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

FORM 10-Q

(Mark one)

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

For the quarterly period ended June 30, 2001

or

/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND 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

Indicate by check mark whether the registrant (1) 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

On August 8, 2001, 20,695,973 shares of the Company's Common Shares of Beneficial Interest, \$0.01 par value, were issued.

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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

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

<Table>
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	June 30, 2001	December 31, 2000
	(unaudited)	
	<C>	<C>
-		
ASSETS		
Investment in real estate:		
Operating properties, net	\$725,437	\$ 711,413
Projects under construction or development	54,554	36,558

Total commercial real estate properties, net	779,991	747,971
Investments in and advances to unconsolidated real estate joint ventures	12,009	3,616

Investment in real estate	792,000	751,587
Cash and cash equivalents	2,962	4,981
Restricted cash	9,633	2,703
Accounts receivable, net	4,855	3,245
Investment in and advances to other unconsolidated entities	2,041	6,124
Deferred rent receivable	9,804	8,644
Deferred charges, net	16,357	12,905
Prepaid and other assets	9,383	4,501
Furniture, fixtures and equipment, net	1,772	147

TOTAL ASSETS	\$848,807	\$ 794,837

LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Mortgage and other loans payable	\$475,999	\$ 474,349
Accounts payable and accrued expenses	13,361	10,227
Rents received in advance and security deposits	4,023	3,883
Dividends and distributions payable	7,918	7,090
Fair value of derivatives	2,232	--
Other liabilities	10,637	--

Total liabilities	514,170	495,549

Minority interests:		
Preferred Units in the Operating Partnership	24,367	24,367
Common Units in the Operating Partnership	78,900	81,069
Other consolidated partnerships	224	124

Total minority interests	103,491	105,560

Commitments and contingencies (Note 14)		
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 (1 share issued)	--	--
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)	13	12
544,000 designated as Series D Cumulative Convertible Redeemable Preferred Shares of beneficial interest (544,000 shares issued with an aggregate liquidation preference of \$13,600 at June 30, 2001)	5	--
1,150,000 designated as Series E Cumulative Redeemable Preferred Shares of beneficial interest (1,150,000 shares issued with an aggregate liquidation preference of \$28,750 at June 30, 2001)	11	--
Common Shares of beneficial interest (\$0.01 par value; 45,000,000 shares authorized, shares issued of 20,692,663 at June 30, 2001 and 20,575,936 at December 31, 2000)	207	206
Additional paid-in capital	249,618	209,388
Cumulative dividends in excess of net income	(12,776)	(11,064)
Value of unearned restricted Common Share grants	(3,042)	(3,399)
Treasury Shares, at cost (166,600 shares)	(1,415)	(1,415)
Accumulated other comprehensive loss	(1,475)	--

Total shareholders' equity	231,146	193,728

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$848,807	\$ 794,837
=====		
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See accompanying notes to financial statements.

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CORPORATE OFFICE PROPERTIES TRUST AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

ended,	For the three months ended		For the six months	
	June 30,		June 30,	
	2001	2000	2001	2001
	<C>	<C>	<C>	<C>
Real Estate Operations:				
Revenues				
Rental revenue	\$25,960	\$23,154	\$51,579	
\$45,060				
Tenant recoveries and other revenue	2,951	3,263	7,033	
7,218				

Revenue from real estate operations	28,911	26,417	58,612	
52,278				

Expenses				
Property operating	8,558	7,437	17,024	
15,045				
Interest	7,762	7,404	15,956	
14,338				
Amortization of deferred financing costs	546	311	929	
617				
Depreciation and other amortization	4,957	4,307	9,857	
8,180				

Expenses from real estate operations	21,823	19,459	43,766	
38,180				

Earnings from real estate operations before equity in income of unconsolidated real estate joint ventures	7,088	6,958	14,846	
14,098				
Equity in income of unconsolidated real estate joint ventures	124	--	154	
--				

Earnings from real estate operations 14,098	7,212	6,958	15,000	

Service operations:				
Revenues	1,136	--	2,176	
Expenses	(875)	--	(2,244)	
Equity in loss of unconsolidated Service Companies (1)	(118)	(48)	(118)	

Earnings (losses) from service operations (1)	143	(48)	(186)	

General and administrative expense (2,508)	(1,329)	(1,160)	(2,775)	

Income before gain on sales of properties, minority interests, income taxes, extraordinary item and cumulative effect of accounting change 11,589	6,026	5,750	12,039	
Gain on sales of properties 57	1,596	57	1,596	

Income before minority interests, income taxes, extraordinary item and cumulative effect of accounting change 11,646	7,622	5,807	13,635	
Minority interests:				
Common Units in the Operating Partnership (3,151)	(1,816)	(1,517)	(3,372)	
Preferred Units in the Operating Partnership (1,096)	(572)	(548)	(1,144)	
Other consolidated entities (11)	(58)	(4)	(54)	

Income before income taxes, extraordinary item and cumulative effect of accounting change 7,388	5,176	3,738	9,065	
Income tax (expense) benefit, net of minority interests --	(29)	--	52	

Income before extraordinary item and cumulative effect of accounting change 7,388	5,147	3,738	9,117	
Extraordinary item-loss on early retirement of debt, net of minority interests (26)	(66)	(26)	(136)	

Income before cumulative effect of accounting change 7,362	5,081	3,712	8,981	
Cumulative effect of accounting change, net of minority interests --	--	--	(174)	

NET INCOME 7,362	5,081	3,712	8,807	
Preferred Share dividends (2,239)	(1,613)	(1,119)	(2,494)	

NET INCOME AVAILABLE TO COMMON SHAREHOLDERS 5,123	\$ 3,468	\$ 2,593	\$ 6,313	\$
=====				
BASIC EARNINGS PER COMMON SHARE				
Income before extraordinary item and cumulative effect of accounting change 0.29	\$ 0.18	\$ 0.15	\$ 0.33	\$
Extraordinary item --	(0.01)	(0.01)	--	
Cumulative effect of accounting change --	--	--	(0.01)	

Net income 0.29	\$ 0.17	\$ 0.14	\$ 0.32	\$

DILUTED EARNINGS PER COMMON SHARE

Income before extraordinary item and cumulative effect of accounting change	\$ 0.17	\$ 0.14	\$ 0.32	\$
Extraordinary item	--	--	--	
Cumulative effect of accounting change	--	--	(0.01)	
Net income	\$ 0.17	\$ 0.14	\$ 0.31	\$

</Table>

See accompanying notes to financial statements.

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CORPORATE OFFICE PROPERTIES TRUST AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(DOLLARS IN THOUSANDS)
(UNAUDITED)

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	For the six months ended June 30,	
	2001	2000
	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$8,807	\$ 7,362
Adjustments to reconcile net income to net cash provided by operating activities:		
Minority interests	4,437	4,242
Depreciation and other amortization	9,857	8,180
Amortization of deferred financing costs	929	617
Equity in (income) loss of unconsolidated entities	(36)	1
Gain on sales of properties	(1,596)	(57)
Extraordinary item - loss on early retirement of debt	206	42
Cumulative effect of accounting change	263	--
Increase in deferred rent receivable	(1,477)	(1,439)
Increase in accounts receivable, restricted cash and prepaid and other assets	449	(759)
Increase in accounts payable, accrued expenses, rents received in advance and security deposits	95	2,247
Other	656	--
Net cash provided by operating activities	22,590	20,436
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of and additions to commercial real estate properties	(38,228)	(36,308)
Proceeds from sales of rental properties	3,797	602
Investments in and advances to unconsolidated real estate joint ventures	(8,239)	--
Cash from acquisition of Service Companies	568	--
Investments in and advances to other unconsolidated entities	(564)	(435)
Leasing commissions paid	(2,019)	(3,218)
Increase in restricted cash, investing activities	(4,262)	--
Advances to certain real estate joint ventures	(6,235)	--
Other	(748)	(3,378)
Net cash used in investing activities	(55,930)	(42,737)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from mortgage and other loans payable	83,037	41,118
Repayments of mortgage and other loans payable	(74,427)	(4,712)
Deferred financing costs paid	(3,290)	(1,246)
Increase in other liabilities	1,027	--
Purchase of Treasury Shares	--	(1,415)
Net proceeds from issuance of Preferred Shares	38,844	--
Net proceeds from issuance of Common Shares	424	151
Net proceeds from issuance of share options	280	4

Dividends paid	(9,674)	(8,937)
Distributions paid	(4,900)	(4,408)
<hr/>		
Net cash provided by financing activities	31,321	20,555
<hr/>		
Net decrease in cash and cash equivalents	(2,019)	(1,746)
<hr/>		
CASH AND CASH EQUIVALENTS		
Beginning of period	4,981	2,376
<hr/>		
End of period	\$ 2,962	\$ 630
<hr/>		

</Table>

See accompanying notes to financial statements.

