UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 28, 1998

CORPORATE OFFICE PROPERTIES TRUST
(Exact name of registrant as specified in its charter)

Maryland	0-20047	23-2947217
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification Number)

401 City Avenue, Suite 615
Bala Cynwyd, PA 19004
(Address of principal executive offices)

One Logan Square, Suite 1105
Philadelphia, PA 19103
(Former address of principal executive offices)

(610) 538-1800
(Registrant's telephone number, including area code)

Item 1. Changes in Control of Registrant

On September 28, 1998, Corporate Office Properties Trust (the "Company"), through affiliates of Corporate Office Properties, L.P. (the "Operating Partnership"), completed a number of transactions (collectively, the "Completed Transactions") pursuant to agreements with affiliates of Constellation Real Estate Group, Inc. (collectively, "Constellation"), a wholly-owned indirect subsidiary of Baltimore Gas and Electric Company ("BGE"), to acquire certain real property, a mortgage and certain other assets owned by Constellation. Consideration for the Completed Transactions consisted of a combination of cash, assumption of debt, Common Shares of Beneficial Interest, par value $.01 per share ("Common Shares") and non-voting Series A Convertible Preferred Shares of Beneficial Interest ("Preferred Shares"). Upon consummation of the Completed Transactions, Constellation became holder of approximately 39% of the Company's outstanding Common Shares. Constellation also was able to designate two new trustees to the Company's Board of Trustees as a right set forth under the terms of the Preferred Shares. Given its position as the largest

common shareholder in the Company along with its presence on the Board of Trustees, Constellation will have a significant influence on the Company.

The Completed Transactions are discussed in greater detail in Item 2.

Item 2. Acquisition or Disposition of Assets

On September 28, 1998, the Company, through affiliates of the Operating Partnership, and pursuant to agreements with Constellation to acquire real estate properties and service businesses, settled on the Completed Transactions. Pursuant to the Completed Transactions, the Company acquired from Constellation the following:

(i) Title to one operating office property;

(ii) 100% of the ownership interests in entities which own a total of ten operating properties (nine office properties and one retail property);

(iii) A 75% ownership interest in one entity which holds a mortgage on a retail property owned by persons not affiliated with either the Company or Constellation;

(iv) A 75% ownership interest in Corporate Realty Management, LLC (CRM), formerly Constellation Realty Management, LLC, a real estate management services entity; and

(v) Certain equipment, furniture and other assets related to Constellation Real Estate, Inc. (CRE).

Items (i)-(iii) above are referred to herein as the "Constellation Properties," and items (iv) and (v) are referred to herein as the "Constellation Service Companies." The Constellation Properties comprise, in the aggregate, approximately one million rentable square feet of office space and approximately 250,000 rentable square feet of retail space in a total of ten office properties and two retail properties.

Terms of the mortgage referred to in (iii) above are such that the mortgagee has virtually the same economic risks and rewards as if it owned the land and improvements directly.

Ownership in items (iv) and (v) above were transferred from the Company to Corporate Office Management, Inc. ("COMI"), a newly formed corporation, in exchange for indebtedness and 95% of the capital stock consisting of 1% of the voting common stock in COMI and all of the non-voting common stock in COMI.

The following table sets forth certain historical information relating to each of the Constellation Properties as of September 30, 1998:

CONSTELLATION PROPERTIES

<TABLE>
<CAPTION>

Major Tenants (10% or more Property Locations (all in Maryland)	Year Built/ Renovated	Rentable Sq. Ft	Percentage Leased as of Sept. 30, 1998 (1)	Total Rental Revenue (2)	Percentage of Total Rental Revenue of Occupied Sq.Ft. (3)	Total Rental Revenue per Occupied Sq.Ft.Rentable Sq.Ft.) (4)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
OFFICE PROPERTIES:						
One National Business Park U.S. Department of Defense (100%)	1990	240,336	100.00%	$4,523,256	23.15%	$18.82

131 National Business Parkway e.spire Communications (35%) TASC, Inc. (28%) Lockheed Martin Technical (23%) Intel Corporation (14%)	1990	68,900	100.00%	1,189,305	6.09%	17.26
133 National Business Parkway e.spire Communications (67%) Applied Signal Technology (23%)	1996	88,666	90.60%	1,413,399	7.23%	17.60
141 National Business Parkway Stanford Telecommunications (46%) J.G. Van Dyke & Associates (20%) Harris Data Services(14%)(6) Electronic Data Systems (10%)	1990	86,964	98.42%	1,419,603	7.27%	16.59
One Constellation Centre U.S. Department of Treasury (47%) Constellation Properties, Inc. (27%) NRL Federal Credit Union (10%)	1988-1989	181,236	100.00%	3,508,818	17.96%	19.36
Lakeview at the Greens I Great West Life & Annuity (17%) Laurel Consulting Group (15%) Moore USA, Inc. (11%)	1986	69,194	91.29%	1,029,846	5.27%	16.30
Lakeview at the Greens II Sky Alland Research, Inc. (22%) Greenman-Pedersen, Inc. (15%)	1988	71,870	88.70%	1,101,908	5.64%	17.29

Three Centre Park COMI (25%) National Association of Credit Management (20%) Reap/REMAX, Inc. (16%) H.C. Copeland Associates (11%)	1987	53,635	100.00%	954,035	4.88%	15.10
Brandon I Rapid Response (50%) BGE (19%)	1982	38,513	97.42%	210,643	1.08%	5.61
Brown's Wharf (5) JHIEPGO Corporation (27%) Lista's (14%)	1989	103,670	98.26%	1,562,031	8.00%	15.33
TOTAL OFFICE PROPERTIES		1,002,984	97.34%	$16,912,844	86.57%	$17.32
RETAIL PROPERTIES:						
Cranberry Square Giant Food (47%) Staples, Inc.(20%) Toy Works (10%)	1991	119,609	100.00%	1,865,010	9.54%	15.59
Tred Avon Peebles (27%) Acme Markets (22%)	1977/1997	129,140	92.09%	759,704	3.89%	6.39
TOTAL RETAIL PROPERTIES		248,749	95.89%	$2,624,714	13.43%	$11.00
TOTAL CONSTELLATION PROPERTIES		1,251,733	97.05%	$19,537,558	100.00%	$16.08

</TABLE>

(1) The percentage is based on all leases in effect as of September 30, 1998.

(2) Total Rental Revenue is the monthly contractual base rent as of Sept. 30, 1998 multiplied by 12 plus the estimated annualized expense reimbursements under existing leases.

(3) This percentage is based on the property's rental revenue to Constellation Properties' Total Rental Revenue.

(4) This represents the property's annualized base rent divided by the respective property's leased square feet as of September 30, 1998.

(5) This predominately office property contains 75,998 square feet of office space and 27,672 square feet of retail space.

(6) Harris Data Services Corp. is a subtenant for GTE Government Systems.

The following schedule sets forth lease expirations for the

Constellation Properties for the period October 1, 1998 to December 31, 1998 and annually thereafter, assuming that none of the tenants exercise renewal options:

CONSTELLATION PROPERTIES
SCHEDULE OF LEASE EXPIRATIONS

<TABLE>
<CAPTION>

Year of Expiration	Number of Leases Expiring	Rentable Square Footage Of Leases Expiring	Percentage Of Total Leased Square Feet	Total Rental Revenue of Expiring Leases (1)	Total Rental Revenue of Expiring Leases Per Rentable Square Feet (1)	Percentage Of Total Rental Revenue Expiring (1)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
October 1, 1998 - December 31, 1998	7	37,330	3.07%	$ 535,608	$ 14.35	2.74%
1999	28	72,690	5.98%	1,034,920	14.24	5.30%
2000	25	159,554	13.14%	2,499,523	15.67	12.79%
2001	26	157,960	13.00%	2,351,618	14.89	12.05%
2002	10	68,273	5.62%	725,833	10.63	3.72%
2003	25	285,367	23.49%	4,967,179	17.41	25.42%
2004	5	42,415	3.49%	707,835	16.69	3.62%
2005	1	24,255	2.00%	414,423	17.09	2.12%
2006	1	12,330	1.01%	150,934	12.24	0.77%
2007	-	-	0.00%	-	-	0.00%
2008 (2)	3	269,341	22.18%	4,934,084	18.32	25.25%
2009 and Thereafter	4	85,343	7.02%	1,215,601	14.24	6.22%
TOTALS	135	1,214,858	100.00%	$ 19,537,558	$ 16.08	100.00%

</TABLE>

(1) Total Rental Revenue is the monthly contractual base rent as of September 30, 1998 multiplied by 12, plus the estimated annualized expense reimbursements under existing leases.

