) in cash and cash equivalents	2,605	27	(1,046)
CASH AND CASH EQUIVALENTS			
Beginning of year	2,376	2,349	3,395
End of year	\$ 4,981	\$ 2,376	\$ 2,349

</TABLE>

See accompanying notes to financial statements.

CORPORATE OFFICE PROPERTIES TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

1. ORGANIZATION

Corporate Office Properties Trust ("COPT") and subsidiaries (the "Company") is a fully integrated and self managed real estate investment trust ("REIT"). We focus principally on the ownership, management, leasing, acquisition and development of suburban office properties located in select submarkets in the Mid-Atlantic region of the United States. COPT is qualified as a REIT as defined in the Internal Revenue Code and is the successor to a corporation organized in 1988. As of December 31, 2000, our portfolio included 83 office properties.

We conduct almost all of our operations principally through our operating partnership, Corporate Office Properties, L.P. (the "Operating Partnership"), for which we are the managing general partner. The Operating Partnership owns real estate both directly and through subsidiary partnerships and limited liability companies ("LLCs"). The Operating Partnership also owned at December 31, 2000 the principal economic interest and, collectively with our Chief Executive Officer and Chief Operating Officer, 49.5% of the voting stock of

Corporate Office Management, Inc. ("COMI") (together with its subsidiaries defined as the "Service Companies"). On January 1, 2001, the Operating Partnership acquired all of the stock in COMI which it did not previously own. See Note 6 for a description of the activities of the Service Companies. A summary of our Operating Partnership's forms of ownership and the percentage of those ownership forms owned by COPT follows:

<TABLE>
<CAPTION>

	December 31,	
	2000	1999
<S>	<C>	<C>
Common Units	66%	60%
Series A Preferred Units	100%	100%
Series B Preferred Units	100%	100%
Series C Preferred Units	0%	0%

2. BASIS OF PRESENTATION

We use three different accounting methods to report our investments in entities: the consolidation method, the equity method and the cost method.

CONSOLIDATION METHOD

We use the consolidation method when we own most of the outstanding voting interests in an entity and can control its operations. This means the accounts of the entity are combined with our accounts. We eliminate balances and transactions between companies when we consolidate these accounts. Our consolidated financial statements include the accounts of:

- o COPT,
- o the Operating Partnership and its subsidiary partnerships and LLCs, and
- o Corporate Office Properties Holdings, Inc. (we own 100%).

EQUITY METHOD

We use the equity method of accounting when we own an interest in an entity and can exert significant influence over the entity's operations but cannot control the entity's operations. Under the equity method, we report:

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- o our ownership interest in the entity's capital as an investment on our Consolidated Balance Sheets and
- o our percentage share of the earnings or losses from the entity in our Consolidated Statements of Operations.

COST METHOD

We use the cost method of accounting when we own an interest in an entity and cannot exert significant influence over the entity's operations. Under the cost method, we report:

- o the cost of our investment in the entity as an investment on our Consolidated Balance Sheets and
- o distributions to us of the entity's earnings in our Consolidated Statements of Operations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

We make estimates and assumptions when preparing financial statements under generally accepted accounting principles. These estimates and assumptions affect various matters, including:

- o our reported amounts of assets and liabilities in our Consolidated Balance Sheets at the dates of the financial statements,
- o our disclosure of contingent assets and liabilities at the dates of the financial statements, and
- o our reported amounts of revenues and expenses in our Consolidated Statements of Operations during the reporting periods.

These estimates involve judgements with respect to, among other things, future economic factors that are difficult to predict and are often beyond management's control. As a result, actual amounts could differ from these estimates.

COMMERCIAL REAL ESTATE PROPERTIES

We report commercial real estate properties at our depreciated cost. The amounts reported for our commercial real estate properties include our costs of:

- o acquisitions,
- o development and construction,
- o building and land improvements, and
- o tenant improvements paid by us.

We capitalize interest expense, real estate taxes and other costs associated with real estate under construction to the cost of the real estate. We start depreciating newly constructed properties when we place them in service.

We depreciate our assets evenly over their estimated useful lives as follows:

- o Building and building improvements.....40 years
- o Land improvements.....20 years
- o Tenant improvements.....Related lease terms
- o Equipment and personal property.....3-10 years

We recognize an impairment loss on a real estate asset if its undiscounted expected future cash flows are less than its depreciated cost. We have not recognized impairment losses on our real estate assets to date.

We expense property maintenance and repair costs when incurred.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all cash and liquid investments that mature three months or less from when they are purchased. Cash equivalents are reported at cost, which almost equals their fair value. We maintain our cash in bank accounts which may exceed federally insured limits at times. We have not experienced any losses in these accounts in the past and believe we are not exposed to significant credit risk.

ACCOUNTS RECEIVABLE

Our accounts receivable are reported net of an allowance for bad debts of \$74 at December 31, 2000 and \$10 at December 31, 1999.

REVENUE RECOGNITION

We recognize rental revenue evenly over the term of tenant leases. Many of our leases include contractual rent increases. For these leases, we average the rents over the lease term to evenly recognize revenues. We report revenues recognized in advance of payments received as deferred rent receivable on our Consolidated Balance Sheets. We report prepaid tenant rents as rents received in advance on our Consolidated Balance Sheets.

Some of our retail tenants' leases provide for additional rental payments if the tenants meet certain sales targets. We do not recognize additional rental revenue under these leases until the tenants meet the sales targets.

We recognize tenant recovery income as revenue in the same period we incur the related expenses. Tenant recovery income includes payments from tenants as reimbursement for property taxes, insurance and other property operating expenses.

We recognize fees for services provided by us once services are rendered, fees are determinable and collectibility assured.

MAJOR TENANTS

During 2000, 31% of our total rental revenue was earned from five major tenants, including 21% percent from our two largest tenants. During 1999, 39% of our total rental revenue was earned from five major tenants, including 27% from our two largest tenants. During 1998, 50% of our total rental revenue was earned from five major tenants, including 31% from our two largest tenants. The United States Government and Unisys were our largest two tenants in each of these years.

GEOGRAPHICAL CONCENTRATION

Our operations are geographically concentrated in the Mid-Atlantic region of the United States. Our rental revenue derived from this region as a percentage of total rental revenue totaled 100% in 2000, 99% in 1999 and 59% in 1998.

DEFERRED CHARGES

We capitalize costs that we incur to obtain new tenant leases or extend

existing tenant leases. We amortize these costs evenly over the lease terms. When tenant leases are terminated early, we expense any unamortized deferred leasing costs associated with those leases.

We also capitalize costs for long-term financing arrangements and amortize these costs over the related loan terms. We expense any unamortized loan costs as an extraordinary item when loans are retired early.

MINORITY INTERESTS

As discussed previously, we consolidate the accounts of our Operating Partnership into our financial statements. However, we do not own 100% of the Operating Partnership. Our Operating Partnership also does

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not own 11% of one of its subsidiary partnerships. The amounts reported for minority interests on our Consolidated Balance Sheets represent the portion of these consolidated entities' equity that we do not own. The amounts reported for minority interests on our Consolidated Statements of Operations represent the portion of these consolidated entities' net income not allocated to us.

Common Units of the Operating Partnership ("Common Units") are substantially similar economically to our Common Shares of beneficial interest ("Common Shares"). Common Units are also exchangeable into our Common Shares, subject to certain conditions.

Our Operating Partnership issued 974,662 Series C Preferred Units in connection with a property acquisition in December 1999. Our Operating Partnership issued 42,000 additional Series C Preferred Units on July 1, 2000 in connection with the cancellation of ten-year detachable warrants exercisable for an additional number of Common Units. Owners of these units are entitled to a priority annual return equal to 9% of their liquidation preference through December 20, 2009, 10.5% for the five following years and 12% thereafter. These units are convertible, subject to certain restrictions, into Common Units in the Operating Partnership on the basis of 2.381 Common Units for each Series C Preferred Unit, plus any accrued return. The Common Units would then be exchangeable for Common Shares, subject to certain conditions. The Series C Preferred Units also carry a liquidation preference of \$25.00 per unit, plus any accrued return, and may be redeemed for cash by the Operating Partnership at any time after the tenth anniversary of their issuance.

Our Operating Partnership issued 2,100,000 preferred units in connection with an October 1997 property acquisition (the "Initial Preferred Units"). These units were converted into Common Units on the basis of 3.5714 Common Units for each Initial Preferred Unit in October 1999. Prior to converting these units, owners were entitled to a priority annual return equal to 6.5% of their liquidation preference.

INTEREST RATE SWAP AGREEMENTS

We recognize the interest rate differential to be paid or received on interest rate swap agreements as an adjustment to interest expense. We amortize gains and losses on terminated interest rate swaps accounted for as hedges over the remaining lives of the related swaps; we recognize any unamortized gain or loss when the underlying debt is terminated.

INCOME TAXES

We have elected to be treated as a REIT under Sections 856 through 860 of the Internal Revenue Code. As a REIT, we generally will not be subject to Federal income tax if we distribute at least 95% of our REIT taxable income to our shareholders and satisfy certain other requirements (see discussion below). As a result, we do not report income tax expense on our Consolidated Statements of Operations. If we fail to qualify as a REIT in any tax year, we will be subject to Federal income tax on our taxable income at regular corporate rates.

In December 1999, legislation containing the REIT Modernization Act was signed into law. This law is effective January 1, 2001 and includes the following changes:

- o REITs are now allowed to own up to 100% investments in the stock of a taxable REIT subsidiary ("TRS"), subject to certain restrictions relating to the size of such investments. TRSs can provide services to REIT tenants and others without adversely impacting the income requirements to which REITs are subject;
- o REITs are no longer able to enter into new arrangements to own more than 10% of the vote or value of the securities in a non-REIT C corporation unless such C corporation elects to be treated as a TRS; and
- o the percentage of REIT taxable income that REITs are required to distribute to shareholders is reduced from 95% to 90%.