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CORPORATE OFFICE PROPERTIES TRUST AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

NOTE 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 June 30, 2001, our portfolio included 91 office properties, including six owned through joint ventures.

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 owns Corporate Office Management, Inc. ("COMI") (together with its subsidiaries defined as the "Service Companies"). Prior to January 1, 2001, the Operating Partnership owned the principal economic interest in COMI but only owned 1% of COMI's voting stock (see Note 7). A summary of our Operating Partnership's forms of ownership and the percentage of those ownership forms owned by COPT as of June 30, 2001 follows:

<Table>
<Caption>

	% Owned by COPT

<S>	<C>
Common Units	66%
Series A Preferred Units	100%
Series B Preferred Units	100%
Series C Preferred Units	0%
Series D Preferred Units	100%
Series E Preferred Units	100%

</Table>

NOTE 2 BASIS OF PRESENTATION

These notes to our interim financial statements highlight significant changes to the notes to the financial statements included in our 2000 Annual Report on Form 10-K. As a result, these notes to our interim financial statements should be read together with the financial statements and notes thereto included in our 2000 Annual Report on Form 10-K. The interim financial statements on the previous pages reflect all adjustments which we believe are necessary for the fair presentation of our financial position and results of operations for the interim periods presented. These adjustments are of a normal recurring nature. The results of operations for such interim periods are not necessarily indicative of the results for a full year.

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 the majority 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:

- - COPT;
- - the Operating Partnership and its subsidiaries; and
- - Corporate Office Properties Holdings, Inc. (we own 100%).

The Service Companies became a consolidated subsidiary of the Operating Partnership effective January 1, 2001 (see Note 7). Prior to that date, we accounted for our investment in the Service Companies using the equity method of accounting (discussed below).

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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:

- - our ownership interest in the entity's capital as an investment on our Consolidated Balance Sheets and
- - 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:

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

NOTE 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:

- - our reported amounts of assets and liabilities in our Consolidated Balance Sheets at the dates of the financial statements;
- - our disclosure of contingent assets and liabilities at the dates of the financial statements; and
- - 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.

ACCOUNTING FOR CERTAIN REAL ESTATE JOINT VENTURES

We contributed parcels of land into two real estate joint ventures. Each of these joint ventures is engaged in the construction of an office building. In exchange for the contributions of land, we received joint venture interests and \$9.6 million in cash. In each case, we have an option to acquire the joint venture partners' interests for a pre-determined purchase price over a limited period of time. We account for our interests in these joint ventures as follows:

- - the costs associated with these land parcels at the time of their respective contributions are reported as projects under construction or development on our Consolidated Balance Sheets;
- - the cash received from these joint ventures in connection with the land contributions is reported as other liabilities on our Consolidated Balance Sheets. These liabilities are being accreted towards the pre-determined purchase price over the period in which we have an option to acquire the joint venture partners' interests. We also report interest expense in connection with the accretion of these liabilities; and

- - once construction of the buildings on these land parcels is complete and operations commence, we will begin reporting 100% of the revenues and expenses associated with these properties on our Consolidated Statements of Operations.

We do not report ongoing construction costs and debt activity for these projects relating to periods after the respective land contributions.

DERIVATIVES

We are exposed to the effect of interest rate changes in the normal course of business. We use interest rate swap and interest rate cap agreements to reduce the impact of such interest rate changes. Interest rate differentials that arise under these contracts are recognized in interest expense over the life of the respective

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contracts. We do not use such derivatives for trading or speculative purposes. We also only enter into contracts with major financial institutions based upon their credit ratings and other risk factors.

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". 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:

- - the accumulated other comprehensive loss component of shareholders' equity ("AOCLE"), net of the share attributable to minority interests, for any derivatives designated as cash flow hedges to the extent such derivatives are deemed effective;
- - other revenue or expense on our Statement of Operations for any derivatives designated as cash flow hedges to the extent such derivatives are deemed ineffective; or
- - other revenue or expense on our Statement of Operations for any derivatives designated as fair value hedges.

We use standard market conventions and techniques such as discounted cash flow analysis, option pricing models, replacement cost and termination cost in computing the fair value of derivatives at each balance sheet date.

The following table sets forth derivative contracts we had in place as of June 30, 2001 and their respective fair values ("FV"):

<Table>
<Caption>

Nature of Derivative	Notional Amount (in millions)	One-Month LIBOR base	Effective Date	Expiration Date	FV at 6/30/01
<S>	<C>	<C>	<C>	<C>	<C>
Interest rate cap	\$ 50.0	7.70%	5/25/00	5/31/02	\$ --
Interest rate cap	50.0	7.00%	9/13/00	10/13/01	--
Interest rate cap	25.0	7.00%	10/17/00	10/13/01	--
Interest rate swap	100.0	5.76%	1/2/01	1/2/03	(2,232)
Total					----- \$(2,232) =====

</Table>

We have designated each of these derivatives as cash flow hedges. At June 30, 2001, the interest rate swap is effective while the interest rate caps are not effective. At adoption on January 1, 2001, we reduced AOCLE and minority interests in total by \$246 as a cumulative effect adjustment to recognize the net fair value of our interest rate swap contract on that date. We also recognized an unrealized loss of \$263 (\$174 net of minority interests' portion) on the book value associated with these derivatives at January 1, 2001; this loss is reported as a cumulative effect of an accounting change on our Consolidated Statements of Operations.

During the six months ended June 30, 2001, we reduced AOCLE and minority interests in total by an additional \$1,986 to recognize the decrease in the fair value of the interest rate swap during that period. We also recognized an unrealized loss of \$6 to recognize the change in the fair value of the interest rate caps; this loss is included in tenant recoveries and other revenue on the Consolidated Statements of Operations.

Over time, the unrealized loss held in AOCL and minority interests associated with our interest rate swap will be reclassified to earnings. Within the next twelve months, we expect to reclassify to earnings an estimated \$1.5 million of the balances held in AOCL and minority interests.

MINORITY INTERESTS

As discussed previously, we consolidate the accounts of our Operating Partnership and its subsidiaries into our financial statements. However, we do not own 100% of the Operating Partnership. Our Operating Partnership also does not own 11% of one of its subsidiary partnerships. In addition, COMI does not own 20% of one of its subsidiaries. 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.