(2) One tenant with 240,336 square feet and remitting $4,523,256 of annualized September 30, 1998 total rental revenue leases space under a one year lease with 14 consecutive automatic one year renewals. This lease has been presented as expiring in the year 2008 in the above table.

Constellation also granted to the Company certain options and rights of first refusal to purchase undeveloped land totaling 91 acres in three locations adjacent to certain of the Constellation Properties with aggregate office development potential of approximately 1.7 million square feet at September 30, 1998. In addition, a significant number of those persons previously employed by CRE engaged in the operation of the Constellation Properties became employees of affiliates of the Company.

The Constellation Properties and the Constellation Service Companies were acquired for aggregate values of $143.6 million and $2.5 million, respectively. The total consideration of the Completed Transactions consisted of (i) $59.6 million in debt of the Constellation Properties assumed, (ii) 6,182,634 Common Shares in the Company (issued at $10.50 per share) and (iii) 865,566 Preferred Shares in the Company (issued at $25.00 per share). Of the Constellation Properties debt assumed, $1.5 million was paid down at the closing of the Completed Transactions using proceeds from the Company's secured revolving credit facility. In addition, the Company expects to pay down an additional $27.7 million of the assumed debt with the proceeds of an $85 million, 10 year loan from Teachers Insurance and Annuity Association of America (the "TIAA Loan"), a loan anticipated to close by October 21, 1998. The TIAA Loan is expected to bear interest at a fixed-rate of 6.89% and provide for monthly payments of

principal and interest based on a 25-year amortization schedule. The TIAA Loan is expected to be cross-collateralized by seven of the Constellation Properties acquired in the Completed Transactions and two additional Properties to be acquired by the Company from Constellation at a later date (see Item 5). The Company can provide no assurance that financing under the TIAA Loan will be available at the terms disclosed above.

The following schedule presents the material terms of the assumed debt which will not be repaid from the TIAA Loan proceeds:

<TABLE>

<CAPTION>

Lender	Amount Assumed	Interest Rate	Terms	Maturity Date
<S>	<C>	<C>	<C>	<C>
Security Life of Denver Insurance Co.	$ 9,555,574	7.5%	Monthly Principal and Interest of $73,899	10/31/05
NationsBank, N.A.	9,514,066	LIBOR + 2%	Monthly Principal of $35,253 Plus Interest	1/15/99
Mercantile-Safe Deposit and Trust Co.	8,437,989	Prime + 1/2%	Monthly Principal and Interest of $65,922	7/01/99
Provident Bank of Maryland	2,927,680	LIBOR + 1.75%	Monthly Principal of $6,780 Plus Interest	9/01/00
	$30,435,309			

</TABLE>

The material terms of the Preferred Shares follow:

The Preferred Shares are convertible after the Standstill Period described below into Common Shares on the basis of 1.8748 Common Shares for each Preferred Share (subject to adjustment upon certain events, such as dividends paid in Common Shares). The "Standstill Period" is defined as the period ending on the earliest of (i) two years after the issuance of the Preferred Shares, (ii) a change of control or liquidation of the Trust or (iii) a date established by the Board of Trustees. Upon conversion, the holders of Preferred Shares are entitled to all accrued and unpaid dividends. Notwithstanding the foregoing, Preferred Shares held by Constellation may not be converted into Common Shares if after such conversion Constellation and its affiliates would own 45% or more of the Company's outstanding Common Shares but Constellation may tender its Preferred Shares (for conversion at a later date when that ownership test is satisfied) and upon such tender begin to receive dividends on Common Shares into which the Preferred Shares would have been converted but for that ownership test.

Except as set forth below and as required by applicable law, the Preferred Shares do not entitle the holder thereof to any vote. If an amendment to the Company's Declaration of Trust or a reclassification of Preferred Shares would amend, alter or repeal any of the rights, preferences or powers of the Preferred Shares or create a class of shares senior to the Preferred Shares, then the affirmative vote of holders of two-thirds of the outstanding Preferred Shares, voting as a separate class, would be required for its adoption. During the Standstill Period described above, the affirmative vote of two-thirds of the outstanding Preferred Shares will also be required prior to consummation of any transaction where the Trust would issue its Common Shares with an aggregate market price in excess of $50 million at a price per share less than $9.50, subject to adjustment upon the occurrence of certain events. Constellation has the right to designate up to two members of the Board of Trustees depending on Constellation's ownership percentage of outstanding Shares. This right is set forth as a term of the Preferred Shares, such that so long as Constellation holds any Preferred Shares (and it owns the requisite amount of

Common Shares), Constellation will have the right to designate up to two Trustees. If the Trust fails to pay two consecutive quarterly dividends payments on the Preferred Shares, then the holders of the Preferred Shares would be entitled to elect two additional members to the Board of Trustees.

Holders of Preferred Shares are entitled to cumulative dividends, payable quarterly and in preference to dividends payable on Common Shares, accruing from the date of issue, when, as and if declared by the Board of Trustees out of funds legally available therefor, at the annual rate of $1.375 per share, which is 5.5% of the $25.00 liquidation preference of the Preferred Shares.

In the event of any liquidation, dissolution or winding up of the Company's affairs, voluntary or otherwise, holders of Preferred Shares will be entitled to receive, out of the assets of the Company legally available for distribution to its shareholders, the sum of $25.00 for each Preferred Share, plus an amount equal to all dividends accrued and unpaid on each such Preferred Share up to the date fixed for distribution, before any distribution may be made to holders of the Company's Common Shares.

In connection with the Completed Transactions, the Company's Board of Trustees was expanded from a composition of seven to nine Trustees. The two new Trustees, designated by Constellation pursuant to its right as the holder of Preferred Shares, are Edward A. Crooke, Chairman of Constellation Enterprises, Inc. and Vice Chairman of BGE and Steven D. Kesler, President of Constellation

Investments, Inc. and new President of Constellation Real Estate Group, Inc. Mr. Crooke will be a Class III Trustee whose term expires in 2001, and Mr. Kesler will be a Class II Trustee whose term expires in 2000. If any member of the Board of Trustees designated by Constellation shall withdraw for any reason, Constellation shall have the right to designate such withdrawing Trustee's replacement. Thereafter, Constellation shall be entitled to designate two Trustees as long as it owns any Preferred Shares and at least 30% of the Company's outstanding Common Shares, and shall be entitled to designate one Trustee as long as it owns any Preferred Shares and less than 30% but more than 15% of the outstanding Common Shares. The foregoing calculations are to include as outstanding the Common Shares owned by Constellation as well as the Common Shares issuable upon conversion of Preferred Shares owned by Constellation.

Jay H. Shidler remains as Chairman and Clay W. Hamlin, III remains as Chief Executive Officer of the Company. Randall M. Griffin, formerly President of Constellation Real Estate Group, Inc. ("CREG"), has become President and Chief Operating Officer of the Company. In addition, Roger A. Waesche, Jr., formerly Senior Vice President of Finance of CRE and John H. Gurley, formerly Vice President and General Counsel of CRE, as well as certain other officers of CRE, have assumed positions with the Company similar to those held by them with CRE.

The Company's headquarters remains in Pennsylvania. Acquisition and capital market activities will be conducted out of the suburban Philadelphia office. The Company also occupies a portion of the space previously occupied by CRE in Columbia, Maryland (in a building which was acquired by the Company), where the CRE personnel who became employees of affiliates of the Company will perform the Company's operations, asset management, property management, development, construction and accounting functions.

Item 5. Other Events

On September 28, 1998, the Company through affiliates of the Operating Partnership, closed on the Completed Transactions pursuant to agreements with Constellation to acquire real estate properties and service businesses. Certain property acquisitions covered under the agreements between the Company and Constellation as approved by shareholders of the Company pursuant to its July 22, 1998 proxy statement and related special meeting of shareholders were not completed on September 28, 1998 (collectively, the "Pending Transactions"). The Pending Transactions include the following:

(i) Acquisition of 100% of the ownership interests in entities which own two newly-constructed operating office properties;

(ii) Acquisition of 100% ownership interest in an entity which owns a retail property (on which construction is nearing completion); and

(iii) Acquisition of 100% ownership interests in entities which own two office properties currently under construction.

The acquisitions in Items (i) and (iii) above are anticipated to occur by the end of 1998. The acquisition described in Item (ii) above is anticipated to occur in early 1999.

The property covered under the acquisition agreements between the Company and Constellation as approved by shareholders of the Company pursuant to its July 22, 1998 proxy statement also included a 60% ownership interest in an entity which owns a retail property currently under construction. The agreement to acquire this property was terminated at the election of the Company by mutual agreement with Constellation; therefore, this acquisition will not occur.