On January 1, 2001, we acquired all of the stock in COMI which we did not previously own. We also elected to have COMI treated as a TRS effective January

For Federal income tax purposes, dividends to shareholders may be characterized as ordinary income, capital gains or return of capital (which is generally non-taxable). The characterization of dividends declared during each of the last three years was as follows (unaudited):

<TABLE>
<CAPTION>

	2000	1999	1998
	----	----	----
<S>	<C>	<C>	<C>
Ordinary income	71.0%	79.3%	77.4%
Return of capital	29.0%	--	22.6%
Long term capital gain	--	20.7%	--

We are subject to certain state and local income and franchise taxes. The expense associated with these state and local taxes is included in general and administrative expense on our Consolidated Statements of Operations. We did not separately state these amounts on our Consolidated Statements of Operations because they are insignificant.

EARNINGS PER SHARE ("EPS")

We present both basic and diluted EPS. We compute basic EPS by dividing income available to common shareholders by the weighted average number of Common Shares outstanding during the year. Our computation of diluted EPS is similar except that:

- o the denominator is increased to include the weighted average number of potential additional Common Shares that would have been outstanding if securities that are convertible into our Common Shares were converted and
- o the numerator is adjusted to add back any convertible preferred dividends and any other changes in income or loss that would result from the assumed conversion into Common Shares.

Our computation of diluted EPS does not assume conversion of securities into our Common Shares if conversion of those securities would increase our diluted EPS in a given year. A summary of the numerator and denominator for purposes of basic and diluted EPS calculations is as follows (dollars and shares in thousands, except per share data):

<TABLE>
<CAPTION>

	2000	1999	1998
	-----	-----	-----
<S>	<C>	<C>	<C>
Numerator:			
Net income available to Common Shareholders	\$ 11,332	\$ 12,229	\$ 4,369
Add: Extraordinary loss	153	903	--
	-----	-----	-----
Numerator for basic earnings per share before extraordinary item	11,485	13,132	4,369
Add: Minority interests - Initial Preferred Units	--	2,559	3,412
Add: Minority interests - Common Units	--	--	1,171
	-----	-----	-----
Numerator for diluted earnings per share before extraordinary item	11,485	15,691	8,952
Less: Extraordinary loss	(153)	(903)	--
	-----	-----	-----
Numerator for diluted earnings per share for net income	\$ 11,332	\$ 14,788	\$ 8,952
	=====	=====	=====
Denominator (all weighted averages):			
Common Shares - basic	18,818	16,955	9,099
Assumed conversion of share options	164	9	24
Assumed conversion of Common Unit warrants	231	--	--
Conversion of Initial Preferred Units	--	5,610	7,500
Assumed conversion of Common Units	--	--	2,614
	-----	-----	-----
Denominator for diluted earnings per share	19,213	22,574	19,237
	=====	=====	=====
Basic earnings per Common Share:			
Income before extraordinary item	\$ 0.61	\$ 0.77	\$ 0.48
Extraordinary item	(0.01)	(0.05)	--
	-----	-----	-----
Net income	\$ 0.60	\$ 0.72	\$ 0.48
	=====	=====	=====
Diluted earnings per Common Share:			
Income before extraordinary item	\$ 0.60	\$ 0.70	\$ 0.47

Extraordinary item	(0.01)	(0.04)	--
Net income	\$ 0.59	\$ 0.66	\$ 0.47

</TABLE>

Our diluted EPS computation for 2000 assumes no conversions of Preferred Units or Common Units since such conversions would increase diluted EPS for that year. Our diluted EPS computation for 1999 only assumes conversion of Initial Preferred Units because conversions of the Series A Cumulative Convertible Preferred Shares of beneficial interest ("Series A Preferred Shares"), Series C Preferred Units and Common Units would increase diluted EPS for that year. Our diluted EPS computation for 1998 does not assume conversion of the Series A Preferred Shares since such conversions would increase diluted EPS for that year.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Our financial instruments include primarily notes receivable, mortgage and other loans payable and interest rate derivatives. The fair values of notes receivable were not materially different from their carrying or contract values at December 31, 2000 and 1999. See Note 8 for fair value of mortgage and other loans payable information.

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The following table sets forth derivative contracts we had in place as of December 31, 2000 and their respective fair market values ("FMV"):

<TABLE>
<CAPTION>

Nature of Derivative	Notional Amount (in millions)	One Month LIBOR base	Effective Date	Expiration Date	FMV at 12/31/00 (in thousands)
<S>	<C>	<C>	<C>	<C>	<C>
Interest rate cap	\$ 50.0	7.70%	5/25/00	5/31/02	\$ 4
Interest rate cap	50.0	7.00%	9/13/00	10/13/01	1
Interest rate cap	25.0	7.00%	10/17/00	10/13/01	1
Interest rate swap	100.0	5.76%	1/2/01	1/2/03	(246)
Total					\$(240)

</TABLE>

RECENT ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133 ("SFAS 133"), "Accounting for Derivative Instruments and Hedging Activities". The statement's effective date was delayed until 2001. Accordingly, we adopted this standard beginning January 1, 2001. SFAS 133 establishes accounting and reporting standards for derivative financial instruments and for hedging activities. It requires that an entity recognize all derivatives as assets or liabilities in the balance sheet at fair value with the offset to:

- o the other comprehensive income component of shareholders' equity ("OCI") for any derivatives designated as cash flow hedges to the extent such derivatives are deemed effective;
- o other income or expense on our Statement of Operations for any derivatives designated as cash flow hedges to the extent such derivatives are deemed ineffective; or
- o other income or expense on our Statement of Operations for any derivatives designated as fair value hedges.

At December 31, 2000, we had in place three interest rate cap contracts and one interest rate swap contract. We have designated each of these derivatives as cash flow hedges. We expect the interest rate swap contract to be substantially effective. We do not expect the interest rate cap contracts to be effective. At adoption on January 1, 2001, we reduced OCI by \$246 as a cumulative effect adjustment to recognize the net fair value of our interest rate swap contract. We also recognized an unrealized loss of \$258 on the book value associated with our derivatives at January 1, 2001.

Effective July 1, 2000, the FASB issued FIN No. 44, "Accounting for Certain Transactions Involving Stock Compensation." FIN No. 44 clarifies the application of the Accounting Principle Board's Opinion No. 25, "Accounting for Stock Issued to Employees" for certain issues, including the definition of the term "employee", the criteria for determining whether a plan qualifies as a noncompensatory plan, the accounting consequence of various modifications to previous issuances and the accounting for an exchange of stock compensation awards in a business combination. We adopted FIN No. 44 effective July 1, 2000.

The primary impact of our adoption of this Interpretation is that we and the Service Companies recognize additional expenses from share options issued to employees for the following:

- o the share price appreciation and future vesting relating to share options that were repriced in 1999, and
- o the issuance of share options to employees of CRM and MGK (all defined in Note 6).

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4. COMMERCIAL REAL ESTATE PROPERTIES

Operating properties consisted of the following:

<TABLE>
<CAPTION>

	December 31,	
	2000	1999
<S>	<C>	<C>
Land	\$ 140,018	\$ 135,641
Buildings and improvements	604,666	544,967
Furniture, fixtures and equipment	344	335
	745,028	680,943
Less: accumulated depreciation	(33,468)	(18,279)
	\$ 711,560	\$ 662,664

</TABLE>

Projects we had under construction or development at December 31, 2000 consisted of the following:

<TABLE>
<CAPTION>

	December 31,	
	2000	1999
<S>	<C>	<C>
Land	\$19,069	\$13,158
Construction in progress	17,489	20,667
	\$36,558	\$33,825

</TABLE>

2000 ACQUISITIONS

We acquired the following office properties during 2000:

<TABLE>
<CAPTION>

Project Name	Location	Date of Acquisition	Number of Buildings	Total Rentable Square Feet	Initial Cost
<S>	<C>	<C>	<C>	<C>	<C>
7240 Parkway Drive	Hanover, MD	4/18/00	1	73,500	\$7,464
9140 Route 108	Columbia, MD	12/14/00	1	150,000	7,149

</TABLE>

We also acquired the following properties during 2000:

- o a parcel of land located in Cranbury, New Jersey for \$633 on March 20, 2000,
- o a parcel of land located in Columbia, Maryland for \$4,036 on March 29, 2000,
- o a parcel of land located in Annapolis Junction, Maryland for \$3,022 on May 26, 2000 from Constellation (defined below),
- o a parcel of land located in Cranbury, New Jersey for \$283 on June 5, 2000,
- o a parcel of land located in Annapolis Junction, Maryland for \$364 on June 30, 2000 from Constellation,
- o a parcel of land located in Columbia, Maryland for \$3,958 on September 28, 2000, and
- o a parcel of land located in Annapolis Junction, Maryland for \$3,055 on November 13, 2000 from Constellation.

All of these land parcels are contiguous to certain of our existing operating properties. Constellation Real Estate and its affiliates (collectively "Constellation") owned 43% of our Common Shares outstanding at December 31, 2000. Constellation also controlled two of the nine positions on our Board of Trustees at December 31, 2000.

2000 CONSTRUCTION/DEVELOPMENT

During 2000, we completed the construction of five office buildings totaling 380,760 square feet. Three of these buildings totaling 303,697 square feet are located in the Baltimore/Washington Corridor, one building with 57,280 square feet is located in Dayton, New Jersey and one building with 19,783 square feet is located in Harrisburg, Pennsylvania.

As of December 31, 2000, we had construction underway on three new buildings and development underway on two parcels of land and also had a \$358 net investment in joint ventures constructing two additional new buildings.