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 of beneficial interest ("Common Shares") outstanding during the period. Our computation of diluted EPS is similar except that:

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- - 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
- - 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 period. 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):

	Three months ended June 30,		Six months ended June 30,	
	2001	2000	2001	2000
	<C>	<C>	<C>	<C>
Numerator:				
Net income available to Common Shareholders	\$ 3,468	\$ 2,593	\$ 6,313	\$ 5,123
Add: Cumulative effect of accounting change, net	--	--	174	--
Add: Extraordinary item, net	66	26	136	26

Numerator for basic earnings per share before extraordinary item and cumulative effect of accounting change	3,534	2,619	6,623	5,149
Add: Series D Preferred Share dividends	136	--	236	--

Numerator for diluted earnings per share before extraordinary item and cumulative effect of accounting change	3,670	2,619	6,859	5,149
Less: Extraordinary item, net (26)	(66)	(26)	(136)	--

Numerator for diluted earnings per share for net income before cumulative effect of accounting change	3,604	2,593	6,723	5,123
Less: Cumulative effect of accounting change, net	--	--	(174)	--

Numerator for diluted earnings per share for net income	\$ 3,604	\$ 2,593	\$6,549	\$ 5,123
=====				
Denominator (all weighted averages):				
Common Shares - basic	20,077	18,014	20,034	17,683
Assumed conversion of share options	334	181	287	119
Assumed conversion of Common Unit warrants	--	476	--	476

Conversion of Series D Preferred Shares	1,197	--	1,038	--
--				
Denominator for diluted earnings per share	21,608	18,671	21,359	18,278
=====				
Basic earnings per Common Share				
Income before extraordinary item and cumulative effect of accounting change	\$ 0.18	\$ 0.15	\$ 0.33	\$ 0.29
Extraordinary loss	(0.01)	(0.01)	--	--
Cumulative effect of accounting change	--	--	(0.01)	--
--				
Net income	\$ 0.17	\$ 0.14	\$ 0.32	\$ 0.29
=====				
Diluted earnings per Common Share				
Income before extraordinary item and cumulative effect of accounting change	\$ 0.17	\$ 0.14	\$ 0.32	\$ 0.28
Extraordinary item	--	--	--	--
Cumulative affect of accounting change	--	--	(0.01)	--
--				
Net income	\$ 0.17	\$ 0.14	\$ 0.31	\$ 0.28
=====				

</Table>

Our diluted EPS computation for the three and six months ended June 30, 2001 only assumes conversion of share options and Series D Cumulative Convertible Redeemable Preferred Shares of beneficial interest (the "Series D Preferred Shares") because conversions of Preferred Units, Series A Convertible Preferred Shares of beneficial interest (the "Series A Preferred Shares") and Common Units would increase diluted EPS in those periods. Our diluted EPS computation for the three and six months ended June 30, 2000 only assumes conversion of share options and Common Unit Warrants because conversions of Series A Convertible Preferred Shares, Preferred Units and Common Units would increase diluted EPS in those periods.

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RECLASSIFICATION

We reclassified certain amounts from prior periods to conform to the current period presentation of our consolidated financial statements. These reclassifications did not affect consolidated net income or shareholders' equity.

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". We adopted this standard beginning January 1, 2001. SFAS 133 establishes accounting and reporting standards for derivative financial instruments and for hedging activities. See section above entitled "Derivatives" for further discussion on this pronouncement.

In June 2001, the Financial Accounting Standards Board approved Statements of Financial Accounting Standards No. 141 "Business Combinations" ("SFAS 141") and No. 142 "Goodwill and Other Intangible Assets" ("SFAS 142") which are effective July 1, 2001 and January 1, 2002, respectively. SFAS 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. Under SFAS 142, amortization of goodwill, including goodwill recorded in past business combinations, will discontinue upon adoption of this standard. In addition, goodwill recorded as a result of business combinations completed during the six-month period ending December 31, 2001 will not be amortized. All goodwill and intangible assets will be tested for impairment in accordance with the provisions of the Statement. We are currently reviewing the provisions of SFAS 141 and SFAS 142 and assessing the impact of adoption.

NOTE 4 COMMERCIAL REAL ESTATE PROPERTIES

Operating properties consisted of the following:

<Table>
<Caption>

June 30,
2001

December 31,
2000

<S>	<C>	<C>
Land	\$142,461	\$140,018
Buildings and improvements	624,635	604,666
	767,096	744,684
Less: accumulated depreciation	(41,659)	(33,271)
	\$725,437	\$711,413

</Table>

Projects we had under construction or development consisted of the following:

<Table>
<Caption>

	June 30, 2001	December 31, 2000
<S>	<C>	<C>
Land	\$24,488	\$ 19,069
Construction in progress	30,066	17,489
	\$54,554	\$36,558

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2001 ACQUISITIONS

We acquired for \$15,486 on May 14, 2001 two office buildings totaling 110,675 square feet and a 30,855 square foot office building undergoing redevelopment. These properties are located in Columbia, Maryland.

2001 CONSTRUCTION/DEVELOPMENT

During the six months ended June 30, 2001, we completed the construction of one office building totaling 78,460 square feet. The building is located in the Baltimore/Washington Corridor.

As of June 30, 2001, we also had construction underway on six new buildings in the Baltimore/Washington Corridor.

2001 DISPOSITION

We sold a 65,277 square foot office building located in Cranbury, New Jersey for \$11,525 on June 18, 2001. We realized a gain of \$1,596 on the sale of this property.

NOTE 5 INVESTMENTS IN UNCONSOLIDATED REAL ESTATE JOINT VENTURES

During 2001, we acquired interests in the following newly organized joint ventures:

- - 80% interest in MOR Montpelier LLC, which recently completed the construction of a 43,785 square foot office building in Columbia, Maryland, on February 1, 2001.
- - 40% interest in Airport Square Partners, LLC on March 7, 2001. On March 21, 2001, this joint venture acquired five office buildings located in the Baltimore/Washington Corridor for \$33,617 using cash from

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member capital contributions and proceeds from a \$25,000 mortgage loan payable. We are acting as guarantor for the payment of 25% of this mortgage loan payable, which amount is not to exceed \$6,250.

- - 80% interest in Gateway 70 LLC, which is developing a parcel of land located in Columbia, Maryland, on April 5, 2001.
- - 40% interest in Airport Square XXII, LLC, which is developing a parcel of land located in Linthicum, Maryland, on May 3, 2001.
- - 80% interest in MOR Forbes LLC, which is constructing a 55,000 square foot office property in Lanham, Maryland, on May 18, 2001.

Our investment in and advances to unconsolidated real estate joint ventures are accounted for using the equity method of accounting and included the following:

<Table>
<Caption>

	June 30, 2001	December 31, 2000
<S>	-----	-----
	<C>	<C>
Gateway 67, LLC	\$ 3,760	\$3,616
Airport Square Partners, LLC	3,551	--
Gateway 70 LLC	2,234	--
MOR Montpelier LLC	920	--
MOR Forbes LLC	906	--
Airport Square XXII, LLC	638	--
	-----	-----
	\$12,009	\$3,616
	=====	=====

</Table>

On July 2, 2001, we acquired the remaining 60% interest in Airport Square Partners, LLC for \$6,908.

NOTE 6 ACCOUNTS RECEIVABLE

Our accounts receivable are reported net of an allowance for bad debts of \$145 at June 30, 2001 and \$74 at December 31, 2000.

NOTE 7 INVESTMENT IN AND ADVANCES TO OTHER UNCONSOLIDATED ENTITIES

From September 1998 through December 2000, the Operating Partnership 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 during that time period. 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 accounted for the acquisition of COMI using the purchase method of accounting. We also elected to have COMI treated as a Taxable REIT Subsidiary under the REIT Modernization Act effective January 1, 2001.

We accounted for our investment in COMI and its subsidiaries 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 consolidating the accounts of COMI and its subsidiaries with our accounts on that date.

On February 28, 2001, we acquired a 7.7% interest in Paragon Smart Technologies, LLC ("Paragon"), an entity that provides a wide range of computer consulting services to businesses. Paragon also provides broadband Internet access and companion services to commercial real estate owners in the Baltimore/Washington Corridor. We account for our investment in Paragon using the equity method of accounting.