Item 7. Financial Statements and Exhibits

(a) Financial Statements of Businesses Acquired

The combined financial statements of the businesses acquired will be filed by amendment.

(b) Pro Forma Financial Information

The pro forma condensed consolidated financial statements of the Company will be filed by amendment.

(c) Exhibits

Exhibits

<TABLE>
<CAPTION>

Exhibit Number	Description
<S>	<C>
2.1	Contribution Agreement, dated May 14, 1998, between the Company, the Operating Partnership and certain Constellation affiliates (filed as Exhibit A of the Company's Schedule 14A Information on June 26, 1998, and incorporated herein by reference).
2.2	Service Company Contribution Agreement, dated May 14, 1998, between the Company, 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	First Amendment to Contribution Agreement, dated July 16, 1998, between Constellation Properties, Inc. and certain entities controlled by Constellation Properties, Inc.
2.4	Second Amendment to Contribution Agreement, dated September 28, 1998, between Constellation Properties, Inc. and certain entities controlled by Constellation Properties, Inc.
2.5	First Amendment to Amended and Restated Limited Partnership Agreement of Corporate Office Properties Limited Partnership, dated September 28, 1998.
4.1	Articles Supplementary of Corporate Office Properties Trust Series A Convertible Preferred Shares, dated September 28, 1998.
10.1	Option Agreement, dated May 14, 1998, between the Operating Partnership and NBP-III, LLC (a Constellation affiliate) (filed as Exhibit C of the Company's Schedule 14 A Information on June 26, 1998, and incorporated herein by reference).
10.2	Option Agreement, dated May 14, 1998, between the Operating Partnership and Constellation Gatespring II, LLC (a Constellation affiliate) (filed as Exhibit D of the Company's Schedule 14 A Information on June 26, 1998 and incorporated herein by reference).
10.3	First Amendment to Option Agreement, dated June 22, 1998, between the Operating Partnership and NBP-III, LLC (a Constellation affiliate) (filed as Exhibit E of the Company's Schedule 14A Information on June 26, 1998 and incorporated herein by reference).
10.4	First Amendment to Option Agreement, dated June 22, 1998, between the Operating Partnership and Constellation Gatespring II, LLC (a Constellation affiliate) (filed as Exhibit F of the Company's Schedule 14 A Information on June 26, 1998 and incorporated herein by reference).
10.5	Development Property Acquisition Agreement, dated May 14, 1998, between the Operating Partnership and CPI Piney Orchard Village Center, Inc. (a Constellation affiliate) (filed as Exhibit H of the Company's Schedule 14A Information on June 26, 1998, and incorporated herein by reference).

</TABLE>

<TABLE>
<CAPTION>

Exhibit Number	Description
<S>	<C>
10.6	Amended and Restated Deed of Trust Note, dated October 6, 1995, between Cranberry-140 Limited Partnership and Security Life of Denver Insurance Company.
10.7	Loan Modification Agreement, dated September

	28, 1998, between Cranberry-140 Limited Partnership and Security Life of Denver Insurance Company.
10.8	Promissory Note, dated September 15, 1995, between Tred Lightly Limited Liability Company and Provident Bank of Maryland.
10.9	Allonge to Promissory Note, dated September 28, 1998, between Tred Lightly Limited Liability Company and Provident Bank of Maryland.
10.10	Third Loan Modification and Extension Agreeement, dated November 12, 1997, between St. Barnabus Limited Partnership, Constellation Properties, Inc. and NationsBank, N.A.
10.11	Fourth Loan Modification Agreement dated September 28, 1998 between St. Barnabus Limited Partnership, Constellation Properties, Inc. and NationsBank, N.A.
10.12	Deed of Trust Note, dated September 20, 1988, between Brown's Wharf Limited Partnership and Mercantile-Safe Deposit and Trust Company.
10.13	Extension Agreement and Allonge to Deed of Trust Note, dated July 1, 1994, between Brown's Wharf Limited Partnership and Mercantile-Safe Deposit and Trust Company.
10.14	Employment Agreement, dated September 28, 1998 between Corporate Office Management, Inc. and Randall M. Griffin.
10.15	Employment Agreement, dated September 28, 1998 between Corporate Office Management, Inc. and Roger A. Waesche, Jr.
10.16	Employment Agreement, dated September 28, 1998 between Corporate Realty Management, LLC and Michael D. Kaiser.
10.17	Consulting Services Agreement, dated April 28, 1998 between the Company and Net Lease Finance Corp., doing business as Corporate Office Services.
10.18	Project Consulting and Management Agreement, dated September 28, 1998, between Constellation Properties, Inc. and COMI.
10.19	Option Agreement, dated September 28, 1998, between Jolly Acres Limited Partnership and Arbitrage Land Limited Partnership and the Operating Partnership.
10.20	Right of First Refusal Agreement, dated September 28, 1998, between Constellation Properties, Inc. and the Operating Partnership.
10.21	Right of First Refusal Agreement, dated September 28, 1998, between 257 Oxon, LLC and the Operating Partnership.
99.1	Press Release dated May 15, 1998 regarding the Company's entrance into a series of agreements through affiliates of the Operating Partnership with Constellation and certain Constellation affiliates to acquire real estate properties and service businesses (filed with the Company's Current report on Form 8-K on May 29, 1998, and incorporated herein by reference).
99.2	Press Release, dated July 22, 1998, regarding the Company establishing a date for a special shareholders meeting to consider Constellation transaction.

Exhibit Number	Description
99.3	Press release, dated August 21, 1998, announcing the shareholders approval of the Constellation transaction.
99.4	Definitive Proxy Statement for August 21, 1998 Special Meeting of Shareholders.
99.5	Press Release dated September 29, 1998 regarding the Company's closing of the Constellation Transaction.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: October 13, 1998

CORPORATE OFFICE PROPERTIES TRUST

By: /s/ Clay W. Hamlin, III

Name: Clay W. Hamlin, III
Title: Chief Executive Officer

By: /s/ Randall M. Griffin

Name: Randall M. Griffin
Title: President and
Chief Operating Officer

Exhibit 2.3

FIRST AMENDMENT TO CONTRIBUTION AGREEMENT

THIS FIRST AMENDMENT TO CONTRIBUTION AGREEMENT ("First Amendment") is made and executed as of this 16th day of July, 1998 by and between CORPORATE OFFICE PROPERTIES TRUST and CORPORATE OFFICE PROPERTIES, L.P. (collectively, the "Buyer") and the Sellers listed on the signature page to this First Amendment and defined in the Contribution Agreement (collectively, the "Sellers" and each individually, a "Seller").

A. Sellers and Buyer entered into a Contribution Agreement dated May 14, 1988 pursuant to which Sellers agreed to contribute a property known as Brandon and certain interests in Entities which own certain real estate and a mortgage in Maryland to the Buyer in exchange for cash, the assumption of certain debt, and Common Shares and Convertible Preferred Shares (the "Contribution Agreement"). Capitalized terms used, but not defined, in this First Amendment shall have the meanings given to such terms in the Contribution Agreement.

B. Sellers and Buyer desire to amend the Contribution Agreement as set forth in this First Amendment.

NOW, THEREFORE, in consideration of the agreements contained herein and intending to be legally bound hereby, Sellers and Buyer agree as follows:

1. Section 6.1 of the Contribution Agreement is hereby deleted in its entirety and the following Section 6.1 is substituted in its place:

"6.1 First Closing. The assignment and transfer of the Interests, the conveyance of Brandon, and the other transactions contemplated herein with respect to all Sellers except the NBP 135 Sellers and the Woodlands Sellers (the "First Closing") shall be consummated on the date (the "First Closing Date"), after the shareholders of the REIT have approved all of the transactions contemplated by this Agreement, specified by Buyer on not less than seven (7) days notice to Sellers (the "Buyer's Closing Notice"), provided that the First Closing Date shall not be sooner than September 14, 1998, unless mutually agreed upon by Sellers and Buyer, or later than forty-five (45) days after the shareholders of the REIT have approved all of the transactions contemplated by this Agreement. Sellers shall have the right to postpone the First Closing to a date that is up to five (5) days after the First Closing Date specified in Buyer's Closing Notice by giving Buyer notice of such postponement. If the shareholders of the REIT have not approved the transactions contemplated by this Agreement by October 30, 1998, this Agreement shall terminate and become null and void, the Letter of Credit shall be returned to the Buyer, and the parties shall be released from all liability or obligation to the other. The Closing shall take place at the offices of Saul, Ewing, Remick & Saul LLP, Centre Square West, 1500 Market Street, 38th Floor, Philadelphia, Pennsylvania 19102, or at such other place as may mutually agreed upon by the parties.