2000 DISPOSITIONS

We sold the following properties during 2000:

<TABLE>
<CAPTION>

Project Name	Location	Property Type(1)	Date of Sale	Total Rentable Square Feet	Sales Price
Minot Retail	Minot, ND	R	6/19/00	46,134	\$2,970
Tred Avon	Easton, MD	R	11/10/00	149,191	5,800
3 Centre Drive	Cranbury, NJ	O	12/28/00	20,436	2,790

(1) "R" indicates retail property; "O" indicates office property.

We recognized a \$107 net gain on the sale of these properties in 2000.

1999 ACQUISITIONS

We acquired the following office properties during 1999:

<TABLE>
<CAPTION>

Project Name	Location	Date of Acquisition	Number of Buildings	Total Rentable Square Feet	Initial Cost
Airport Square XXI	Linthicum, MD	2/23/99	1	67,913	\$ 6,751
Parkway Crossing Properties	Hanover, MD	4/16/99	2	99,026	9,524
Commons Corporate Center (1)	Hanover, MD	4/28/99	8	250,413	25,442
Princeton Executive Center	Monmouth Junction, NJ	6/24/99	1	61,300	6,020
Gateway Central (2)	Harrisburg, PA	8/12/99	3	55,726	5,960
Gateway International (3)	Linthicum, MD	11/18/99	2	198,438	24,316
Corporate Gateway Center (4)	Harrisburg, PA	12/3/99	9	417,138	40,082
Timonium Business Park (5)	Timonium, MD	12/21/99	2	233,623	30,001
Brown's Wharf (5)	Baltimore, MD	12/21/99	1	103,670	10,607

- (1) Does not include \$400 allocated to projects under construction and \$50 relating to land under a ground lease.
- (2) Acquired 89% ownership interest from an officer and Trustee of ours.
- (3) Does not include \$1,973 allocated to projects under construction.
- (4) Acquired 49% interest on September 15, 1999. Acquired remaining 51% interest on December 3, 1999 (discussed below).
- (5) See discussion below.

In June 1999, we sold Brown's Wharf and assigned our rights to purchase the Timonium Business Park to an unrelated third party. Simultaneously with these transactions, we entered into a contract with the third party under which the third party had the right to transfer these three office buildings to us on or before March 31, 2000. In December 1999, we acquired Brown's Wharf and the Timonium Business Park from the third party for \$40,608 which is reflected in the table above. Due to the nature of this agreement, we did not recognize a gain or loss on the sale of Brown's Wharf. We also continued to depreciate Brown's Wharf throughout 1999.

On September 15, 1999, we acquired a 49% interest in Corporate Gateway General Partnership ("Corporate Gateway"), a newly organized joint venture, for \$2,952. On the same day, the joint venture acquired nine office buildings located in Greater Harrisburg, Pennsylvania from First Industrial Realty Trust, Inc., a publicly held real estate investment company where Jay Shidler, the Chairman of our Board of Trustees, serves as Chairman of the Board of Directors. Corporate Gateway acquired these buildings for \$39,925 using cash and proceeds from a \$34,247 loan payable to our Operating Partnership. The loan carried an interest rate of 10%. We accounted for our investment in Corporate Gateway at that time using the equity method of accounting. On December 3, 1999, we acquired the remaining 51% interest in Corporate Gateway. The recorded cost of the nine office buildings upon completion of these transactions totaled \$40,082 which is reflected in the table above.

We issued 974,662 Series C Preferred Units and 377,251 Common Units in our Operating Partnership in connection with 1999 office property acquisitions.

We also acquired the following properties during 1999:

- o a parcel of land located in Annapolis Junction, Maryland that is contiguous to certain of our existing operating properties for \$2,908 on May 28, 1999 from Constellation,
- o a 57,000 square foot warehouse facility for redevelopment into office space located on 8.5 acres of land that is contiguous to properties we own in South Brunswick, New Jersey for \$2,172 on July 9, 1999,
- o a parcel of land located in Linthicum, Maryland that is contiguous to certain of our existing operating properties for \$1,970 on August 1, 1999 from CDS (see Note 6),
- o a parcel of land located in Annapolis Junction, Maryland that is contiguous to certain of our existing operating properties for \$2,945 on October 21, 1999 from Constellation, and
- o a parcel of land located in Harrisburg, Pennsylvania that is contiguous to certain of our existing operating properties for \$191 on November 4, 1999 from an officer and Trustee of ours.

1999 DISPOSITIONS

We sold the following properties during 1999:

<TABLE>
<CAPTION>

Project Name	Location	Property Type(1)	Date of Sale	Total Rentable Square Feet	Sales Price
<S>	<C>	<C>	<C>	<C>	<C>
Cranberry Square	Westminster, MD	R	1/22/99	139,988	\$18,900
Delafield Retail	Delafield, WI	R	2/26/99	52,800	3,303
Indianapolis Retail	Indianapolis, IN	R	3/09/99	67,541	5,735
Plymouth Retail	Plymouth, MN	R	3/09/99	67,510	5,465
Glendale Retail	Glendale, WI	R	5/04/99	36,248	1,900
Peru Retail	Peru, IL	R	6/16/99	60,232	3,750
Browns Wharf (2)	Baltimore, MD	O	6/24/99	103,670	10,575
Oconomowoc Retail	Oconomowoc, WI	R	6/25/99	39,272	2,575
Brandon One	Riviera Beach, MD	O	12/30/99	38,513	1,260

</TABLE>

(1) "R" indicates retail property; "O" indicates office property.

(2) See discussion in portion of this note entitled "1999 Acquisitions".

We recognized a \$1,140 net gain on the sale of these properties in 1999.

1999 CONSTRUCTION

During 1999, we completed the construction of two office properties totaling 202,219 square feet. The office buildings are located in Annapolis Junction, Maryland and Columbia, Maryland. We also completed an expansion project that increased the rentable square footage of one of our properties by 6,350 square feet.

5. INVESTMENT IN UNCONSOLIDATED REAL ESTATE JOINT VENTURE

In 2000, we acquired an 80% interest in Gateway 67, LLC, a newly organized joint venture developing a parcel of land located in Columbia, Maryland. We account for our investment in this joint venture using the equity method of accounting. Our investment in this joint venture at December 31, 2000 totaled \$3,616.

6. INVESTMENT IN AND ADVANCES TO OTHER UNCONSOLIDATED ENTITIES

Since September 1998, the Operating Partnership has owned 95% of the capital stock in COMI, including 1% of the voting common stock. COMI provided us with asset management, managerial, financial and legal support from September 1998 through December 2000. On January 1, 2001, we acquired all of the stock in COMI which we did not previously own for \$26 and all of COMI's employees became employees of the Operating Partnership. We also elected to have COMI treated as a TRS effective January 1, 2001.

COMI owns interests in the following entities:

<TABLE>
<CAPTION>

Entity Name	Type of Service Business	Date of Acquisition	Percentage Ownership
Corporate Realty Management, LLC ("CRM")	Real Estate Management	9/28/98	100%(1)
Corporate Development Services, LLC ("CDS")	Construction and Development	9/28/98	100%
Martin G. Knott and Associates, LLC ("MGK")	Heating and Air Conditioning	8/31/99	80%

(1) COMI acquired 75% of CRM on September 28, 1998. COMI acquired the remaining 25% on July 18, 2000.

We accounted for our investment in COMI and its subsidiaries, CRM, CDS and MGK, using the equity method of accounting through December 31, 2000. Since we own all of the voting interests in COMI and control its operations effective January 1, 2001, we began combining the accounts of COMI and its subsidiaries with our accounts on that date.

In 2000, we acquired a 6% interest in MediTract, LLC ("MediTract"), an entity engaged in the development of an Internet based contract imaging and management system. We account for our investment in MediTract using the cost method of accounting.

Our investment in and advances to other unconsolidated entities included the following:

<TABLE>
<CAPTION>

	December 31,	
	2000	1999
Notes receivable (1)	\$2,005	\$2,005
Equity investment in Service Companies	497	807
Advances receivable	2,001	849
Total investment in Service Companies	4,503	3,661
Investment in MediTract	1,621	--
Total	\$6,124	\$3,661

</TABLE>

(1) The note receivable carries an interest rate of Prime plus 2% through its maturity on September 28, 2003.