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

<Table>
<Caption>

	June 30, 2001	December 31, 2000
<S>	-----	-----
	<C>	<C>
Investment in MediTract, LLC	\$1,621	\$1,621
Investment in Paragon	420	--
Total investment in Service Companies	--	4,503(1)
	-----	-----
	\$2,041	\$6,124
	=====	=====

</Table>

(1) Our total investment in the Service Companies at December 31, 2000 included a \$2,005 note receivable and \$2,001 in advances receivable.

NOTE 8 DEFERRED CHARGES

Deferred charges consisted of the following:

<Table>
<Caption>

June 30,

December 31,

	2001	2000
<S>	<C>	<C>
Deferred leasing costs	\$11,721	\$10,800
Deferred financing costs	8,759	6,108
Deferred other	1,975	--
	-----	-----
Accumulated amortization	22,455	16,908
	(6,098)	(4,003)
	-----	-----
Deferred charges, net	\$16,357	\$12,905
	=====	=====

</Table>

NOTE 9 SHAREHOLDERS' EQUITY

In January 2001, we issued 544,000 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 by the holder 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.

In April 2001, we completed the sale of 1,150,000 Series E Cumulative Redeemable Preferred Shares of beneficial interest (the "Series E Preferred Shares") to the public at a price of \$25.00 per share. These shares are nonvoting and are redeemable for cash at \$25 per share at our option on or after July 15, 2006. 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 \$2.5625 per share, which is equal to 10.25% of the \$25.00 per share redemption price. We contributed the net proceeds to our Operating Partnership in exchange for 1,150,000 Series E Preferred Units. The Series E Preferred Units carry terms that are substantially the same as the Series E Preferred Shares.

On December 16, 1999, we issued 471,875 Common Shares subject to forfeiture restrictions to certain officers. 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 72,646 of these shares, including 48,428 shares that lapsed in 2001.

We issued 36,208 Common Shares in connection with the exercise of share options in 2001.

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A summary of the activity in the accumulated other comprehensive loss component of shareholders' equity for the six months ended June 30, 2001 follows:

<Table>
<Caption>

<S>	<C>
Balance, December 31, 2000	\$ --
Cumulative effect adjustment on January 1, 2001 for unrealized loss on interest rate swap, net of minority interests	(163)
Unrealized loss on interest rate swap for six months ended June 30, 2001, net of minority interests	(1,312)

Balance, June 30, 2001	\$ (1,475)
	=====

</Table>

NOTE 10 DIVIDENDS AND DISTRIBUTIONS

The following summarizes our dividends/distributions for the six months ended June 30, 2001:

<Table>
<Caption>

	Record Date	Payable Date	Dividend/ Distribution Per Share/Unit	Total Dividend/ Distribution
<S>	<C>	<C>	<C>	<C>
Series B Preferred Shares:				
Fourth Quarter 2000	December 29, 2000	January 16, 2001	\$ 0.625	\$ 781
First Quarter 2001	March 31, 2001	April 16, 2001	\$ 0.625	\$ 781
Second Quarter 2001	June 29, 2001	July 16, 2001	\$ 0.625	\$ 781
Series D Preferred Shares:				
First Quarter 2001	March 31, 2001	April 16, 2001	\$0.2222	\$ 121
Second Quarter 2001	June 29, 2001	July 16, 2001	\$0.2500	\$ 136
Series E Preferred Shares:				
Second Quarter 2001	June 29, 2001	July 16, 2001	\$0.7047	\$ 810
Common Shares:				
Fourth Quarter 2000	December 29, 2000	January 16, 2001	\$ 0.20	\$3,990
First Quarter 2001	March 31, 2001	April 16, 2001	\$ 0.20	\$4,003
Second Quarter 2001	June 29, 2001	July 16, 2001	\$ 0.20	\$4,023
Series C Preferred Units:				
Fourth Quarter 2000	December 29, 2000	January 16, 2001	\$0.5625	\$ 572
First Quarter 2001	March 31, 2001	April 16, 2001	\$0.5625	\$ 572
Second Quarter 2001	June 29, 2001	July 16, 2001	\$0.5625	\$ 572
Common Units:				
Fourth Quarter 2000	December 29, 2000	January 16, 2001	\$ 0.20	\$1,878
First Quarter 2001	March 31, 2001	April 16, 2001	\$ 0.20	\$1,878
Second Quarter 2001	June 29, 2001	July 16, 2001	\$ 0.20	\$1,861

</Table>

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NOTE 11 SUPPLEMENTAL INFORMATION TO STATEMENTS OF CASH FLOWS

<Table>
<Caption>

	For the six months ended June 30,	
	2001	2000
<S>	<C>	<C>
Supplemental schedule of non-cash investing and financing activities:		
Acquisition of Service Companies:		
Investments in and advances to other unconsolidated entities	\$ (4,529)	\$ --
Restricted cash	5	--
Accounts receivable, net	2,005	--
Deferred costs, net	1,537	--
Prepaid and other assets	1,033	--
Furniture, fixtures and equipment, net	1,603	--
Mortgage and other loans payable	(40)	--
Accounts payable and accrued expenses	(2,106)	--
Rents received in advance and security deposits	(20)	--
Other liabilities	(10)	--
Minority interest	(46)	--
	=====	=====
Cash from acquisition of Service Companies	\$ (568)	\$ --
	=====	=====
Debt repaid in connection with sales of rental properties	\$ 7,000	\$ 2,432
	=====	=====
Debt repaid using proceeds from new debt	\$ 91,521	\$ --
	=====	=====
Debt assumed in connection with acquisitions	\$ --	\$ 3,078
	=====	=====
(Decrease) increase in accrued capital improvements	\$ (855)	\$ 2,902
	=====	=====
Reclassification of other liabilities from projects under construction or development (see Note 3)	\$ 9,600	\$ --
	=====	=====
Dividends/distributions payable	\$ 7,918	\$ 6,757

Book value of derivatives reclassified from deferred costs, net to fair value of derivatives	\$ 268	\$ --
Decrease in fair value of derivatives applied to accumulated other comprehensive loss and minority interests	\$ 2,232	\$ --
Adjustments to minority interests resulting from changes in ownership of Operating Partnership by COPT	\$ (104)	\$ (458)
Decrease in minority interests and increase in shareholders' equity in connection with conversion of Common Units into Common Shares	\$ 808	\$ 8,527

</Table>

NOTE 12 INCOME TAXES

Corporate Office Properties Trust 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 90% of our REIT taxable income to our shareholders and satisfy certain other requirements (see discussion below). 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 was effective January 1, 2001 and included the following changes:

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- - 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;
- - 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
- - the percentage of REIT taxable income that REITs are required to distribute to shareholders was 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. COMI is subject to Federal and state income taxes. COMI's income tax benefit for the six months ended June 30, 2001 consisted of the following:

<Table>

<S>	<C>
Current	
Federal	\$ 15
State	3

	18

Deferred	
Federal	50
State	10

	60

Total	\$ 78
	=====

</Table>

Items contributing to temporary differences that lead to deferred taxes include depreciation and amortization, certain accrued compensation, compensation made in the form of contributions to a deferred nonqualified compensation plan and expenses associated with share options.

COMI's combined federal and state effective tax rate for the six months ended June 30, 2001 was approximately 40%.

NOTE 13 INFORMATION BY BUSINESS SEGMENT

We have six business segments: Baltimore/Washington Corridor office, Greater Philadelphia office, Northern/Central New Jersey office, Greater

Harrisburg office, retail (the last of which was sold in 2000) and service operations. Our office properties represent our core-business. We manage our retail properties and service operations each as single segments since they are considered outside of our core-business.

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The table below reports segment financial information. Our retail and service operations segments are not separately reported since they do not meet the reporting thresholds. We measure the performance of our office property segments based on total revenues less property operating expenses. Accordingly, we do not report other expenses by segment in the table below.