2. This First Amendment may be executed in counterparts, each of which shall constitute an original, but all of which together shall constitute one and the same document. Delivery of executed copies of this First Amendment by facsimile transmission shall be deemed effective to amend the Agreement. Each party transmitting such facsimile agrees to promptly deliver an original executed copy of this First Amendment to the other party by recognized overnight courier.

3. As amended by this First Amendment, the Contribution Agreement shall remain in full force and effect.

[SIGNATURES APPEAR ON FOLLOWING PAGES]

IN WITNESS WHEREOF, and intending to be legally bound hereby, Sellers and Buyer have executed this First Amendment on the day and year first above written.

BUYER:

CORPORATE OFFICE PROPERTIES, L.P.

By: Corporate Office Properties Trust, its
sole general partner

By:

Clay W. Hamlin, III
President and Chief Executive Officer

WITNESS

SELLERS:

CONSTELLATION PROPERTIES, INC., a
Maryland corporation

- ----------

By:

Randall M. Griffin
President

NBP-I LIMITED PARTNERSHIP, a Maryland
limited partnership

By: Constellation Properties, Inc., a Maryland
corporation, General Partner

- ----------

By:

Randall M. Griffin
President

[SIGNATURES CONTINUED ON NEXT PAGE]

NBP-II LIMITED PARTNERSHIP, a Maryland
limited partnership

By: Constellation Properties, Inc., a Maryland
corporation, General Partner

- ----------

By:

Randall M. Griffin
President

NBP-IV, LLC, a Maryland limited liability
company

By: CPI National Business Park, IV, Inc., a
Maryland corporation, Member

- ----------

By:

Randall M. Griffin
President

ST. BARNABAS LIMITED PARTNERSHIP, a Maryland
limited partnership

By: Constellation Properties, Inc., a Maryland
corporation, General Partner

- ----------

By:

Randall M. Griffin
President

By: CPO Constellation Centre, Inc., a Maryland
corporation, General Partner

- ----------

By:

Randall M. Griffin
President

[SIGNATURES CONTINUED ON NEXT PAGE]

LAUREL TOWER ASSOCIATES LIMITED
PARTNERSHIP, a Maryland limited partnership

By: Constellation Properties, Inc., a Maryland
corporation, General Partner

- ---------- By:

Randall M. Griffin
President

By: CPO Laurel Towne, Inc., a Maryland
corporation, General Partner

- ---------- By:

Randall M. Griffin
President

THREE CENTRE PARK ASSOCIATES
LIMITED PARTNERSHIP, a Maryland limited
partnership

By: Constellation Properties, Inc., a Maryland
corporation, General Partner

- ---------- By:

Randall M. Griffin
President

By: CPO Three Centre Park, Inc., a Maryland
corporation, General Partner

- ---------- By:

Randall M. Griffin
President

[SIGNATURES CONTINUED ON NEXT PAGE]

BROWN'S WHARF LIMITED PARTNERSHIP, a Maryland
limited partnership

By: Constellation Properties, Inc., a Maryland
corporation, General Partner

- ---------- By:

Randall M. Griffin
President

By: CPI Brown's Wharf, Inc., a Maryland
corporation, General Partner

- ---------- By:

Randall M. Griffin
President

CRANBERRY-140 LIMITED PARTNERSHIP,
a Maryland limited partnership

By: Constellation Properties, Inc., a Maryland
corporation, General Partner

- ---------- By: ----------
Randall M. Griffin
President

TRED LIGHTLY LIMITED LIABILITY COMPANY, a Maryland limited company

By: CPI Tred Avon, Inc., a Maryland corporation, Member

- ---------- By: ----------
Randall M. Griffin
President

[SIGNATURES CONTINUED ON NEXT PAGE]

CONSTELLATION GATESPRING, LLC, a Maryland limited partnership

By: CPI Gatespring, Inc., a Maryland corporation, Member

- ---------- By: ----------
Randall M. Griffin
President

Exhibit 2.4

SECOND AMENDMENT TO CONTRIBUTION AGREEMENT

THIS SECOND AMENDMENT TO CONTRIBUTION AGREEMENT ("Second Amendment") is made and executed as of this 28th day of September, 1998 by and between CORPORATE OFFICE PROPERTIES TRUST and CORPORATE OFFICE PROPERTIES, L.P. (collectively, the "Buyer") and the Sellers listed on the signature page to this Second Amendment and as defined in the Contribution Agreement (collectively, the "Sellers" and each individually, a "Seller").

A. Sellers and Buyer entered into a Contribution Agreement dated May 14, 1988, as amended on July 16, 1998 by a First Amendment to Contribution Agreement (the "Contribution Agreement"), pursuant to which Sellers agreed to contribute a property known as Brandon and certain interests in Entities which own certain real estate and a mortgage in Maryland to the Buyer in exchange for cash, the assumption of certain debt, and Common Shares and Convertible Preferred Shares. Capitalized terms used, but not defined, in this Second Amendment shall have the meanings given to such terms in the Contribution Agreement.

B. Sellers and Buyer desire to amend the Contribution Agreement as set forth in this Second Amendment.

NOW, THEREFORE, in consideration of the agreements contained herein and intending to be legally bound hereby, Sellers and Buyer agree as follows:

1. Exhibit "TIF Agreement" is hereby deleted from the Contribution Agreement, and Exhibit "TIF Agreement" attached hereto and made a part hereof, is hereby attached to and made part of the Contribution Agreement as Exhibit "TIF Agreement".

2. Buyer hereby elects to convert all of the Satisfied Indebtedness to Assumed Indebtedness pursuant to Section 1.83 of the Contribution Agreement. Sellers and CREG shall be released from all future liability under such converted Assumed Indebtedness.

3. Pursuant to Section 11.1.4 of the Contribution Agreement, Sellers have elected to transfer certain partnership and limited liability company interests prior to Closing as shown in Exhibit "Interest Changes" attached hereto and made a part hereof. Except as shown on Exhibit "Interest Changes", there have been no changes in the composition of any Entity between May 14, 1998 and the date hereof. Sellers represent and warrant that certified copies of all documents necessary to effectuate the transfers shown on Exhibit "Interest Changes" will be delivered to Buyer on or before the First Closing.

4. The term "Development Management Agreement" is hereby deleted from Section 1.31 of the Contribution Agreement, and the term "Project Consulting and Management Agreement" is substituted in its place. The term "Development Management Agreement" is hereby deleted wherever it appears in Section 5.7 of the Contribution Agreement, and the term "Project Consulting and Management Agreement" is hereby substituted in its place. Exhibit "Development Management Agreement" is hereby deleted from the Contribution Agreement, and Exhibit "Projects Consulting and Management Agreement" attached hereto and made a part hereof, is hereby attached to and made part of the Contribution Agreement as Exhibit "Project Management and Consulting Agreement".

5. The first sentence of Section 6.2.1 of the Contribution Agreement is amended by changing "December 31, 1998" to "March 31, 1999". The second sentence of Section 6.2.2 is revised by adding at the end thereof the following language:

> "; provided, however, that notwithstanding the foregoing, Buyer and Sellers shall consummate the Woodlands Closing simultaneously with the closing of the first financing transaction by Buyer for all or any portion of the Projects transferred to Buyer at the First Closing. In the event of such a simultaneous closing of a financing transaction with the Woodlands Closing, the Woodlands Gross Value shall be $17,600,000, and shall not be reduced pursuant to Section 3.2.5; and Sellers shall, from time to time, reimburse Buyer, within seven (7) days after presentation of a bill therefor, for all interest payments with respect to financing on the Woodlands I Project from the date of the Woodlands Closing until October 21, 1998."

6. Exhibit "Option Projects" to the Contribution Agreement is hereby deleted from the Contribution Agreement, and Exhibit "Option Projects" attached hereto and made a part hereof, is hereby attached to and made part of the Contribution Agreement as Exhibit "Option Projects". All references in the Contribution Agreement to the Option Project identified as "Annapolis Exchange"

are deleted.

7. Exhibit "Projects" to the Contribution Agreement is hereby amended by adding to the reference for One Constellation Centre the following:

"Unit 5, Constellation Centre Condominium
vacant land
30,495 sq. ft. tract"

and by changing the reference to Constellation Centre - Nations Bank Parcel from "25,933 sq. ft. tract" to "47,701 sq. ft. tract".