7. DEFERRED CHARGES

Deferred charges consisted of the following:

<TABLE>
<CAPTION>

	December 31,	
	2000	1999
Deferred financing costs	\$ 6,108	\$4,592
Deferred leasing costs	10,800	4,658
Deferred other	--	24
Accumulated amortization	(4,003)	(1,749)
Deferred charges, net	\$12,905	\$7,525

8. MORTGAGE AND OTHER LOANS PAYABLE

Mortgage and other loans payable consisted of the following:

	December 31,	
	2000	1999
<S>	<C>	<C>
Deutsche Banc Alex. Brown, Term Credit Facility, LIBOR + 1.75%, maturing October 2001 (1)	\$100,000	\$100,000
Deutsche Banc Alex. Brown, Revolving Credit Facility, LIBOR + 1.75%, maturing May 2001	82,245	57,500
Teachers Insurance and Annuity Association of America, 6.89%, maturing November 2008	82,160	83,470
Teachers Insurance and Annuity Association of America, 7.72%, maturing October 2006	59,036	59,801
Prudential Securities Credit Corp., LIBOR + 1.5%, maturing June 2001	29,091	--
Mutual of New York Life Insurance Company, 7.79%, maturing August 2004	27,374	27,750
Transamerica Life Insurance and Annuity Company, 8.3%, maturing October 2005	17,597	--
Allfirst Bank, LIBOR + 1.75%, maturing May 2002	11,993	12,290
Bank of America, LIBOR + 1.75%, maturing March 2002 (2)	9,978	--
Allfirst Bank, LIBOR + 1.75%, maturing October 2001 (3)	9,019	4,490
Teachers Insurance and Annuity Association of America, 8.35%, maturing October 2006	7,974	--
Provident Bank of Maryland, LIBOR + 1.75%, maturing July 2001 (4)	7,000	--
Allfirst Bank, LIBOR + 1.75%, maturing May 2002 (5)	6,350	--
Aegon USA Realty Advisors, Inc., 8.29%, maturing May 2007	6,047	6,214
Summit Bank, LIBOR + 1.75%, maturing February 2001 (6)	4,843	--
Allfirst Bank, LIBOR + 1.75%, maturing July 2002 (7)	4,500	--
Mellon Bank, yield on 5-year Treasury Securities + 2%, maturing August 2005 (8)	3,989	4,304
Bank of America, LIBOR + 1.75%, maturing September 2001	2,000	--
Provident Bank of Maryland, LIBOR + 1.75%, maturing July 2002 (9)	1,626	--
Seller loan, 8.0%, maturing May 2007	1,527	1,542
Bank of America, LIBOR + 1.75%, repaid November 2000	--	16,720
Provident Bank of Maryland, LIBOR + 1.75%, repaid September 2000	--	8,642
Allfirst Bank, LIBOR + 1.6%, repaid September 2000	--	8,167
Bank of Maryland, LIBOR + 1.75%, repaid August 2000	--	3,437
Provident Bank of Maryland, LIBOR + 1.75%, repaid November 2000	--	2,825
Northern Life Insurance Company, 8%, repaid June 2000	--	2,475
	\$474,349	\$399,627

</TABLE>

- (1) May be extended for a one-year period, subject to certain conditions.
- (2) Construction loan with a total commitment of \$13,440. Loan may be extended for a one-year period, subject to certain conditions.
- (3) Construction loan with a total commitment of \$12,375. Loan may be extended for a one-year period, subject to certain conditions.
- (4) Loan may be extended for a three-month period, subject to certain conditions.
- (5) Construction loan with a total commitment of \$9,325.
- (6) Construction loan with a total commitment of \$6,900. Loan may be extended for a two-year period, subject to certain conditions.
- (7) Loan was increased to \$6,500 in February 2001. It may be extended for a one year period, subject to certain conditions.
- (8) Construction loan with a total commitment of \$4,549.
- (9) Construction loan with a total commitment of \$11,855. Loan may be extended for a one-year period subject to certain conditions.

In the case of each of our mortgage and construction loans, we have pledged certain of our real estate assets as collateral. We use the term collateralized to describe this arrangement. As of December 31, 2000, substantially all of our real estate properties were collateralized on loan obligations. Certain of our mortgage loans require that we comply with a number of restrictive financial covenants, including adjusted consolidated net worth, minimum property interest coverage, minimum property hedged interest coverage, minimum consolidated interest coverage, maximum consolidated unhedged floating rate debt and maximum consolidated total indebtedness. As of December 31, 2000, we were in compliance with these financial covenants.

Our mortgage loans mature on the following schedule (excluding extension options):

<S>	<C>
2001.....	\$237,900

2002.....	37,771
2003.....	3,924
2004.....	29,771
2005.....	24,051
Thereafter.....	140,932

Total.....	\$474,349
	=====

</TABLE>

The fair value of our mortgage and other loans payable was \$481,083 at December 31, 2000 and \$387,539 at December 31, 1999.

Weighted average borrowings under our secured revolving credit facility with Deutsche Banc Alex. Brown totaled \$80,286 in 2000 and \$70,165 in 1999. The weighted average interest rate on this credit facility totaled 8.13% in 2000 and 7.2% in 1999.

Weighted average borrowings under our revolving credit facility with Prudential Securities totaled \$6,232 in 2000. The weighted average interest rate on this credit facility totaled 8.15% in 2000. No borrowings were made under this loan in 1999.

Amounts available under our lines of credit with Deutsche Banc Alex. Brown and Prudential Securities Credit Corporation are generally computed based on 65% of the appraised value of properties pledged as collateral for these loans. As of December 31, 2000, the maximum amount available under these lines of credit totaled \$122,139, of which \$10,803 was unused.

We capitalized interest costs of \$3,889 in 2000, \$1,510 in 1999 and \$77 in 1998.

We had mortgage loans payable that were retired early during 2000 and 1999 using proceeds from sales of properties and refinancings. We recognized a loss on these early debt retirements of \$153 in 2000 and \$903 in 1999.

9. SHAREHOLDERS' EQUITY

PREFERRED SHARES

In 1998, we issued 984,308 Series A Preferred Shares. These shares are nonvoting and are convertible after two years of issuance, subject to certain conditions, into Common Shares on the basis of 1.8748 Common Shares for each Series A Preferred Share. Holders of the Series A Preferred Shares are entitled to cumulative dividends, payable quarterly (as and if declared by the Board of Trustees). Dividends accrue from the date of issue at the annual rate of \$1.375 per share, which is equal to 5.5% of the \$25.00 per share liquidation preference of the shares. On September 28, 2000, 984,307 of these shares were converted into 1,845,378 Common Shares.

In July 1999, we completed the sale of 1,250,000 Series B Cumulative Redeemable Preferred Shares of beneficial interest ("Series B Preferred Shares") to the public at a price of \$25.00 per share. These shares are nonvoting and are redeemable for cash at \$25.00 per share at our option on or after July 15, 2004. Holders of these shares are entitled to cumulative dividends, payable quarterly (as and if declared by the Board of Trustees). Dividends accrue from the date of issue at the annual rate of \$2.50 per share, which is equal to 10% of the \$25.00 per share redemption price. We contributed the net proceeds to our Operating Partnership in exchange for 1,250,000 Series B Preferred Units. The Series B Preferred Units carry terms that are substantially the same as the Series B Preferred Shares.

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COMMON SHARES

In April 1998, we completed the sale of 7,500,000 Common Shares to the public at a price of \$10.50 per share and contributed the net proceeds to our Operating Partnership in exchange for 7,500,000 Common Units. Our Operating Partnership used the proceeds to fund acquisitions.

In 1998, we issued 7,030,793 Common Shares in connection with an acquisition.

Over the three years ended December 31, 2000, we had the following transactions in which Common Units in our Operating Partnership were converted into Common Shares on the basis of one Common Share for each Common Unit:

- o 372,295 Common Units converted on August 4, 1999;
- o 877,545 Common Units converted on March 16, 2000; and
- o 170,000 Common Units converted on June 30, 2000.

On December 16, 1999, we issued 471,875 Common Shares subject to forfeiture restrictions to certain officers. We issued an additional 12,500 of these shares to an officer in 2000. The forfeiture restrictions of specified percentages of these shares lapse annually through 2004 upon the Company's attainment of defined earnings or shareholder return growth targets. These shares may not be sold, transferred or encumbered while the forfeiture restrictions are in place. Forfeiture restrictions lapsed on 8,593 of these shares during 1999 and 15,625 of these shares in 2000.

On November 3, 1999, the Board of Trustees authorized a share repurchase program to buy up to 2,000,000 Common Shares in open market and privately negotiated purchases depending on market conditions and other factors. Shares repurchased under this program are summarized below.

<TABLE>
<CAPTION>

	Repurchase Date	Number of Shares	Cost of Repurchase
	-----	-----	-----
<S>		<C>	<C>
	3/31/00	6,600	\$ 52
	4/5/00	20,000	166
	6/5/00	140,000	1,197

</TABLE>

We issued Common Shares in connection with the exercise of share options of 24,467 in 2000 and 5,000 in 1998.

10. SHARE OPTIONS

In 1993, we adopted a share option plan for directors under which we have 75,000 Common Shares reserved for issuance. These options become exercisable beginning on the first anniversary of their grant and expire ten years after the date of grant.

In March 1998, we adopted a share option plan for Trustees, our employees and employees of the Service Companies under which we have 3,175,739 Common Shares reserved for issuance. Trustee options under this plan become exercisable beginning on the first anniversary of their grant. Employees' options under this plan generally become exercisable over a 3 to 5 year period. Options expire ten years after the date of grant.

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The following table summarizes share option transactions under the plans described above:

<TABLE>
<CAPTION>

	Shares	Range of Exercise Price per Share	Weighted Average Exercise Price per Share
	-----	-----	-----
<S>	<C>	<C>	<C>
Outstanding at December 31, 1997	75,000	\$5.25 - \$10.38	\$7.31
Granted - 1998	722,875	\$9.25 - \$12.25	\$9.37
Forfeited - 1998	(6,050)	\$9.25	\$9.25
Exercised - 1998	(5,000)	\$5.38 - \$5.63	\$5.51

Outstanding at December 31, 1998	786,825	\$5.25 - \$12.25	\$9.20
Granted - 1999	700,200	\$7.38 - \$9.25	\$8.21
Forfeited - 1999	(59,050)	\$8.00 - \$9.25	\$8.48
1998 Options Repriced from \$9.25 to \$8.00 during 1999	(360,500)	\$9.25	\$9.25
	360,500	\$8.00	\$8.00

Outstanding at December 31, 1999	1,427,975	\$5.25 - \$12.25	\$8.46
Granted - 2000	977,425	\$7.63 - \$9.75	\$8.23
Forfeited - 2000	(50,915)	\$7.63 - \$8.00	\$7.95
Exercised - 2000	(24,467)	\$5.25 - \$8.00	\$6.89

Outstanding at December 31, 2000	2,330,018	\$5.25 - \$12.25	\$8.46
	=====		
Available for future grant at December 31, 2000	445,564		
	=====		
Exercisable at December 31, 1998	70,000	\$5.25 - \$10.38	\$7.77
	=====		
Exercisable at December 31, 1999	312,467	\$5.25 - \$12.25	\$8.73
	=====		
Exercisable at December 31, 2000	1,039,502	(1)	\$8.46
	=====		

</TABLE>

- (1) 27,500 of these options had an exercise price ranging from \$5.25 to \$5.63, 982,002 had an exercise price ranging from \$6.82 to \$10.38 and 30,000 had an exercise price of \$12.25.