<Table>
<Caption>

	Baltimore/ Washington Corridor Office	Greater Philadelphia Office	Northern/ Central New Jersey Office	Greater Harrisburg Office	Other	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Three months ended June 30, 2001:						
Revenues from real estate operations	\$ 18,654	\$ 2,506	\$ 4,998	\$ 2,483	\$ 270	\$ 28,911
Property operating expenses	5,950	38	1,823	747	--	8,558
	-----	-----	-----	-----	-----	-----
Income from real estate operations	\$ 12,704	\$ 2,468	\$ 3,175	\$ 1736	\$ 270	\$ 20,353
	=====	=====	=====	=====	=====	=====
Commercial real estate property expenditures	\$ 26,326	\$ 119	\$ 289	\$ 74	\$ --	\$ 26,808
	=====	=====	=====	=====	=====	=====
Three months ended June 30, 2000:						
Revenues from real estate operations	\$ 16,297	\$ 2,507	\$ 4,968	\$ 2,275	\$ 370	\$ 26,417
Property operating expenses	4,768	25	1,954	630	60	7,437
	-----	-----	-----	-----	-----	-----
Income from real estate operations	\$ 11,529	\$ 2,482	\$ 3,014	\$ 1,645	\$ 310	\$ 18,980
	=====	=====	=====	=====	=====	=====
Commercial real estate property expenditures	\$ 23,167	\$ 77	\$ 2,480	\$ 380	\$ 36	\$ 26,140
	=====	=====	=====	=====	=====	=====
Six months ended June 30, 2001:						
Revenues	\$ 37,227	\$ 5,012	\$ 9,920	\$ 5,272	\$ 1,181	\$ 58,612
Property operating expenses	11,908	58	3,717	1,341	--	17,024
	-----	-----	-----	-----	-----	-----
Income from operations	\$ 25,319	\$ 4,954	\$ 6,203	\$ 3,931	\$ 1,181	\$ 41,588
	=====	=====	=====	=====	=====	=====
Commercial real estate property expenditures	\$ 45,707	\$ 260	\$ 1,946	\$ 770	\$ --	\$ 48,683
	=====	=====	=====	=====	=====	=====
Segment assets at June 30, 2001	\$515,518	\$105,769	\$110,218	\$71,179	\$46,123	\$848,807
	=====	=====	=====	=====	=====	=====
Six months ended June 30, 2000:						
Revenues	\$ 32,127	\$ 5,013	\$ 9,674	\$ 4,670	\$ 794	\$ 52,278
Property operating expenses	9,917	54	3,740	1,213	121	15,045
	-----	-----	-----	-----	-----	-----
Income from operations	\$ 22,210	\$ 4,959	\$ 5,934	\$ 3,457	\$ 673	\$ 37,233
	=====	=====	=====	=====	=====	=====
Commercial real estate property expenditures	\$ 36,260	\$ 77	\$ 5,149	\$ 726	\$ 76	\$ 42,288
	=====	=====	=====	=====	=====	=====
Segment assets at June 30, 2000	\$445,188	\$106,846	\$116,695	\$71,415	\$20,090	\$760,234
	=====	=====	=====	=====	=====	=====

</Table>

The following table reconciles our income from operations for reportable segments to income before income taxes, extraordinary item and cumulative effect of accounting change as reported in our Consolidated Statements of Operations.

<Table>
<Caption>

Three Months Ended June 30,		Six Months Ended June 30,	
2001	2000	2001	2000
-----	-----	-----	-----

<S>	<C>	<C>	<C>	<C>
Income from operations for reportable segments	\$20,353	\$18,980	\$ 41,588	\$ 37,233
Equity in income of unconsolidated real estate joint ventures	124	--	154	--
Earnings (losses) from service operations	143	(48)	(186)	(1)
Add: Gain on sales of properties	1,596	57	1,596	57
Less:				
General and administrative	(1,329)	(1,160)	(2,775)	(2,508)
Interest	(7,762)	(7,404)	(15,956)	(14,338)
Amortization of deferred financing costs	(546)	(311)	(929)	(617)
Depreciation and other amortization	(4,957)	(4,307)	(9,857)	(8,180)
Minority interests	(2,446)	(2,069)	(4,570)	(4,258)
	-----	-----	-----	-----
Income before income taxes, extraordinary item and cumulative effect of accounting change	\$ 5,176	\$ 3,738	\$ 9,065	\$ 7,388
	=====	=====	=====	=====

</Table>

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We did not allocate gain on sales of 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 income of unconsolidated real estate joint ventures, earnings (losses) from service operations, general and administrative and minority interests since these items represent general corporate items not attributable to segments.

NOTE 14 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 environment 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.

We are under contract to acquire four office buildings located in Columbia, Maryland totaling 187,132 square feet for approximately \$23.5 million.

NOTE 15 PRO FORMA FINANCIAL INFORMATION (UNAUDITED)

We accounted for our 2000 and 2001 acquisitions and dispositions 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 June 30, 2001.

We prepared the pro forma condensed consolidated financial information presented below as if all of our 2000 and 2001 acquisitions had occurred on January 1, 2000. 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, 2000, nor does it intend to represent our results of operations for future periods.

<Table>
<Caption>

	Six months ended June 30,	
	2001	2000
	-----	-----
<S>	<C>	<C>
Pro forma total revenues	\$ 60,566	\$54,869
	=====	=====
Pro forma net income available to Common Shareholders	\$ 5,271	\$ 4,990
	=====	=====
Pro forma earnings per Common Share		
Basic	\$ 0.26	\$ 0.28
	=====	=====
Diluted	\$ 0.26	\$ 0.27
	=====	=====

</Table>

NOTE 16 SUBSEQUENT EVENTS

In August 2001, we acquired for a purchase price of \$11,300 an office

building totaling 97,161 square feet located in Columbia, Maryland.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

In this section, we discuss our financial condition and results of operations for the three and six months ended June 30, 2001. This section includes discussions on:

- - why various components of our Consolidated Statements of Operations changed for the three and six months ended June 30, 2001 compared to the same periods in 2000;
- - what our primary sources and uses of cash were in the six months ended June 30, 2001;
- - how we raised cash for acquisitions and other capital expenditures during the six months ended June 30, 2001;
- - how we intend to generate cash for future capital expenditures; and
- - the computation of our funds from operations.

You should refer to our consolidated financial statements and accompanying notes and operating data variance analysis set forth below 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 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; environmental requirements; and the other factors described in our most recent Annual Report on Form 10-K under the heading "Risk Factors"

<Page>

CORPORATE OFFICE PROPERTIES TRUST
OPERATING DATA VARIANCE ANALYSIS

<Table>
<Caption>

(Dollars for this table are in thousands, except per share data)

	Three Months Ended June 30,				Six Months Ended	
	2001	2000	Variance	% Change	2001	2000
Real Estate Operations: Revenues						
Rental revenue	\$ 25,960	\$ 23,154	\$ 2,806	12%	\$ 51,579	\$ 45,060
6,519 14%						
Tenant recoveries and other revenue	2,951	3,263	(312)	(10%)	7,033	7,218