8. The address for notices to Buyer is hereby changed as follows:

Corporate Office Properties Trust
401 City Avenue, Suite 615
Bala Cynwyd, PA 19004-1126
Attention: Clay W. Hamlin, III
President and Chief Executive Officer

Copies of notices to Buyer shall still be sent as set forth in the Contribution Agreement.

IN WITNESS WHEREOF, and intending to be legally bound hereby, Sellers and Buyer have executed this Second Amendment on the day and year first above written.

BUYER:

CORPORATE OFFICE PROPERTIES, L.P.

By: Corporate Office Properties Trust,
its sole general partner

By: _____
Clay W. Hamlin, III
President and Chief Executive Officer

SELLERS:

CONSTELLATION PROPERTIES, INC.,
a Maryland corporation

By: _____
Dan R. Skowronski
Secretary

CPI NATIONAL BUSINESS PARK I, INC.,
a Maryland corporation

By: _____
Dan R. Skowronski
Secretary

CPI NATIONAL BUSINESS PARK II, INC.,
a Maryland corporation

By: _____
Dan R. Skowronski
Secretary

[SIGNATURES CONTINUED ON NEXT PAGE]

CPI NATIONAL BUSINESS PARK IV, INC.,
a Maryland corporation

By: _____
Dan R. Skowronski
Secretary

CPO CONSTELLATION CENTRE, INC.,

a Maryland corporation

By:

Dan R. Skowronski
Secretary

CPO LAUREL TOWER, INC.,
a Maryland corporation

By:

Dan R. Skowronski
Secretary

CPO THREE CENTRE PARK, INC.,
a Maryland corporation

By:

Dan R. Skowronski
Secretary

CPI BROWN'S WHARF, INC.,
a Maryland corporation

By:

Dan R. Skowronski
Secretary

[SIGNATURES CONTINUED ON NEXT PAGE]

CPI PARTNER, INC., a Maryland corporation

By:

Dan R. Skowronski
Secretary

CPI TRED AVON, INC., a Maryland corporation

By:

Dan R. Skowronski
Secretary

CPI GATESPRING, INC., a Maryland corporation

By:

Dan R. Skowronski
Secretary

EXHIBIT "TIF AGREEMENT "

INDEMNIFICATION AGREEMENT

(National Business Park--TIF)

THIS INDEMNIFICATION AGREEMENT ("Agreement") is made this day of September, 1998 by CONSTELLATION PROPERTIES, INC. ("CPI") in favor of CORPORATE OFFICE PROPERTIES L.P. ("COPLP"); CPI being sometimes referred to as "Indemnitor" and COPLP, and its successors and assigns, being sometimes referred to as "Indemnitee."

WITNESSETH

WHEREAS, CPI, through various related and affiliated entities, has developed and continues to develop the "National Business Park", which is located in Annapolis Junction, Anne Arundel County, Maryland (the "Park");

WHEREAS, in connection with the development of the Park, CPI

determined, in conjunction with the County Council of Anne Arundel County, Maryland, that in order to most efficiently and effectively develop the necessary infrastructure and public improvements in and around the vicinity of the Park, that Anne Arundel County would (i) impose tax incremental financing on certain properties located in the County, including, among others, the Park, and (ii) create a Special Tax District which included the Park pursuant to the authority granted to the County Council by Article 6, Title 4A, Section 4A-101 et seq. of the Anne Arundel County Code;

WHEREAS, the Special Tax District pertaining to the Park is commonly referred to as the "NBP Special Tax District" and was approved by the County Council of Anne Arundel County on March 4, 1998, in Bill No. 15-98;

WHEREAS, as of the date hereof, COPLP has (i) acquired an ownership interest in several of the NBP Properties described as Lot 3B (commonly referred to as the "Tower" or "One National Business Park"), Lot 6AR (known as "131 National Business Park"), Lot 6-BR (known as "133 National Business Park"), Lot 7A (known as "135 National Business Park") and Lot 7B (known as "141 National Business Park") and (ii) will acquire an interest in Lot 11 (known as "134 National Business Park") pursuant to the terms of that certain Option Agreement dated May 14, 1998 by and between NBP-III, LLC and COPLP;

WHEREAS, One National Business Park, 131 National Business Park, 133 National Business Park, 135 National Business Park and 141 National Business Park and 134 National Business Park are referred to collectively herein as the "COPLP Properties";

WHEREAS, CPI does not anticipate that there will be any increase in the taxes or assessments levied on the COPLP Properties as a result of the tax incremental financing or the creation of the NBP Tax District, as compared to the taxes or assessments that would be levied on the COPLP Properties if the tax incremental financing or the NBP Tax District did not exist;

WHEREAS, in consideration of COPLP acquiring an ownership interest in the COPLP Properties, to the extent that the taxes and/or assessments levied on the COPLP Properties as a result of the creation and continued existence of the tax incremental financing and/or the NBP Tax District exceed those taxes and/or assessments which would be levied if the tax incremental financing and/or NBP Tax District did not exist (the "Tax Differential"), CPI has agreed to indemnify and hold COPLP harmless from and against any additional taxes and/or assessments resulting from the Tax Differential which are levied on the COPLP Properties in which COPLP or any affiliates or subsidiary acquires an ownership interest.

NOW THEREFORE, it is mutually agreed, as follows:

1. Incorporation of Recitals. The Recitals shall be deemed to be an integral part of this Agreement.

2. Indemnification.

2.1 Indemnitor hereby indemnifies Indemnitee and undertakes to hold it harmless from the Tax Differential and shall reimburse Indemnitee within forty-five (45) days after receipt from Indemnitee of a written notice identifying the amount of the Tax Differential and reasonable supporting documentation ("Indemnitee's Request").

2.2 Indemnitor shall notify Indemnitee in writing within thirty (30) days after receipt of Indemnitee's Request of any objections to the Indemnitee's Request (the "Objection Notice"). If Indemnitor delivers an Objection Notice within the thirty (30) day period, Indemnitor shall have the right to extend the forty-five (45) day period for payment for an additional period of forty-five (45) days (resulting in payment being required within ninety (90) days after the date of Indemnitee's Request) to permit the Indemnitor to evaluate the cause for the Tax Differential with the appropriate officials of Anne Arundel County.

2.3 If Indemnitor determines, in conjunction with Anne Arundel County, that the Tax Differential claimed by the Indemnitor was not computed accurately, Indemnitor shall notify the Indemnitee in writing on or before that day which is sixty (60) days after the date of Indemnitee's Request of the accurate amount of the Tax Differential, if any, together with reasonable supporting documentation which is either prepared by Anne Arundel County or obtained from its records.

2.4 Any claims made by Indemnitee under the terms of this Agreement shall be made within three (3) years after the date of that the Tax Differential is assessed or levied.

3. Term. The term of this Agreement shall be from the date hereof to that date which is twenty (20) calendar years after the date hereof ("Term"). Indemnitee shall have no further rights to deliver an Indemnitee's Request after the expiration of the Term.

4. Binding Nature. This Agreement and all duties and rights hereunder shall run with the land and shall be binding on Indemnitor's successors and assigns and shall inure to the benefit of Indemnitee's successors and assigns.

5. Miscellaneous.

(a) Notices. Any notice required by the terms hereof shall be given in writing at the address set forth below by any of the following means: (a) personal service, (b) electronic communication, whether by facsimile, telex, telegram or telecopy, (c) registered or certified United State mail, postage prepaid, return receipt requested, or (d) by nationally recognized overnight delivery service, as follows:

CPI: Constellation Properties, Inc.
8815 Centre Park Drive, Suite 100
Columbia, Maryland 21045
Attn: President

With a copy to: Constellation Properties, Inc.
250 West Pratt Street, 24th Floor
Baltimore, Maryland 21201
Attn: General Counsel

COPLP: Corporate Office Properties, L.P.
8815 Centre Park Drive, Suite 400
Columbia, Maryland 21045
Attn: General Counsel

With a copy to: Corporate Office Properties L.P.
Corporate Office Properties Trust
401 City Avenue, Suite 615
Bala Cynwyd, PA 19004-1126
Attention: Clay W. Hamlin, III
President and Chief Executive Officer

Such address(es) may be changed by either party by notice to the other in the manner provided above. Any notice sent (i) pursuant to subsection (a) shall be deemed received upon personal service, (ii) pursuant to subsection (b) shall be deemed received upon dispatch by electronic means, (iii) pursuant to subsection (c) shall be deemed received three (3) days following deposit in the United States mail, and (iv) pursuant to subsection (d) shall be deemed received one (1) business day after delivery to the nationally recognized overnight delivery service.