The weighted average remaining contractual life of the options at December 31, 2000 was approximately eight years.

A summary of the weighted average grant-date fair value per option granted is as follows:

	2000	1999	1998
	----	----	----
Weighted average grant-date fair value	\$1.03	\$0.75	\$0.98
Weighted average grant-date fair value - exercise price equals Market price on grant-date	\$1.02	\$0.90	\$2.03
Weighted average grant-date fair value - exercise price exceeds Market price on grant-date	\$0.99	\$0.46	\$0.95
Weighted average grant-date fair value - exercise price less than Market price on grant-date	\$1.31	\$0.98	\$ --

</TABLE>

We estimated the fair values using the Black-Scholes option-pricing model using the following assumptions:

	2000	1999	1998
	----	----	----
Risk free interest rate	6.60%	5.57%	4.65%
Expected life - years	4.58	3.85	5.75
Expected volatility	26.04%	27.00%	30.00%
Expected dividend yield	8.17%	8.40%	6.80%

</TABLE>

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Effective July 1, 2000, we and the Service Companies recognize expenses from share options issued to employees for the following:

- o the share price appreciation and future vesting relating to share options that were repriced in 1999, and
- o the issuance of share options to employees of CRM and MGK.

Expenses from such share options are reflected in our Consolidated Statements of Operations as an \$83 increase in general and administrative expenses and a \$67 decrease in our equity in income of the Service Companies in 2000.

Otherwise, we and our Service Companies do not record compensation expense for share option grants unless the exercise price of such grants is less than the market price on the option grant date. The following table summarizes results as if we elected to account for share options based on Statement of Financial Accounting Standards No. 123:

	2000	1999	1998
	----	----	----
Net income (loss) available to Common Shareholders, as reported	\$ 11,332	\$12,229	\$4,369
Net income (loss) available to Common Shareholders, pro forma	10,948	12,009	4,312
Earnings (loss) per Common Share, as reported	0.60	0.72	0.48
Earnings (loss) per Common Share, pro forma	0.58	0.71	0.47
Diluted earnings (loss) per Common Share, as reported	0.59	0.66	0.47
Diluted earnings (loss) per Common Share, pro forma	0.57	0.65	0.46

</TABLE>

11. RELATED PARTY TRANSACTIONS

MANAGEMENT

We have a contract with COMI under which COMI provides asset management, managerial, financial and legal support. Under the terms of this contract, we reimburse COMI for personnel and other overhead-related expenses. We incurred management fees and related costs under this contract of \$4,420 in 2000, \$3,072 in 1999 and \$545 in 1998. We capitalized \$402 of these fees in 2000, \$430 in 1999 and \$73 in 1998.

We have a management agreement with CRM under which CRM provides property

management services to most of our properties. Under the terms of this arrangement, CRM is entitled to a fee equal to a percentage of revenue from tenant billings (3% in 2000 and 1999 and 3.5% in 1998). CRM is also entitled to reimbursement for direct labor and out-of-pocket costs. We incurred property management fees and related costs with CRM of \$5,208 in 2000, \$3,743 in 1999 and \$557 in 1998.

We had a management agreement with Glacier Realty LLC ("Glacier"), a company that was partially owned by one of our former Trustees. Under the management agreement, Glacier was responsible for the management of our retail properties for a base annual fee of \$250 plus a percentage of Average Invested Assets (as defined in the management agreement). Glacier was also entitled to fees upon our acquisition or sale of any net-leased retail real estate property, a fee that increased in the event that all or substantially all of the net-leased retail real estate properties were sold. The management agreement, entered into on October 14, 1997, had a term of five years. A fee was also due in the event that the management agreement was terminated or not renewed. We incurred fees under this agreement of \$63 in 1999 and \$250 in 1998. On March 19, 1999, our Operating Partnership issued 200,000 Common Units in exchange for all of the ownership interests in Glacier. For accounting purposes, we recorded \$1,487, the value of this transaction, against the gain on the sale of our retail properties in the Midwest region of the United States.

We also had a management agreement with a company for which one of our Trustees serves on the Board of Directors. We incurred management fees and related costs under this contract of \$62 in 1999 and \$87 in 1998.

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CONSTRUCTION COSTS

We have a contract with CDS under which CDS provides construction and development services. Under the terms of this contract, we reimburse CDS for these services based on actual time incurred at market rates. We incurred \$1,544 in 2000, \$1,274 in 1999 and \$214 in 1998 under this contract, a substantial portion of which was capitalized into the cost of the related activities.

COMMON SHARE GRANTS

The Service Companies paid us \$119 in 2000 and \$63 in 1999 for the value of Common Shares granted to certain of its employees.

RENTAL INCOME

We recognized revenue on office space leased to COMI and CRM of \$538 in 2000, \$420 in 1999 and \$92 in 1998. We recognized revenue on office space leased to Constellation of \$712 in 2000, \$944 in 1999 and \$256 in 1998. We recognized revenue on office space leased to a company for which one of our Trustees serves on the Board of Directors in 2000 of \$52.

INTEREST INCOME

We earned interest income on notes receivable from the Service Companies of \$325 in 2000, \$253 in 1999 and \$66 in 1998. We also earned interest income in 1999 of \$723 on notes receivable from Corporate Gateway.

CONSTRUCTION FEES

The Service Companies earned construction management fees in 2000 of \$19 from a related party. The Service Companies also earned construction management fees in 1999 of \$60 from an entity owned by an officer and Trustee of ours. We earned construction management fees in 1998 of \$60 from an entity owned by an officer and Trustee of ours.

LEASING COMMISSION

We recognized leasing commissions of \$502 in 2000 from related parties. The Service Companies earned a leasing commission of \$117 in 1999 from an entity owned by an officer and Trustee of ours.

FEES EARNED FROM CONSTELLATION AND BGE

The Service Companies earned fees from a project consulting and management agreement with Constellation of \$150 in 2000, \$1,100 in 1999 and \$750 in 1998. The Service Companies also earned fees and expense reimbursements of \$101 in 2000, \$500 in 1999 and \$206 in 1998 under a property management agreement with Baltimore Gas and Electric Company ("BGE"), an affiliate of Constellation.

ACQUISITION FEES

We earned an acquisition services fee in 1999 of \$213 from Corporate Gateway.

CONSULTING FEES

We earned fees for consulting services in 2000 of \$225 from MediTract.

UTILITIES EXPENSE

BGE provided utility services to most of our properties in the Baltimore/Washington Corridor during 2000, 1999 and 1998.

12. OPERATING LEASES

We lease our properties to tenants under operating leases with various expiration dates extending to the year 2015. Gross minimum future rentals on noncancelable leases at December 31, 2000 are as follows:

<TABLE>	
<S>	
2001.....	<C> \$ 96,055
2002.....	80,014
2003.....	69,096
2004.....	57,959
2005.....	50,710
Thereafter.....	118,913

Total.....	\$472,747
	=====

</TABLE>

The amounts above do not include the cancelable portion of future rentals on long term leases with the United States Government that are structured with consecutive automatic one-year renewable terms.

13. SUPPLEMENTAL INFORMATION TO STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

	For the Years Ended December 31,		
	2000	1999	1998
	-----	-----	-----
<S>	<C>	<C>	<C>
Interest paid, net of capitalized interest	\$28,029	\$21,258	\$12,876
	-----	-----	-----
Supplemental schedule of non-cash investing and financing activities:			
Debt repaid in connection with sales of rental properties	\$ 6,943	\$20,928	\$ --
Debt assumed in connection with acquisitions	\$10,679	\$26,620	\$84,679
	-----	-----	-----
Increase in minority interests resulting from issuance of Preferred and Common Units in connection with property acquisitions	\$ --	\$28,309	\$ 1,559
	-----	-----	-----
Increase in minority interests resulting from issuance of Common Units in connection with Glacier transaction	\$ --	\$ 1,487	\$ --
	-----	-----	-----
Increase in shareholders' equity resulting from issuance of Common Shares and Preferred Shares in connection with acquisitions	\$ --	\$ --	\$98,431
	-----	-----	-----
Note receivable balance applied to cost of property acquisition	\$ --	\$ 1,575	\$ --
	-----	-----	-----
Increase in accrued capital improvements	\$ 2,810	\$ 1,212	\$ 1,742
	-----	-----	-----
Adjustments to minority interests resulting from changes in ownership of Operating Partnership by COPT	\$ 2,460	\$ 8,970	\$11,331
	-----	-----	-----
Dividends/distribution payable	\$ 7,090	\$ 6,298	\$ 4,692
	-----	-----	-----
Decrease in minority interests and increase in shareholders' equity in connection with conversion of Common Units into Common Shares	\$ 8,527	\$ 3,141	\$ --
	-----	-----	-----
Changes in minority interests in connection with conversion of Preferred Units into Common Units	\$ --	\$52,500	\$ --
	-----	-----	-----
Changes in shareholders' equity in connection with issuance of restricted Common Shares	\$ 97	\$ 3,480	\$ --
	-----	-----	-----

</TABLE>

14. INFORMATION BY BUSINESS SEGMENT

We have five segments: Baltimore/Washington Corridor office, Greater Philadelphia office, Northern/Central New Jersey office, Greater Harrisburg office and retail. Our office properties represent our core-business. We manage our retail properties as a single segment since they are considered outside of our core business.