(185)	(3%)							
-								
6,334	12%	28,911	26,417	2,494	9%	58,612	52,278	
-								
1,979	13%	8,558	7,437	1,121	15%	17,024	15,045	
1,930	13%	8,308	7,715	593	8%	16,885	14,955	
1,677	21%	4,957	4,307	650	15%	9,857	8,180	
-								
5,586	15%	21,823	19,459	2,364	12%	43,766	38,180	
-								
748	5%	7,088	6,958	130	2%	14,846	14,098	
154	N/A	124	--	124	N/A	154	--	
-								
902	6%	7,212	6,958	254	4%	15,000	14,098	
(185)	18,500%	143	(48)	191	(398%)	(186)	(1)	
(267)	11%	(1,329)	(1,160)	(169)	15%	(2,775)	(2,508)	
1,539	2,700%	1,596	57	1,539	2,700%	1,596	57	
-								
1,989	17%	7,622	5,807	1,815	31%	13,635	11,646	
(312)	7%	(2,446)	(2,069)	(377)	18%	(4,570)	(4,258)	
52	N/A	(29)	--	(29)	N/A	52	--	
(110)	423%	(66)	(26)	(40)	154%	(136)	(26)	
(174)	N/A	--	--	--	N/A	(174)	--	
-								
1,445	20%	5,081	3,712	1,369	37%	8,807	7,362	
(255)	11%	(1,613)	(1,119)	(494)	44%	(2,494)	(2,239)	
-								
1,190	23%	\$ 3,468	\$ 2,593	\$ 875	34%	\$ 6,313	\$ 5,123	\$
=====		=====	=====	=====		=====	=====	
0.04	14%	\$ 0.18	\$ 0.15	\$ 0.03	20%	\$ 0.33	\$ 0.29	\$
0.03	10%	\$ 0.17	\$ 0.14	\$ 0.03	21%	\$ 0.32	\$ 0.29	\$
0.04	14%	\$ 0.17	\$ 0.14	\$ 0.03	21%	\$ 0.32	\$ 0.28	\$
0.03	11%	\$ 0.17	\$ 0.14	\$ 0.03	21%	\$ 0.31	\$ 0.28	\$

COMPARISON OF THE THREE MONTHS ENDED JUNE 30, 2001 AND 2000

Our revenues from real estate operations increased \$2.5 million or 9%, of which \$2.8 million was generated by rental revenue, offset by a decrease in tenant recoveries and other revenue of \$312,000. Included in this change are the following:

- \$3.0 million increase attributable to four properties acquired and six newly-constructed properties placed in service during 2000 and 2001;
- \$210,000 increase attributable to fees earned for other real estate services;
- \$404,000 decrease attributable to 76 office properties owned throughout both reporting periods due predominantly to a decrease in tenant recoveries and other revenue resulting mostly from a decrease in anticipated operating cost levels in 2001 compared to 2000 and a change in our tenant composition; and
- \$326,000 decrease attributable to properties sold during 2000 and 2001.

Our expenses from real estate operations increased \$2.4 million or 12% due to the effects of the increases in property operating, interest expense and amortization of deferred financing costs and depreciation and other amortization described below.

Our property operating expenses increased \$1.1 million or 15%. Included in this change is the following:

- \$700,000 increase attributable to four properties acquired and six newly-constructed properties placed in service during 2000 and 2001;
- \$522,000 increase attributable to 76 office properties owned throughout both reporting periods, \$185,000 of which is due to increased expense associated with doubtful or uncollectible receivables; and
- \$97,000 decrease attributable to properties sold during 2000 and 2001.

Our interest expense and amortization of deferred financing costs increased \$593,000 or 8% due primarily to a 10% increase in our average outstanding debt balance resulting predominantly from our 2000 and 2001 acquisitions and construction activity. Our depreciation and other amortization expense increased \$650,000 or 15%, \$507,000 of which is attributable to four properties acquired and six newly-constructed properties placed in service during 2000 and 2001.

Our earnings from service operations increased \$191,000 or 398% and our general and administrative expenses increased \$169,000 or 15%. We also had a \$1.5 million increase in our gain from sales of properties.

As a result of the above factors, income before minority interests, income taxes, extraordinary items and cumulative effect of accounting change increased by \$1.8 million or 31%. 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 \$377,000 or 18% due primarily to an increase in the Operating Partnership's net income. Our income tax expense of \$29,000 in the three months ended June 30, 2001 was due to our income from the service operations that reside in our taxable REIT subsidiary.

Our income available to Common Shareholders increased \$875,000 or 34% due to the factors discussed above combined with a \$494,000 increase in Preferred Share dividends resulting from our Series D and Series E Preferred Share issuances, coupled with a \$40,000 increase in extraordinary losses on early retirement of debt. Our diluted earnings per share on net income of \$0.17 increased by \$0.03 or 21%.

COMPARISON OF THE SIX MONTHS ENDED JUNE 30, 2001 AND 2000

Our revenues from real estate operations increased \$6.3 million or 12%, of which \$6.5 million was generated by rental revenue, offset by a decrease in tenant recoveries and other revenue of \$185,000. Included in this change are the following:

- \$6.7 million increase attributable to four properties acquired and seven newly-constructed properties placed in service during 2000 and 2001;

- \$1.1 million increase attributable to fees earned for other real estate services;
- \$749,000 decrease attributable to 75 office properties owned throughout both reporting periods that includes the following:
 - \$1.4 million decrease in tenant recoveries and other revenue resulting mostly from a decrease in anticipated operating cost levels in 2001 compared to 2000 and a change in our tenant composition and
 - \$667,000 increase in rental revenue due primarily to additional lease cancellation revenue, increased occupancy at certain of our properties and increases in rental rates on renewed space; and
- \$539,000 decrease attributable to properties sold during 2000 and 2001.

Our expenses from real estate operations increased \$5.6 million or 15% due to the effects of the increases in property operating, interest expense and amortization of deferred financing costs and depreciation and other amortization described below.

Our property operating expenses increased \$2.0 million or 13%. Included in this change is the following:

- \$1.6 million increase attributable to four properties acquired and seven newly-constructed properties placed in service during 2000 and 2001;
- \$553,000 increase attributable to 75 office properties owned throughout both reporting periods, \$169,000 of which is due to increased expense associated with doubtful or uncollectible receivables and \$154,000 of which is due to increases in real estate taxes; and
- \$175,000 decrease attributable to properties sold during 2000 and 2001.

Our interest expense and amortization of deferred financing costs increased \$1.9 million or 13% due primarily to a 14% increase in our average outstanding debt balance resulting from our 2000 and 2001 acquisitions and construction activity. Our depreciation and other amortization expense increased \$1.7 million or 21%, \$1.1 million of which is attributable to four properties acquired and seven newly-constructed properties placed in service during 2000 and 2001.

Our earnings from service operations decreased \$185,000 and our general and administrative expenses increased \$267,000 or 11%. We also had a \$1.5 million increase in our gain from sales of properties.

As a result of the above factors, income before minority interests, income taxes, extraordinary items and cumulative effect of accounting change increased by \$2.0 million or 17%. Our income allocation to minority interests increased \$312,000 or 7% due primarily to an increase in our Operating Partnership's net income. Our income tax benefit of \$52,000 in 2001 was due to our losses from the service operations that reside in our taxable REIT subsidiary.

Our income available to Common Shareholders increased \$1.2 million or 23% due to the factors discussed above combined with a \$255,000 increase in Preferred Share dividends resulting from our Series D and Series E Preferred Share issuances, combined with a \$110,000 increase in extraordinary losses on early retirement of debt and a \$174,000 loss due to the cumulative effect of an accounting change resulting from our adoption of Statement of Financial Accounting Standards No. 133 (discussed below). Our diluted earnings per share on net income of \$0.31 increased by \$0.03 or 11%.

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. Amounts available under the Revolving Credit Facility are generally computed based on 65% of the appraised value of properties pledged as collateral. As of August 8, 2001, the maximum amount available under our Revolving Credit Facility was \$75.4 million, of which \$21.0 million was unused. We had a \$50.0 million line of credit with Prudential Securities Credit Corporation that expired in June 2001.

As of June 30, 2001, we had \$95.5 million in mortgage and other loans payable maturing in 2001. Included in these 2001 loan maturities is a \$91.0 million loan that may be extended for a one-year period, subject to certain conditions. As of June 30, 2001, we were in compliance with the necessary conditions for us to extend this loan. We expect to repay the remaining balance of the 2001 loan maturities through a combination of borrowings from existing credit facilities 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.