(b) Applicable Law. The formation of this Agreement and the respective rights and obligations of the parties under this Agreement shall be construed in accordance with the laws of the State of Maryland.

(c) Captions. The captions of the Agreement are for convenience purposes only and shall have no effect on its construction or interpretation.

(d) Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

(e) Entire Agreement.This Agreement, together with any exhibits attached hereto, represents the entire agreement between Owner and Manager and all prior agreements and negotiations have been merged herein. This Agreement may not be changed or terminated orally.

(f) Severability. Each provision of this Agreement is intended to be severable. If any term or provision of this Agreement shall be determined by a court of competent jurisdiction to be illegal or invalid for any reason whatsoever, that provision shall be severed from this Agreement and shall not affect the validity of the remainder of this Agreement.

(g) Attorney's Fees. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, costs and necessary disbursements in addition to any other relief to which such may be entitled.

IN WITNESS WHEREOF, the parties have executed this Agreement to be

effective on the day and year first set forth above.

ATTEST: CONSTELLATION PROPERTIES, INC.

By:
- ---------- ----------
Dan R. Skowronski, Secretary

ATTEST: CORPORATE OFFICE PROPERTIES L.P.

By: Corporate Office Properties Trust,
its sole general partner

By:
- ---------- ----------
Clay W. Hamlin, III
President and Chief Executive
Officer

STATE OF ---------- COUNTY OF ----------,TO WIT:

I HEREBY CERTIFY, that on this --- day of ----------, 1998, before me, undersigned Notary Public of said State, personally appeared , who acknowledged himself to be the
- ---------- ----------
of Constellation Properties, Inc., a Maryland corporation, known to me or satisfactorily proven to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same for the purposes therein contained as the duly authorized ---------- of said corporation by signing the name of the corporation himself as ----------.

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

Notary Public

My commission expires:

STATE OF ---------- COUNTY OF ----------,TO WIT:

I HEREBY CERTIFY, that on this ---- day of ----------, 1998, before me, undersigned Notary Public of said State, personally appeared CLAY W. HAMLIN, III, known to me or satisfactorily proven to be the person whose name is subscribed to the within instrument, who acknowledged himself to be the President and Chief Executive Officer of Corporate Office Proerties Trust, general partner of Corporate Office Properties L.P., a limited partnership and acknowledged that he executed the same for the purposes therein contained as the duly authorized President and Chief Executive Officer of said general partner of said limited partnership by signing the name of the corporation by himself as President and Chief Executive Officer.

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

Notary Public

My commission expires:

ATTORNEY CERTIFICATION

THE UNDERSIGNED, an attorney admitted to practice before the Court of Appeals of Maryland, hereby certifies that the above instrument was prepared by me or under my supervision.

John Harris Gurley, Attorney-at-Law

EXHIBIT "INTEREST CHANGES"

<TABLE>
<CAPTION>

	Type of Interest	Original %	Closing %
<S>	<C>	<C>	<C>
PARTNERSHIPS			
Brown's Wharf Limited Partnership			
Constellation Properties, Inc.	GP	0.4	0.4
	LP	39.6	98.6
CPI Brown's Wharf, Inc.	GP	0.6	0.6
	LP	59.4	0.4
NBP-II Limited Partnership			
Constellation Properties, Inc.	GP	2.0	2.0
	LP	2.94	78.0
CPI National Business Park II, Inc.	GP	0.0	0.0
	LP	95.06	20.0
LIMITED LIABILITY COMPANIES			
Tred Lightly Limited Liability Company			
Constellation Properties, Inc.	Member	0.0	75.0
CPI Tred Avon, Inc.	Member	75.0	0.0
TA Associates Limited Partnership	Member	25.0	25.0

</TABLE>

EXHIBIT "PROJECT CONSULTING AND MANAGEMENT AGREEMENT"

PROJECT CONSULTING AND MANAGEMENT AGREEMENT

THIS PROJECT CONSULTING AND MANAGEMENT AGREEMENT (hereinafter the "Agreement") is made as of the _____ day of _____, 1998, by and between CONSTELLATION PROPERTIES, INC. (hereinafter "Owner"), and CORPORATE OFFICE MANAGEMENT, INC., a Maryland Corporation (hereinafter "Manager").

W I T N E S S E T H:

WHEREAS, Owner through its various subsidiaries and affiliates is the owner of a portfolio of properties and projects (both vacant land and buildings in construction) located in the Central Maryland area (hereinafter the "Properties"), the exact locations and designations of the Properties being known by the parties hereto;

WHEREAS, Owner is managing its ownership of the Properties, including the planning and development of the Properties for residential, commercial and industrial uses; and

WHEREAS, Owner and Manager acknowledge and agree that the following projects are included, among others, within the Properties and are currently in various stages of development by the Owner through the specified subsidiaries and affiliates: (i) NBP IV, LLC is the owner of an office building known as 135 National Business Parkway which project is nearing completion; needing only certain interior, elevator and exterior landscaping work to be completed; (ii) Constellation Gatespring, LLC is the owner of an office building project known as Woodlands One which project is nearing completion; (iii) Piney Orchard Village Center, LLC is the owner of a retail strip project known as Piney Orchard Village Center which project is under construction with completion scheduled for completion December 31, 1998; and (iv) Constellation Springfield, LLC is the owner of 60% LLC interest in another entity (Fran-Spring TSA, LLC) which is the owner of a retail shopping center in Springfield, Virginia, which project is under construction with completion scheduled for December 31, 1998 (the foregoing items (i) through (iv) collectively referred to herein as the "Under Development Projects").

WHEREAS, Owner desires to employ Manager to provide ongoing planning, management and consulting services with respect to the management of Owner's

Properties, including management of the completion of development of the Under Development Projects;

WHEREAS, Owner desires to employ Manager as set forth herein and Manager is willing to manage same in accordance with the terms set forth herein.

NOW, THEREFORE, in consideration of the sums of money to be paid by Owner to Manager, and in further consideration of the mutual covenants contained herein, the parties hereto agree as follows:

1. Recitals. Each party represents to the other that the recitals set forth above contain no material misrepresentation of fact.

2. Employment of Manager. Owner hereby retains Manager, and Manager hereby agrees, to provide to Owner consulting services and general management and administration services with respect to the Properties and to initiate, and thereafter, to diligently coordinate, supervise and pursue all steps necessary to implement development plans for the various Properties upon such schedules as are reasonably approved from time to time by Owner, upon the terms and conditions, and for the term and compensation hereinafter set forth.

3. Term. The term of this Agreement, and of the employment of Manager by Owner pursuant hereto, shall be for the period commencing as of the date hereof and ending on the date that is the last day of the month that is eighteen (18) months after the date of this Agreement ("Term").

4. Services. Subject to the direction and control of Owner, the consulting, development, management and administrative services to be rendered by Manager shall, when appropriate, include, but not be limited to, each of the following services:

(a) Preliminary site analysis and project planning.

(b) Coordinate and manage the process of securing preliminary approval of the land use plans and the preliminary engineering criteria.

(c) Assist Owner in retaining appropriate consultants related to the various Properties including, but not limited to, landscape architect, civil engineer, architect, traffic consultant, soil engineer, attorney, accountant, marketing consultant, appraiser and surveyor and thereafter, act as Owner's representative's contact with such consultants regarding the development of the Properties.

(d) Act as Owner's representative and liaison with community and other civic groups in connection with the development of the Properties.

(e) Assist in the preparation of cost line budgets and cash flow projections for the development of the Properties.

(f) Prepare and monitor compliance with development schedules approved by Owner.

(g) Coordinate the securing of all appropriate and necessary governmental approvals relating to the development plans for the Properties.

(h) Consult with respect to the management of the Properties which are not in development at any one time.

(i) Consult with engineers, lenders and attorneys the securing of all permits and the posting of all security required for the development of the Properties.

(j) Consult with respect to the issuance of all construction bid documents, provide analysis of bids and recommendations on awards of contracts, and assist in the issuance of contracts for all construction work.

(k) Assist in the coordination of construction activities relating to the Project by visiting the site during critical phases of construction and by meeting with County officials, inspectors, contractors, subcontractors and construction supervisors.

(l) Coordinate land development documentation with marketing programs including, but not limited to, the preparation of any homeowner's association documents, cross-easements, declarations of covenants and restrictions and deeds to governmental bodies for roads, recreation spaces and open spaces.

(m) Advise on the status of all construction/building permits and the release of all security posted in connection with the development of the Properties.

(n) Provide advice on the overall marketing and publicity program for the Properties including advertising, signage, promotional brochures and model homes parks.