The table below reports segment financial information. Our retail segment is not separately reported since it does not meet the reporting thresholds. Our segment entitled "Other" includes our retail segment and other assets and operations not specifically associated with the other defined segments. We measure the performance of our segments based on total revenues less property operating expenses. Accordingly, we do not report other expenses by segment in the table below.

	Baltimore/ Washington Corridor Office	Greater Philadelphia Office	Northern/ Central New Jersey Office	Greater Harrisburg Office	Other	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Year Ended December 31, 2000:						
Revenues	\$ 66,548	\$ 10,025	\$ 20,311	\$ 9,169	\$ 2,940	\$108,993
Property operating expenses	21,104	103	7,501	2,310	217	31,235
Income from operations	\$ 45,444	\$ 9,922	\$ 12,810	\$ 6,859	\$ 2,723	\$ 77,758
Commercial real estate property expenditures	\$ 66,455	\$ 421	\$ 10,069	\$ 1,577	\$ 97	\$ 78,619
Segment assets at December 31, 2000	\$475,330	\$106,349	\$118,656	\$ 71,210	\$ 23,292	\$794,837
Year Ended December 31, 1999:						
Revenues	\$ 45,716	\$ 10,024	\$ 17,764	\$ 3,716	\$ 3,892	\$ 81,112
Property operating expenses	14,025	82	6,761	1,083	374	22,325
Income from operations	\$ 31,691	\$ 9,942	\$ 11,003	\$ 2,633	\$ 3,518	\$ 58,787
Commercial real estate property expenditures	\$148,577	\$ 17	\$ 14,364	\$ 47,176	\$ 331	\$210,465
Segment assets at December 31, 1999	\$410,029	\$107,516	\$111,872	\$ 70,648	\$ 20,969	\$721,034
Year Ended December 31, 1998:						
Revenues	\$ 13,548	\$ 10,024	\$ 9,997	\$ 2,835	\$ 3,810	\$ 40,214
Property operating expenses	4,293	15	3,914	946	464	9,632
Income from operations	\$ 9,255	\$ 10,009	\$ 6,083	\$ 1,889	\$ 3,346	\$ 30,582
Commercial real estate property expenditures	\$275,502	\$ --	\$ 64,571	\$ 18,019	\$ 6,415	\$364,507
Segment assets at December 31, 1998	\$277,751	\$108,894	\$ 97,035	\$ 23,888	\$ 56,109	\$563,677

</TABLE>

The following table reconciles our income from operations for reportable segments to income before extraordinary item as reported in our Consolidated Statements of Operations.

	Years Ended December 31,		
	2000	1999	1998
<S>	<C>	<C>	<C>
Income from operations for reportable segments	\$ 77,758	\$ 58,787	\$ 30,582
Add:			
Equity in (loss) income of Service Companies	(310)	198	139
Gain on sales of rental properties	107	1,140	--
Less:			
General and administrative	(4,867)	(3,204)	(1,890)

Interest	(30,454)	(21,808)	(12,207)
Amortization of deferred financing costs	(1,382)	(975)	(423)
Depreciation and other amortization	(16,977)	(12,075)	(6,285)
Reformation costs	--	--	(637)
Minority interests	(8,588)	(6,077)	(4,583)
	-----	-----	-----
Income before extraordinary item	\$ 15,287	\$ 15,986	\$ 4,696
	=====	=====	=====

</TABLE>

We did not allocate gain on sales of rental properties, interest expense, amortization of deferred financing costs and depreciation and other amortization to segments since they are not included in the measure of segment profit reviewed by management. We also did not allocate equity in (loss) income of Service Companies, general and administrative, reformation costs and minority interests since these items represent general corporate expenses not attributable to segments.

15. COMMITMENTS AND CONTINGENCIES

In the normal course of business, we are involved in legal actions arising from our ownership and administration of properties. In management's opinion, any liabilities that may result are not expected to have a materially adverse effect on our financial position, operations or liquidity. We are subject to various federal, state and local environmental regulations related to our property ownership and operation. We have performed environmental assessments of our properties, the results of which have not revealed any environmental liability that we believe would have a materially adverse effect on our financial position, operations or liquidity.

OFFICE LEASE

We have a lease for our office in Bala Cynwyd, Pennsylvania. The monthly rent under this lease is subject to an annual increase based on the Consumer Price Index. Future minimum rental payments due under the term of this lease are as follows:

<TABLE>	<C>
<S>	
2001.....	\$171
2002.....	171
2003.....	128

Total.....	\$470
	=====

</TABLE>

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16. QUARTERLY DATA (UNAUDITED)

<TABLE>
<CAPTION>

	Year Ended December 31, 2000			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Revenues	\$25,861	\$26,417	\$28,039	\$28,676
	=====	=====	=====	=====
Income before minority interests and extraordinary item	\$ 5,839	\$ 5,807	\$ 6,065	\$ 6,164
Minority interests	(2,189)	(2,053)	(2,271)	(2,075)
	-----	-----	-----	-----
Income before extraordinary item	3,650	3,754	3,794	4,089
Extraordinary item	--	(42)	(109)	(2)
	-----	-----	-----	-----
Net income	3,650	3,712	3,685	4,087
Preferred Share dividends	(1,120)	(1,119)	(781)	(782)
	-----	-----	-----	-----
Net income available to Common Shareholders	\$ 2,530	\$ 2,593	\$ 2,904	\$ 3,305
	=====	=====	=====	=====
Basic earnings per share:				
Income before extraordinary item	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.17
	=====	=====	=====	=====
Net income	\$ 0.15	\$ 0.14	\$ 0.15	\$ 0.17
	=====	=====	=====	=====
Diluted earnings per share:				
Income before extraordinary item	\$ 0.14	\$ 0.14	\$ 0.15	\$ 0.16
	=====	=====	=====	=====
Net income	\$ 0.14	\$ 0.14	\$ 0.14	\$ 0.16
	=====	=====	=====	=====

Weighted average Common Shares-basic	17,352	18,014	19,934	19,947
	=====	=====	=====	=====
Weighted average Common Shares-diluted	17,878	18,671	20,173	29,611
	=====	=====	=====	=====

</TABLE>

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<TABLE>
<CAPTION>

	Year Ended December 31, 1999			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
<S>	<C>	<C>	<C>	<C>
Revenues	\$18,523	\$19,542	\$20,460	\$22,587
	=====	=====	=====	=====
Income before minority interests and extraordinary item	\$ 5,588	\$ 5,225	\$ 5,490	\$ 5,760
Minority interests	(1,349)	(1,523)	(1,444)	(1,761)
	-----	-----	-----	-----
Income before extraordinary item	4,239	3,702	4,046	3,999
Extraordinary item	(694)	(144)	--	(65)
	-----	-----	-----	-----
Net income	3,545	3,558	4,046	3,934
Preferred Share dividends	(338)	(338)	(1,060)	(1,118)
	-----	-----	-----	-----
Net income available to Common Shareholders	\$ 3,207	\$ 3,220	\$ 2,986	\$ 2,816
	=====	=====	=====	=====
Basic earnings per share:				
Income before extraordinary item	\$ 0.23	\$ 0.20	\$ 0.18	\$ 0.17
	=====	=====	=====	=====
Net income	\$ 0.19	\$ 0.19	\$ 0.18	\$ 0.16
	=====	=====	=====	=====
Diluted earnings per share:				
Income before extraordinary item	\$ 0.19	\$ 0.17	\$ 0.16	\$ 0.17
	=====	=====	=====	=====
Net income	\$ 0.17	\$ 0.17	\$ 0.16	\$ 0.16
	=====	=====	=====	=====
Weighted average Common Shares-basic	16,802	16,802	17,037	17,176
	=====	=====	=====	=====
Weighted average Common Shares-diluted on income before extraordinary item	28,914	24,311	24,555	27,621
	=====	=====	=====	=====
Weighted average Common Shares-diluted on net income	24,310	24,311	24,555	27,621
	=====	=====	=====	=====

</TABLE>

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17. PRO FORMA FINANCIAL INFORMATION (UNAUDITED)

We accounted for our 1999 and 2000 acquisitions using the purchase method of accounting. We included the results of operations for the acquisitions in our Consolidated Statements of Operations from their respective purchase dates through December 31, 2000.

We prepared our pro forma condensed consolidated financial information presented below as if all of our 1999 and 2000 acquisitions had occurred on January 1, 1999. Accordingly, we were required to make pro forma adjustments where deemed necessary. The pro forma financial information is unaudited and is not necessarily indicative of the results which actually would have occurred if these acquisitions had occurred on January 1, 1999, nor does it intend to represent our results of operations for future periods.

<TABLE>
<CAPTION>

	Year Ended December 31,	
	2000	1999
<S>	<C>	<C>
Pro forma total revenues	\$108,123	\$95,237
	=====	=====
Pro forma net income available to Common Shareholders	\$ 11,182	\$11,781
	=====	=====
Pro forma earnings per Common Share Basic	\$ 0.59	\$ 0.69

Diluted	=====	=====
	\$ 0.59	\$ 0.64
	=====	=====

</TABLE>

18. SUBSEQUENT EVENT

In January 2001, we issued 544,000 Series D Cumulative Convertible Redeemable Preferred Shares of beneficial interest ("Series D Preferred Shares") to a foreign trust at a price of \$22.00 per share for proceeds totaling \$11,968. These shares are nonvoting and are redeemable for cash at \$25.00 per share at our option on or after January 25, 2006. These shares are also convertible on or after January 1, 2004 into Common Shares on the basis of 2.2 Common Shares for each Series D Preferred Share. Holders of these shares are entitled to cumulative dividends, payable quarterly (as and if declared by the Board of Trustees). Dividends accrue from the date of issue at the annual rate of \$1.00 per share, which is equal to 4% of the \$25.00 per share redemption price. We contributed the net proceeds to our Operating Partnership in exchange for 544,000 Series D Preferred Units. The Series D Preferred Units carry terms that are substantially the same as the Series D Preferred Shares.