As discussed below, we acquired one office building on August 3, 2001. We were also under contract to acquire four office buildings located in Columbia, Maryland totaling 187,132 square feet for approximately \$23.5 million. We have no other material contractual obligations as of June 30, 2001 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.

<Page>

Mortgage and other loans payable at June 30, 2001 consisted of the following (dollars in thousands):

<Table>

<S>	<C>
Deutsche Banc Alex. Brown, Term Credit Facility, LIBOR + 1.75%, maturing October 2001 (1)	\$90,954
Teachers Insurance and Annuity Association of America, 6.89%, maturing November 2008	81,410
Deutsche Banc Alex. Brown, Revolving Credit Facility, LIBOR + 1.75%, maturing March 2004	53,230
Teachers Insurance and Annuity Association of America, 7.72%, maturing October 2006	58,596
Mutual of New York Life Insurance Company, 7.79%, maturing August 2004	27,176
State Farm Life Insurance Company, 7.9%, maturing April 2008	25,916
Transamerica Occidental Life Insurance Company, 7.3%, maturing May 2008	21,150
Allstate Life Insurance Company, 6.93%, maturing July 2008	21,000
Transamerica Life Insurance and Annuity Company, 7.18%, maturing August 2009	18,738
Transamerica Life Insurance and Annuity Company, 8.3%, maturing October 2005	17,486
IDS Life Insurance Company, 7.9%, maturing March 2008	13,556
Teachers Insurance and Annuity Association of America, 8.35%, maturing October 2006	7,919
Summit Bank, LIBOR + 1.75%, maturing February 2003	6,785
Allfirst Bank, LIBOR + 1.75%, maturing July 2002 (2)	6,500
Provident Bank of Maryland, LIBOR + 1.75%, maturing July 2002 (3)	6,018
Aegon USA Realty Advisors, Inc., 8.29%, maturing May 2007	5,957
Bank of America, LIBOR + 1.75, maturing December 2002 (4)	5,081
Citibank Federal Savings Bank, 6.93%, maturing July 2008	5,000
Bank of America, LIBOR + 1.75%, maturing September 2001	2,000
Seller loan, 8.0%, maturing May 2007	1,527

	\$ 475,999
	=====

</Table>

- (1) May be extended for a one-year period, subject to certain conditions.
- (2) May be extended for a one-year period, subject to certain conditions.
- (3) Construction loan with a total commitment of \$11,855. Loan may be extended for a one-year period subject to certain conditions.
- (4) Construction loan with a total commitment of \$15,750. Loan may be extended for a one-year period, subject to certain conditions.

INVESTING AND FINANCING ACTIVITIES FOR THE SIX MONTHS ENDED JUNE 30, 2001:

During the six months ended June 30, 2001, we acquired for \$15.5 million two office buildings totaling 110,675 square feet and a 30,855 square foot office building undergoing redevelopment. These acquisitions were financed by using \$15.1 million in borrowings from our Revolving Credit Facility and cash reserves for the balance.

During the six months ended June 30, 2001, we completed the construction of one office building totaling 78,460 square feet. Costs incurred on this building through June 30, 2001 totaled \$13.7 million. We borrowed \$6.5 million under a construction loan facility which was repaid on April 6, 2001. The balance of the costs was funded primarily using proceeds from our Revolving Credit Facility and cash from operations.

As of June 30, 2001, we had construction activities underway on 6 new buildings totaling 532,000 square feet that were 47.2% pre-leased. Estimated costs upon completion for these projects total approximately \$89.1 million. Costs incurred on these buildings through June 30, 2001 totaled \$48.7 million. We have construction loan facilities in place totaling \$61.9 million to finance the construction of four of these projects. Borrowings under these facilities totaled \$15.5 million at June 30, 2001. We also used borrowings from our Revolving Credit Facility and proceeds from debt refinancings to fund these activities. In addition, we used \$9.6 million in contributions from joint venture partners to finance the construction of two of these buildings.

During the six months ended June 30, 2001, our investments in unconsolidated real estate joint ventures increased by \$8.4 million primarily due to our investment in five new joint ventures: Airport Square Partners, LLC, MOR Montpelier LLC, Airport Square XXII, LLC, Gateway 70 LLC and MOR Forbes LLC.

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During the six months ended June 30, 2001, we sold an office building for \$11.5 million. The net proceeds from this sale after property level debt repayment and transaction costs totaled \$3.8 million, all of which was applied to our cash reserves.

During the six months ended June 30, 2001, we borrowed \$119.5 million under mortgages and other loans payable other than our Revolving Credit Facility, the proceeds of which were used as follows:

- - \$94.8 million to repay other loans and
- - the balance to finance construction activities and fund cash reserves.

In January 2001, we issued 544,000 Series D Preferred Shares to a foreign trust at a price of \$22.00 per share for proceeds totaling approximately \$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 by the holder 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.

In April 2001, we completed the sale of 1,150,000 Series E Preferred Shares to the public at a price of \$25.00 per share. These shares are nonvoting and are redeemable for cash at \$25 per share at our option on or after July 15, 2006. 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 \$2.5625 per share, which is equal to 10.25% of the \$25.00 per share redemption price. We contributed the net proceeds to our Operating Partnership in exchange for 1,150,000 Series E Preferred Units. The Series E Preferred Units carry terms that are substantially the same as the Series E Preferred Shares. The Operating Partnership used most of the proceeds to pay down our Revolving Credit Facility.

INVESTING AND FINANCING ACTIVITIES SUBSEQUENT TO THE SIX MONTHS ENDED JUNE 30, 2001:

In August 2001, we acquired one office building for a purchase price of \$11.3 million. This acquisition was financed by:

- using \$7.0 million in proceeds under our Revolving Credit Facility and
- using cash reserves for the balance most of which were derived from the sale of an office building in June 2001.

Also in August 2001, we obtained a \$16.0 million mortgage loan payable with Allstate Life Insurance Company. The loan has a six-year term and carries a fixed interest rate of 7.14%. The proceeds from this loan were used to pay down our Revolving Credit Facility.

STATEMENT OF CASH FLOWS

We generated net cash flow from operating activities of \$22.6 million for the six months ended June 30, 2001, an increase of \$2.2 million from the six months ended June 30, 2000. Our increase in cash flows from operating activities is due primarily to income generated from our newly acquired and newly constructed properties. Our net cash flow used in investing activities for the six months ended June 30, 2001 increased \$13.2 million from the six months ended June 30, 2000 due primarily to \$8.2 million invested in unconsolidated real estate joint ventures and \$6.2 million in real estate loans made during the six months ended June 30, 2001. Our net cash flow provided by financing activities for the six months ended June 30, 2001 increased \$10.8 million from the six months ended June 30, 2000 due primarily to a \$41.9 million increase in proceeds from mortgage and other loans payable and \$38.8 million in proceeds from the issuance of our Series D and Series E Preferred Shares in 2001 offset by a \$69.7 million increase 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, although we have included gains from the sales of properties to the extent such gains related to redevelopment services provided. 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 the three and six months ended June 30, 2001 and 2000 are summarized in the following table:

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<Page>

(Dollar and shares for this table are in thousands)

<Table>
<Caption>

	For the three months ended June 30,		For the six months ended June 30,	
	2001	2000	2001	2000
	<C>	<C>	<C>	<C>
Income before minority interests, income taxes, extraordinary item and cumulative effect of accounting change	\$ 7,622	\$ 5,807	\$13,635	\$11,646
Add: Real estate related depreciation and amortization.....	4,933	4,284	9,738	8,134
Less: Preferred Unit distributions.....	(572)	(548)	(1,144)	(1,096)
Less: Preferred Share dividends.....	(1,613)	(1,119)	(2,494)	(2,239)
Less: Minority interests in other consolidated entities.....	(58)	(4)	(54)	(11)
Less: Gain on sales of properties excluding redevelopment portion (1).....	(416)	(57)	(416)	(57)
Income tax (expense) benefit, gross.....	(44)	--	78	--
	-----	-----	-----	-----