(o) Meet regularly with designated representatives of Owner and furnish summary reports on at least a monthly basis reflecting the status of overall development.

With regard to the above enumerated services to be performed by Manager hereunder it is agreed that the parties will regularly consult and mutually and reasonably agree upon the scope, timing, order of importance and overall direction of the services.

Notwithstanding anything herein to the contrary, with respect to the Under Development Projects, Manager shall provide all those management services reasonably required by Owner (or Owner's subsidiary or affiliate which holds title to each of the Under Development Projects) in connection with bringing each of the Under Development Projects to completion as evidenced by the obtaining for each Under Development Project of a certificate of use and occupancy or similar governmental permit. The work of Manager shall generally be described as the performance of all those managerial and oversight functions reasonably required so as to bring each Under Development Project to physical completion on a timely basis and in line with budgeted costs.

5. Costs and Expenses. Owner shall pay, and Manager shall have no responsibility whatsoever for, the payment of any independent costs or out-of-pocket expenses incurred in connection with the work to be performed by it hereunder. Manager shall be responsible only for its own overhead expenses incurred in the performance of its obligations under this Agreement. Manager shall not authorize or incur outside costs in excess of $5,000 for

any one item or service without the prior written approval of Owner. Notwithstanding anything herein to the contrary, with regard to the Under Development Projects, in performing its management services hereunder Manager shall use its good faith, commercially reasonable efforts to consult with Owner to save costs and to bring each Under Development Project to completion at a cost within prior approved budgeted sums. Under no circumstances shall Manager authorize or permit additional costs above budget or changes to any Under Development Project that would increase costs without same being approved in advance and in writing by the Owner of the particular Under Development Project.

6. Owner's Responsibility. Owner shall:

(a) Reimburse Manager for all independent costs and out-of-pocket expenses properly incurred and approved (if required) by Owner in accordance with the terms hereof.

(b) Pay to Manager for its services as rendered hereunder the total sum of $2,000,000. This sum shall be paid as follows on a monthly basis:

(i) $250,000 per month from the date hereof through the last day of the third (3rd) calendar month after the date hereof;

(ii) $150,000 per month from the first day of the fourth (4th) calendar month after the date hereof through the last day of the sixth (6th) calendar month after the date hereof;

(iii) $100,000 per month from the first day of the seventh (7th) calendar month after the date hereof through the last day of the tenth (10th) calendar month after the date hereof;

(iv) $50,000 per month from the first day of the eleventh (11th) calendar month after the date hereof through the last day of the eighteenth (18th) calendar month after the date hereof.

(c) Indemnify and hold Manager and all of its officers, agents, servants and employees, harmless from and against any claims, actions, damages, losses and expenses (including attorney's fees) of any kind whatsoever arising out of or in connection with the work and services performed by Manager hereunder, except Owner shall not be liable under this clause if said liability shall arise by reason of the gross negligence or intentional misconduct of Manager. Owner agrees that it will have Manager added as a named insured on the public liability policies acquired by the various owners of the Properties.

(d) Cooperate with Manager in expediting the performance of its work hereunder. Owner shall cooperate with Manager by (i) providing information, (ii) providing funds required pursuant to invoices from and contract with providers

of services and suppliers of materials with respect to the various Properties, (iii) rendering decisions on matters affecting the

development of the various Properties, all within the timeframes and in the form reasonably recommended by Manager.

7. Limitation on Manager's Responsibility. It is expressly understood and agreed between the parties hereto, that notwithstanding anything to the contrary in this Agreement, (i) Manager does not warrant, or guarantee the performance of any professional or contractor employed in connection with the Properties or warrant or guarantee the performance of under any construction contracts relating to the Properties. Moreover the consulting development, management and administrative services rendered by Manager hereunder will involve recommendations as to how the various Properties might be developed and estimates made by Manager as part of its development management services, and the assumptions upon which they are based, represent Manager's judgment based upon available information as of the date of preparation. No such recommendation, estimate or assumption is intended to constitute a warranty, guarantee or promise by Manager that the stated objectives can be achieved in the manner described. Manager shall not be liable to Owner if any of Owner's objectives with respect to the Properties are not achieved either in whole or in part or in a timely manner or otherwise.

8. Default. If either party to this Agreement defaults in the performance of its obligations under this Agreement after notice and opportunity to cure set forth below in Section 8, the non-defaulting party shall have all rights and remedies available to it at law or in equity on account of such default, provided, however, that Owner shall not have the right to seek the remedy of termination of this Agreement unless and until Manager has been given the notice and opportunity to cure set forth below in this Section 8, and thereafter, a court of competent jurisdiction has rendered a final, non-appealable decision holding that the Manager has committed a material breach of this Agreement. Anything contained in this Agreement to the contrary notwithstanding, any act or omission which would otherwise be a default under this Agreement by either party shall not be a default unless the non-defaulting party shall have given the defaulting party notice of such alleged default, and the defaulting party shall have failed to cure such alleged default within thirty (30) days after such notice, or if the alleged default is one which cannot with due diligence be cured within thirty (30) days, the defaulting party shall have failed to commence curing such default within such thirty (30) day period.

9. Notices. All notices required or provided for in this Agreement, if hand delivered shall be deemed to have been given and received on the date hand delivered to the party receiving same. If the United States mails are used, notices shall be sent certified or registered mail, return receipt requested, postage prepaid, and shall be deemed to have been given and received on the second (2nd) business day from the date deposited in the United States mails addressed as follows:

If to Owner:

Constellation Properties, Inc.
Attention: Mr. Steven S. Koren
8815 Centre Park Drive - Suite 100
Columbia, MD 21045

and

Dan R. Skowronski, Esquire
Constellation Holdings, Inc.
250 W. Pratt Street
23rd Floor
Baltimore, MD 21201

If to Manager:

Corporate Office Management, Inc.
Attention: Mr. Dan R. Skowronski
8815 Centre Park Drive - Suite 400
Columbia, MD 21045

and

Mr. Clay W. Hamlin, III
Corporate Office Properties Trust
401 City Avenue. Suite 615

Bala Cynwyd, PA 19004

Each party shall have the right to designate a different address, provided the party's new address is contained in a written notice to the other party.

10. Miscellaneous.

(a) This Agreement contains the final understanding of the terms and provisions between the parties and supersedes any prior agreement among the parties.

(b) This Agreement shall be interpreted under the laws of the State of Maryland.

(c) If any provision of this Agreement is found to be unenforceable or void, the remaining provisions of this Agreement shall be enforceable between the parties.

(d) This Agreement may not be assigned by either party hereto without the consent of the other party, which shall not be unreasonably withheld or delayed, except that either party may assign to a subsidiary or affiliate of it without the prior written consent of the other party.

(e) Nothing in the provisions of this Agreement shall be deemed in any way to create between the parties hereto any relationship of partnership, joint venture or association, and the parties hereto hereby disclaim the existence thereof.

(f) Each party hereto warrants and represents that the person who has signed this Agreement on its behalf is duly authorized to so sign, and this Agreement is the legal, valid and binding agreement of such party, enforceable against such party, in accordance with its terms.

(g) Manager agrees that it will not disclose confidential information furnished to it by Owner as a consequence of its employment under this Agreement.

IN WITNESS WHEREOF, the parties hereto sign and seal this Agreement on the day and year first above written.

WITNESS CONSTELLATION PROPERTIES, INC.

By: (SEAL)
- ---------- ----------

CORPORATE OFFICE MANAGEMENT, INC.

By: (SEAL)
- ---------- ----------

EXHIBIT "OPTION PROJECTS"

All documents listed below are attached.

1. National Business Park
   5 Year Option and Right of First Refusal

2. Brown's Wharf adjacent land - Right of First Refusal

3. Constellation Centre Unit 2 and 7 - Right of First Refusal

Exhibit 2.5

FIRST AMENDMENT
TO
AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT
OF
CORPORATE OFFICE PROPERTIES, L.P.

THIS AMENDMENT (the "Amendment") to the Amended and Restated Limited Partnership Agreement of Corporate Office Properties, L.P., a Delaware limited partnership (the "Partnership") is made and entered into as of September 28, 1998, by and among the undersigned parties.

Recitals

A. The Partnership is a limited partnership organized under the Delaware Revised Uniform Limited Partnership Act (the "Act") and governed by that certain Amended and Restated Limited Partnership Agreement dated as of March 16, 1998 (the "Partnership Agreement").

B. The sole general partner of the Partnership is Corporate Office Properties Trust, a real estate investment trust formed under the laws of the State of Maryland (the "General Partner").