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Trustees and Shareholders of
Corporate Office Properties Trust

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of shareholders' equity and of cash flows present fairly, in all material respects, the financial position of Corporate Office Properties Trust and its subsidiaries (the "Company") at December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Baltimore, Maryland
January 24, 2001

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MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

Our Common Shares trade on the NYSE under the symbol "OFC". The table below shows the range of the high and low sale prices for our Common Shares as reported on the NYSE, as well as the quarterly Common Share dividends per share declared.

<TABLE>
<CAPTION>

	PRICE RANGE		DIVIDENDS PER SHARE
	LOW	HIGH	
<S>	<C>	<C>	<C>
2000			
First Quarter.....	\$7.5000	\$8.3750	\$0.19
Second Quarter.....	8.0000	9.2500	0.19
Third Quarter.....	8.7500	10.1250	0.20
Fourth Quarter.....	8.9375	10.0000	0.20
1999			
First Quarter.....	\$6.3750	\$8.3125	\$0.18
Second Quarter.....	5.8750	8.6875	0.18
Third Quarter.....	7.0000	9.0000	0.19

Fourth Quarter.....	7.0625	8.2500	0.19
---------------------	--------	--------	------

</TABLE>

The approximate number of holders of record of our shares was approximately 231 as of December 31, 2000. This number does not include shareholders whose shares are held of record by a brokerage house or clearing agency, but does include any such brokerage house or clearing agency as one record holder.

We will pay future dividends at the discretion of our Board of Trustees. Our ability to pay cash dividends in the future will be dependent upon (i) the income and cash flow generated from our operations, (ii) cash generated or used by our financing and investing activities and (iii) the annual distribution requirements under the REIT provisions of the Code described above and such other factors as the Board of Trustees deems relevant. Our ability to make cash dividends will also be limited by the terms of our Operating Partnership Agreement and our financing arrangements as well as limitations imposed by state law and the agreements governing any future indebtedness.

EXHIBIT 13.2

CORPORATE OFFICE PROPERTIES TRUST
SCHEDULE III - REAL ESTATE
DEPRECIATION AND AMORTIZATION
DECEMBER 31, 2000
(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

Costs	Property	Location	Building Type	Encumbrances	Initial Cost	
					Land	Building and Land Improvements
Capitalized	Subsequent to Acquisition					
					<C>	<C>
	751, 753 760, 785 Jolly Road 94	Blue Bell, PA	Office	66,232	22,360	88,385
	2730 Hercules Road	Annapolis Junction, MD	Office	26,108	7,897	31,588
	695 Route 46 2,583	Fairfield, NJ	Office	10,399	3,730	14,919
	431 Ridge Road 6,799	Dayton, NJ	Office	8,351	2,782	11,128
	7200 Riverwood Drive	Columbia, MD	Office	11,491	4,075	16,300
	6009 - 6011 Oxon Hill Road 901	Oxon Hill, MD	Office	10,170	3,432	13,728
	6950 Columbia Gateway Drive 19	Columbia, MD	Office	11,760	3,586	14,228
	9690 Deereco Road 554	Timonium, MD	Office	10,373	3,416	13,664
	132 National Business Parkway 2	Annapolis Junction, MD	Office	9,019	2,917	12,171
	221 National Business Parkway	Annapolis Junction, MD	Office	9,978	2,953	12,113
	429 Ridge Road 331	Dayton, NJ	Office	8,794	2,930	11,719
	1306 Concourse Drive 85	Linthicum, MD	Office	8,618	2,790	11,160
	6940 Columbia Gateway Drive 49	Columbia, MD	Office	10,010	3,543	9,926
	375 W. Padonia Road 13	Timonium, MD	Office	7,873	2,593	10,370
	133 National Business Parkway 230	Annapolis Junction, MD	Office	8,315	2,515	10,060
	6750 Alexander Bell Drive	Columbia, MD	Office	6,350	1,263	11,342
	135 National Business Parkway 61	Annapolis Junction, MD	Office	8,034	2,477	9,720
	141 National Business Parkway 112	Annapolis Junction, MD	Office	7,920	2,396	9,583
	134 National Business Parkway 8	Annapolis Junction, MD	Office	7,587	3,683	7,523
	1615 and 1629 Thames Street 701	Baltimore, MD	Office	6,313	2,079	8,315
	710 Route 46 275	Fairfield, NJ	Office	6,047	2,151	8,605
	1302 Concourse Drive 261	Linthicum, MD	Office	6,090	2,074	8,294
	2605 Interstate Drive 91	Harrisburg, PA	Office	6,241	2,089	8,355
	900 Elkridge Landing Road 241	Linthicum, MD	Office	7,146	1,991	7,963
	2601 Market Place 201	Harrisburg, PA	Office	5,802	1,928	7,713
	131 National Business Parkway 279	Annapolis Junction, MD	Office	6,296	1,904	7,617
	999 Corporate Boulevard	Linthicum, MD	Office	7,974	1,186	7,689
	68 Culver Road 1	Dayton, NJ	Office	4,843	860	7,606
	7467 Ridge Road	Hanover, MD	Office	4,711	1,624	6,498

296						
1199 Winterson Road	Linthicum, MD	Office	4,745	1,597	6,389	
144						
19 Commerce	Cranbury, NJ	Office	7,000	1,565	5,172	
1,094						
14502 Greenview Drive	Laurel, MD	Office	4,872	1,480	5,894	
445						
6740 Alexander Bell Drive	Columbia, MD	Office	4,802	1,419	5,678	
487						
7240 Parkway Dr	Hanover, MD	Office	4,533	1,493	5,971	
118						
14504 Greenview Drive	Laurel, MD	Office	4,721	1,428	5,712	
244						
1190 Winterson Road	Linthicum, MD	Office	4,788	1,334	5,334	
554						
1099 Winterson Road	Linthicum, MD	Office	6,900	1,322	5,287	
597						
849 International Drive	Linthicum, MD	Office	5,732	1,352	5,412	
401						
9140 Route 108	Columbia, MD	Office	4,500	1,640	5,509	
-						
1304 Concourse Drive(1)	Linthicum, MD	Office	1,626	1,998	4,998	
-						
6716 Alexander Bell Drive	Columbia, MD	Office	4,189	1,238	4,953	
618						
6731 Columbia Gateway(1)	Columbia, MD	Office	-	3,948	2,839	
-						
6345 Flank Drive	Harrisburg, PA	Office	4,498	1,320	5,254	
133						
104 Interchange Plaza	Cranbury, NJ	Office	3,447	1,323	5,293	
41						
911 Elkridge Landing Road	Linthicum, MD	Office	4,358	1,214	4,856	
574						
8815 Centre Park Drive	Columbia, MD	Office	4,135	1,251	5,003	
278						
1201 Winterson Road	Linthicum, MD	Office	4,620	1,287	5,149	
20						
6340 Flank Drive	Harrisburg, PA	Office	4,330	1,271	5,058	
48						

<CAPTION>

Gross Amounts Carried at Close of Period	Accumulated Depreciation	Year Built or Renovated	Date Acquired	Depreciation Life
-----	-----	-----	-----	-----
<C>	<C>	<C>	<C>	<C>
110,839	7,103	1966/1996	10/14/97	40 Years
39,485	1,776	1990	9/28/98	40 Years
21,232	1,303	1990	5/28/98	40 Years
20,709	1,306	1958/1998	10/14/97	40 Years
20,375	900	1986	10/13/98	40 Years
18,061	975	1990	9/28/98	40 Years
17,833	776	1998	10/21/98	40 Years
17,634	390	1988	12/21/99	40 Years
15,090	143	2000	5/28/99	40 Years
15,066	12	2000	10/21/99	40 Years
14,979	977	1966/1996	10/14/97	40 Years
14,035	323	1990	11/18/99	40 Years
13,518	302	1999	11/13/98	40 Years
12,976	260	1986	12/21/99	40 Years
12,805	651	1997	9/28/98	40 Years
12,605	-	(1)	12/31/98	40 Years
12,258	505	1998	12/30/98	40 Years
12,091	574	1990	9/28/98	40 Years
11,214	279	1999	11/13/98	40 Years
11,095	535	1989	9/28/98	40 Years
11,031	579	1985	5/28/98	40 Years
10,629	300	1996	11/18/99	40 Years
10,535	694	1990	10/14/97	40 Years
10,195	630	1982	4/30/98	40 Years
9,842	634	1989	10/14/97	40 Years
9,800	509	1990	9/28/98	40 Years
8,875	102	(1)	8/1/99	40 Years
8,467	96	(1)	7/9/99	40 Years
8,418	347	1990	4/28/99	40 Years
8,130	434	1988	4/30/98	40 Years
7,831	307	1989	10/30/98	40 Years
7,820	409	1988	9/28/98	40 Years
7,584	409	1992	12/31/98	40 Years
7,582	104	1985	4/18/00	40 Years
7,384	365	1985	9/28/98	40 Years

7,222	402	1987	4/30/98	40 Years
7,206	429	1988	4/30/98	40 Years
7,165	300	1988	2/23/99	40 Years
7,149	-	1974/1985	12/14/00	40 Years
6,996	-	(1)	11/18/99	40 Years
6,810	287	1990	12/31/98	40 Years
6,787	-	(1)	3/29/00	40 Years
6,708	174	1989	12/3/99	40 Years
6,657	288	1990	10/30/98	40 Years
6,644	448	1985	4/30/98	40 Years
6,531	310	1987	9/28/98	40 Years
6,456	345	1985	4/30/98	40 Years
6,377	138	1988	12/3/99	40 Years