Funds from operations.....	9,852	8,363	19,343	16,377
Add: Preferred Unit distributions.....	572	548	1,144	1,096
Add: Convertible Preferred Share dividends.....	136	339	236	677
Funds from operations assuming conversion of share options, Common Unit warrants, Preferred Units and Preferred Shares.....	10,560	9,250	20,723	18,150
Less: Straight line rent adjustments.....	(816)	(693)	(1,506)	(1,435)
Less: Recurring capital improvements.....	(1,153)	(923)	(2,269)	(1,652)
Adjusted funds from operations assuming conversion of share options, Common Unit warrants, Preferred Units and Preferred Shares	<u>\$ 8,591</u>	<u>\$ 7,634</u>	<u>\$16,948</u>	<u>\$15,063</u>
Weighted average Common Shares.....	20,077	18,014	20,034	17,684
Conversion of weighted average Common Units.....	9,335	9,556	9,361	9,918
Weighted average Common Shares/Units.....	29,412	27,570	29,395	27,602
Assumed conversion of share options.....	334	181	287	119
Assumed conversion of Common Unit warrants.....	--	476	--	476
Conversion of weighted average convertible Preferred Shares.....	1,197	1,845	1,038	1,845
Conversion of weighted average Preferred Units.....	2,421	2,321	2,421	2,321
Weighted average Common Shares/Units assuming conversion of share options, Common Unit warrants, Preferred Units and Preferred Shares.....	<u>33,364</u>	<u>32,393</u>	<u>33,141</u>	<u>32,363</u>

</Table>

(1) A portion of the gain from the sale of an office building in June 2001 is included in FFO since it related to redevelopment services performed on the property.

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.

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ITEM 3. 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 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 June 30, 2001, 64.2% 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, weighted average interest rates and estimated fair value ("FV") at June 30, 2001 (dollars in thousands):

<Table>
<Caption>

	For the Period Ended December 31,							FV
	2001 (1)	2002 (2)	2003	2004	2005	Thereafter	Total	
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Long term debt:								
Fixed rate	\$ 2,400	\$ 5,191	\$ 5,591	\$ 31,564	\$ 22,191	\$238,494	\$305,431	
\$308,623								
Average interest rate	7.44%	7.43%	7.43%	7.45%	7.46%	7.24%	7.37%	
Variable rate	\$ 93,092	\$ 17,875	\$ 6,371	\$ 53,230	\$ --	\$ --	\$170,568	

\$170,568
Average interest rate 6.03% 6.02% 6.18% 6.33% -- -- 6.05%

</Table>

- (1) Includes \$90.9 million maturity in October that may be extended for a one-year period, subject to certain conditions.
- (2) Includes \$12.2 million in maturities in July that may be extended for one-year terms, subject to certain conditions. Also includes a \$5.1 million maturity in December that may be extended for a one-year period, subject to certain conditions.

The following table sets forth derivative contracts we had in place as of June 30, 2001 and their respective fair values ("FV"):

<Table>
<Caption>

Nature of Derivative	Notional Amount (in millions)	One-Month LIBOR base	Effective Date	Expiration Date	FV at 6/30/01 (in thousands)
<S>	<C>	<C>	<C>	<C>	<C>
Interest rate cap	\$ 50.0	7.70%	5/25/00	5/31/02	\$ --
Interest rate cap	50.0	7.00%	9/13/00	10/13/01	--
Interest rate cap	25.0	7.00%	10/17/00	10/13/01	--
Interest rate swap	100.0	5.76%	1/2/01	1/2/03	(2,232)
Total					\$(2,232)

</Table>

Based on our variable rate debt balances, during the six months ended June 30, 2001, our interest expense would have increased \$639,000 if interests rates were 1% higher.

PART II

ITEM 1. LEGAL PROCEEDINGS

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

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ITEM 2. CHANGES IN SECURITIES

- a. N/A
- b. N/A
- c.

On April 20, 2001, 50,000 of our Common Units were converted to 50,000 Common Shares. The issuance of these Common Shares was exempt from registration under Section 4 (2) of the Securities Act of 1933, as amended.

On May 23, 2001, 30,519 of our Common Units were converted to 30,519 Common Shares. The issuance of these Common Shares was exempt from registration under Section 4 (2) of the Securities Act of 1933, as amended.

- d. N/A

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

N/A

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

<Table>

<S>	<C>
(a) Meeting type and date	Annual Meeting of Shareholders held on May 17, 2001
(b) N/A	
(c) Description of each matter voted on at meeting	

Resolution to amend our 1998 Long Term Incentive Plan to increase the number of issuable shares under the plan.

Results of votes:

For
Against or withheld
Abstentions and broker non-votes

13,471,858
1,851,176
67,808

</Table>

ITEM 5. OTHER INFORMATION

N/A

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

a. Exhibits:

<Table>
<Caption>

EXHIBIT NO.	DESCRIPTION
<S> 2.1.1	<C> 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).

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<Page>

<Caption>

EXHIBIT NO.	DESCRIPTION
<S> 2.1.2	<C> 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 with the Company's Annual Report on Form 10-K on March 22, 2001 and incorporated herein by reference).
2.6.2	Amendment to Contract of Sale, dated April 28, 2000, between Jolly Acres Limited Partnership and the Operating Partnership (filed with the Company's Annual Report on Form 10-K on March 22, 2001 and incorporated herein by reference).

- 2.7 Contract of Sale, dated March 14, 2000, between Arbitrage Land Limited Partnership, Jolly Acres Limited Partnership and the Operating Partnership (filed with the Company's Annual Report on Form 10-K on March 22, 2001 and incorporated herein by reference).
- 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).

<Page>

<Caption>

EXHIBIT NO.	DESCRIPTION
<S>	<C>
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).
4.4.5	Sixth Amendment to Second Amended and Restated Limited Partnership Agreement of the Operating Partnership, dated April 3, 2001 (filed with the Company's Current Report on Form 8-K dated March 30, 2001 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 with the Company's Annual Report on Form 10-K on March 22, 2001 and incorporated herein by reference).
- 4.8 Registration Rights Agreement, dated January 25, 2001, for the benefit of Barony Trust Limited (filed with the Company's Annual Report on Form 10-K on March 22, 2001 and incorporated herein by reference).

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<Page>

<Caption>

EXHIBIT NO.	DESCRIPTION
<S>	<C>
4.9	Articles Supplementary of Corporate Office Properties Trust Series E Cumulative Redeemable Preferred Shares, dated April 3, 2001 (filed with the Registrant's Current Report on Form 8-K on April 4, 2001 and incorporated herein by reference).
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

<Page>

<Caption>

EXHIBIT NO.	DESCRIPTION
<S>	<C>
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 with the Company's Annual Report on Form 10-K on March 22, 2001 and incorporated herein by reference).
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).

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<Caption>

EXHIBIT

NO.	DESCRIPTION
<S>	<C>
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 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 with the Company's Annual Report on Form 10-K on March 22, 2001 and incorporated herein by reference).
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).

</Table>

c. We filed the following Current Reports on Form 8-K in the second quarter of the year ended December 31, 2001:

Item 5 and dated April 4, 2001 that was filed in connection with our entry into an underwriting agreement with several firms for the public offering of our Series E Preferred Shares.

Item 7 and Item 9 dated April 25, 2001 that was filed in connection with our release of earnings on April 25, 2001. We also through this filing made available certain additional information pertaining to our properties and operations as of and for the period ended March 31, 2001.

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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: August 10, 2001

By: /s/ Randall M. Griffin

 Randall M. Griffin
 President and Chief Operating Officer

Date: August 10, 2001

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

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