</TABLE>

<TABLE>
<CAPTION>

Costs	Subsequent to Property Acquisition	Location	Building Type	Encumbrances	Initial Cost	
					Land	Building and Land Improvements
<S>		<C>	<C>	<C>	<C>	<C>
<C>						
4301 Route 1		Monmouth Junction, NJ	Office	4,079	1,208	4,832
330						
101 Interchange Plaza		Cranbury, NJ	Office	2,643	1,155	4,647
487						
5035 Ritter Road		Harrisburg, PA	Office	3,793	1,113	4,430
16						
6400 Flank Drive		Harrisburg, PA	Office	3,714	1,090	4,339
25						
881 Elkridge Landing Road		Linthicum, MD	Office	3,709	1,033	4,133
132						
900 International Drive		Linthicum, MD	Office	3,633	1,012	4,049
185						
921 Elkridge Landing Road		Linthicum, MD	Office	3,744	1,043	4,172
20						
7321 Parkway Drive		Hanover, MD	Office	2,470	937	3,748
376						
7318 Parkway Drive		Hanover, MD	Office	2,413	969	3,876
91						
930 International Drive		Linthicum, MD	Office	3,516	980	3,918
37						
939 Elkridge Landing Road		Linthicum, MD	Office	3,367	938	3,752
207						
6360 Flank Drive		Harrisburg, PA	Office	3,095	909	3,615
125						
6760 Alexander Bell Drive		Columbia, MD	Office	3,002	887	3,549
103						
1340 Ashton Road		Hanover, MD	Office	2,126	902	3,609
1						
6711 Columbia Gateway(1)		Columbia, MD	Office	2,000	3,970	288
-						
6385 Flank Drive		Harrisburg, PA	Office	2,429	811	3,242
9						
800 International Drive		Linthicum, MD	Office	2,778	774	3,096
78						
47 Commerce		Cranbury, NJ	Office	1,954	753	3,013
1						
1334 Ashton Road		Hanover, MD	Office	2,126	734	2,937
10						
437 Ridge Road		Dayton, NJ	Office	2,151	717	2,866
28						
6405 Flank Drive		Harrisburg, PA	Office	2,228	654	2,603
6						
5070 Ritter Road-Bldg A		Harrisburg, PA	Office	1,981	582	2,314
210						
1331 Ashton Road		Hanover, MD	Office	1,666	585	2,340
-						
6380 Flank Drive		Harrisburg, PA	Office	2,003	588	2,340
(5)						
5070 Ritter Road-Bldg B		Harrisburg, PA	Office	1,733	509	2,025
36						
7 Centre Drive		Cranbury, NJ	Office	1,149	468	1,873

87 2 Centre Drive	Cranbury, NJ	Office	1,436	478	1,914
-					
95 Shannon Road 3	Harrisburg, PA	Office	1,572	472	1,891
75 Shannon Road 87	Harrisburg, PA	Office	1,496	450	1,799
8 Centre Drive 85	Cranbury, NJ	Office	1,264	387	1,547
1350 Dorsey Road 56	Hanover, MD	Office	1,264	392	1,568
1344 Ashton Road 1	Hanover, MD	Office	1,092	354	1,417
6375 Flank Drive -	Harrisburg, PA	Office	-	191	1,571
1341 Ashton Road 78	Hanover, MD	Office	718	305	1,220
85 Shannon Road 3	Harrisburg, PA	Office	920	277	1,109
1343 Ashton Road -	Hanover, MD	Office	718	193	772
102 Interchange Plaza(1) -	Cranbury, NJ	Office	-	641	178
1337 Ashton Road(2) -	Hanover, MD	Office	-	400	206
114 National Business Parkway(1) -	Annapolis Junction, MD	Retail	-	364	164
Investment in Joint Ventures -	Annapolis Junction, MD	Office	-	-	358
Furniture, Fixtures and Equipment 345	Various	N/A	-	-	-
1338 Ashton Road -	Hanover, MD	Ground Lease	201	50	-
136 National Business Parkway(2) -	Annapolis Junction, MD	Office	-	-	9
-----			-----	-----	-----
\$23,240			\$472,824	\$158,978	\$599,368
=====			=====	=====	=====

<CAPTION>

Gross Amounts Carried at Close of Period	Accumulated Depreciation	Year Built or Renovated	Date Acquired	Depreciation Life
-----	-----	-----	-----	-----
<C>	<C>	<C>	<C>	<C>
6,370	300	1986	6/24/99	40 Years
6,289	310	1985	10/30/98	40 Years
5,560	121	1988	12/3/99	40 Years
5,454	118	1992	12/3/99	40 Years
5,298	284	1986	4/30/98	40 Years
5,246	275	1986	4/30/98	40 Years
5,235	279	1983	4/30/98	40 Years
5,061	208	1984	4/16/99	40 Years
4,936	171	1984	4/16/99	40 Years
4,935	263	1986	4/30/98	40 Years
4,897	269	1983	4/30/98	40 Years
4,649	109	1988	12/3/99	40 Years
4,540	179	1991	12/31/98	40 Years
4,512	150	1989	4/28/99	40 Years
4,257	-	(1)	9/28/00	40 Years
4,062	260	1995	10/14/97	40 Years
3,948	228	1988	4/30/98	40 Years
3,767	163	1992/1998	10/30/98	40 Years
3,681	128	1989	4/28/99	40 Years
3,611	233	1962/1996	10/14/97	40 Years
3,263	71	1991	12/3/99	40 Years
3,106	96	1989	12/3/99	40 Years
2,925	98	1989	4/28/99	40 Years
2,922	64	1991	12/3/99	40 Years
2,570	56	1989	12/3/99	40 Years
2,428	128	1989	10/30/98	40 Years
2,392	103	1989	10/30/98	40 Years
2,367	67	1995	8/12/99	40 Years
2,336	66	1995	8/12/99	40 Years
2,019	84	1986	10/30/98	40 Years
2,016	65	1989	4/28/99	40 Years
1,772	59	1989	4/28/99	40 Years
1,762	5	(1)	11/4/99	40 Years
1,603	61	1989	4/28/99	40 Years
1,389	39	1995	8/12/99	40 Years

964	32	1989	4/28/99	40 Years
818	-	(1)	N/A	40 Years
606	-	(2)	4/28/99	40 Years
527	-	(1)	6/30/00	40 Years
358	-	N/A	Various	40 Years
345	196	N/A	Various	3-5 Years
50	-	N/A	4/28/99	40 Years
9	-	(1)	N/A	40 Years
-----	-----			
\$781,586	\$33,468			
=====	=====			

</TABLE>

- (1) Under construction at December 31, 2000.
(2) Held for future development December 31, 2000.

The following table summarizes our changes in cost of properties (in thousands):

<TABLE>	<C>
<S>	
Balance at December 31, 1999	\$714,768
Property acquisitions	24,245
Building and land improvements	54,373
Sales	(11,800)

Balance at December 31, 2000	\$781,586
	=====

</TABLE>

The following table summarizes our changes in accumulated depreciation (in thousands):

<TABLE>	<C>
<S>	
Balance at December 31, 1999	\$ 18,279
Depreciation expense	15,984
Sales	(795)

Balance at December 31, 2000	\$ 33,468
	=====

</TABLE>

CORPORATE OFFICE PROPERTIES TRUST
SUBSIDIARIES OF REGISTRANT

DELAWARE

Blue Bell Investment Company, LP
Comcourt Investors, LP
COPT Concourse, LLC
Corporate Office Properties, LP
Corporate Office Properties Holdings, Inc.
Cuaba Associates, LLC
South Brunswick Investors, LP

MARYLAND

Airport Square II, LLC
Airport Square IV, LLC
Airport Square V, LLC
Airport Square X, LLC
Airport Square XI, LLC
Airport Square XIII, LLC
Airport Square XIV, LLC
Airport Square XV, LLC
Airport Square XIX, LLC
Airport Square XX, LLC
Airport Square XXI, LLC
Atrium Building, LLC
Brown's Wharf, LLC
Commons Office Research, LLC
Concourse 1304, LLC
COPT Acquisitions, Inc.
COPT Columbia, LLC
COR, LLC
Corporate Gatespring, LLC
Corporate Gatespring II, LLC
Corporate Property, LLC
Gateway 44, LLC
Honeyland 108, LLC
Lakeview at the Greens, LLC
NBP One, LLC
NBP Retail, LLC
NBP 131-133-141, LLC
NBP 132, LLC
NBP 134, LLC
NBP 135, LLC
NBP 201, LLC
NBP 211, LLC
NBP 221, LLC
St. Barnabas, LLC
Tech Park I, LLC
Tech Park II, LLC
Tech Park IV, LLC
Three Centre Park, LLC
9690 Deereco Road, LLC
7318 Parkway Drive Enterprises, LLC
7321 Parkway Drive Enterprises, LLC
7240 Parkway Drive Enterprises, LLC
7200 Riverwood, LLC
6711 Gateway, LLC
6731 Gateway, LLC

NEW JERSEY

Princeton Executive, LLC
68 Culver, LLC

PENNSYLVANIA

Bolivar Associates, LLC
Corporate Gateway General Partnership
COPT Gateway, LP
Gateway Central Limited Partnership
6385 Flank Drive, LP

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statement on Form S-3 (No. 333-71807), Form S-3 (No. 333-60379), Form S-3 (No. 333-36740), and Form S-8 (No. 333-88711) of Corporate Office Properties Trust of our report dated January 24, 2001 relating to the financial statements, which appears in the Annual Report to Shareholders, which is incorporated in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report dated January 24, 2001 relating to the financial statement schedules, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Baltimore, Maryland
March 15, 2001