C. The General Partner and the Partnership have entered into that certain Contribution Agreement and Service Company Asset Contribution Agreement (the "Constellation Agreements") with Constellation Real Estate Group, Inc. ("CREG") and certain partnerships and other entities affiliated with CREG (collectively, "Constellation"), pursuant to which Constellation will contribute certain real property, partnership and membership interests in certain entities which hold real property or mortgages secured by real property and certain other assets (the "Constellation Assets") to or for the benefit of the General Partner, subject to certain liabilities, in exchange for the issuance by the General Partner of approximately 6,928,000 Common Shares of Beneficial Interest in the General Partner ("REIT Shares") and approximately 969,900 Series A Convertible Preferred Shares of Beneficial Interest in the General Partner ("Series A Preferred REIT Shares").

D. As required under Sections 4.2(B) and (C) of the Partnership Agreement, the General Partner intends to transfer the Constellation Assets (or cause them to be transferred) to or for the benefit of the Partnership in exchange for additional Partnership Interests in the Partnership having designations, rights and preferences substantially similar to the economic rights of the holders of the REIT Shares and Series A Preferred REIT Shares issued by the General Partner in exchange for the Constellation Assets.

E. The parties desire to amend the Partnership Agreement to provide for the contribution of the Constellation Assets by the General Partner to the Partnership in exchange for additional Partnership Interests in the Partnership in accordance with

Section 4.2(B) of the Partnership Agreement, and for such other matters as set forth below. Unless otherwise defined herein, all capitalized terms used in this Amendment shall have the same meanings as set forth in the Partnership Agreement.

NOW THEREFORE, in consideration of the foregoing and of the mutual premises set forth herein, the parties hereto, intending to be legally bound hereby, hereby amend the Partnership Agreement as follows, effective as of the date set forth above:

1. The foregoing recitals to this Amendment are hereby incorporated in and made a part of this Amendment.

2. Section 1.1 of the Partnership Agreement is amended by amending and restating the terms "Partnership Unit," "Preferred Limited Partner," "Preferred Unit" and "Priority Return Amount" in their entirety and by adding the following additional defined terms:

> "Initial Limited Partners: Those Persons initially admitted to the Partnership as Limited Partners in connection with the contribution of property to the Partnership in accordance with the Formation Agreement and the other Contribution Agreements.
>
> Initial Preferred Unit: One of the Preferred Units previously issued or to be issued after the date hereof to the Initial Limited Partners of the Partnership in connection with the contribution of the Contributed Property in accordance with the Contribution Agreements, and any other Preferred Unit issued after the date hereof with the same rights and

preferences.

Partnership Unit: A fractional, undivided share of the Partnership Interests (other than Partnership Interests represented by Preferred Units) of all the Partners heretofore or hereafter admitted to the Partnership pursuant to Section 4.1 or 4.2 hereof.

Preferred Limited Partner: Those Persons listed as such on Exhibit 1 attached hereto and made a part hereof, as such Exhibit 1 may be amended from time to time, in their capacity as limited partners in the Partnership holding Preferred Units, including any Person who becomes a Substituted Preferred Limited Partner or an Additional Preferred Limited Partner in accordance with the terms of this Agreement and including the General Partner, but only in its capacity as the holder of Preferred Units.

Preferred Unit: A portion of the Partnership Interest held by a Limited Partner or the General Partner that represents a unit of preferred interest in the Partnership, including an Initial Preferred Unit, a Series A Preferred Unit and a unit of any other class or series of preferred interest in the

Partnership that may be issued to a Partner in the future in accordance with Section 4.2(A) or (B).

Priority Return Amount: For each Distribution Period, an amount equal to (i) for each Partner holding Initial Preferred Units, 1.625% times the number of Initial Preferred Units held by such Partner times $25.00, (ii) for each Partner holding Series A Preferred Units, 1.375% times the number of Series A Preferred Units held by such Partner times $25.00 and (iii) for each Partner holding a class of Preferred Units issued after the date hereof, such amount as determined by the General Partner in accordance with Section 4.2(A) or (B), whichever is applicable. For all purposes of this Agreement, the holders of Initial Preferred Units, the Series A Preferred Units and any future classes or series of Preferred Units shall be entitled to allocations and distributions with respect to Priority Return Amounts on a pari passu basis. In the case of any Preferred Units issued during a Distribution Period, the Priority Return Amount attributable to such Preferred Units for such Distribution Period shall be pro rated to reflect the portion of such Distribution Period during which such Preferred Units were outstanding.

Series A Preferred Unit: One of the Preferred Units to be issued to the General Partner in connection with the contribution of the Constellation Assets to the Partnership by the General Partner, and any other Preferred Unit issued after the date hereof with the same rights and preferences."

3. (a) Upon acquisition of the Constellation Assets from Constellation under the Constellation Agreements, the General Partner shall contribute the Constellation Assets to the Partnership, provided that certain Constellation Assets may, at the direction of the General Partner, be conveyed directly to the Partnership or to one or more limited liability companies owned and controlled by the Partnership. The Constellation Assets shall be accepted subject to existing liabilities, as the same may be modified by the General Partner and/or the Partnership.

(b) Upon the contribution of the Constellation Assets to the Partnership by the General Partner, and in accordance with Section 4.2(B) of the Partnership Agreement, the Partnership shall issue to the General Partner (i) a number of Partnership Units equal to the number of REIT Shares issued by the General Partner to Constellation under the Constellation Agreements and (ii) a number of Series A Preferred Units equal to the number of Series A Preferred REIT Shares issued by the General Partner to Constellation under the Constellation Agreements.

(c) For purposes of the Partnership Agreement, including the maintenance of Capital Accounts, the General Partner shall be treated as making a Capital Contribution equal the sum of (i) $10.50 times the number of Partnership Units issued to the General Partner, plus (ii) $25.00 times the number of Series A Preferred Units issued

to the General Partner. For purposes of the Partnership Agreement, the initial Agreed Value of the Constellation Assets shall equal the sum of the foregoing Capital Contribution made by the General Partner plus the aggregate amount of liabilities assumed by the Partnership in connection with such contribution or to which the Constellation Assets are subject.

(d) The General Partner shall amend Exhibit 1 to the Partnership Agreement to reflect the issuance of additional Partnership Units and Series A Preferred Units to the General Partner, and shall also amend Exhibit 1 to reflect the different classes of Preferred Stock held by the respective Partners.

4. (a) That portion of the Constellation Assets acquired by the General Partner from Constellation under that certain Service Company Asset Contribution Agreement (the "Service Assets") shall, immediately following their contribution to the Partnership by the General Partner, be contributed by the Partnership to Corporate Office Management, Inc., a Maryland corporation ("COMI"), in exchange for cash of $24,750 (or such other amount as determined by the General Partner), one or more promissory notes in the aggregate principal amount of $2,005,000, 10 shares of Class A Voting Stock of COMI and 18,800 shares of Class B Non-Voting Common Stock of COMI.

(b) The Constellation Assets other than the Service Assets may be held directly by the Partnership, or through such partnerships, limited liability companies or other entities owned and controlled by the Partnership as the General Partner may determine.

5. Section 5.2(C) of the Partnership Agreement is amended to add the following paragraph thereto:

> "(9) In the event that during any taxable year any Preferred Units are converted, pursuant to Section 9.8(A), into Partnership Units prior to a distribution having been made under Section 5.3(A) of an unpaid Priority Return Amount with respect to such Preferred Units, there shall be allocated to the Partner who held such converted Preferred Units items of loss and deduction in an amount equal to the excess of (a) allocations previously made with respect to such converted Preferred Units pursuant to Section 5.2(A)(5) over (b) the Priority Return Amount previously distributed or remaining to distributed with respect to such converted Preferred Units pursuant to Sections 5.3(A), 9.8(A) and 9.8(B)."

6. Section 5.3(A)(2) of the Partnership Agreement is amended and restated to read as follows:

> "(2) Second, there shall be distributed with respect to each Partnership Unit an amount equal on a per Unit basis to the amount distributed (other than in REIT Shares) by the General Partner on its common shares during

> the Fiscal Year (other than a liquidating distribution), except that (i) the first distribution paid to a Limited Partner with respect to newly issued Partnership Units shall be pro rated to reflect the actual portion of the Distribution Period for which the distribution is being paid during which such Partnership Units were outstanding, and (ii) the first distribution made to the General Partner with respect to Partnership Units newly issued to the General Partner pursuant to Section 4.2(B) hereof shall be pro rated to the same extent (if any) by which the first dividends payable on the REIT Shares newly issued by the General Partner are subject to proration. To the extent practicable, distributions under this paragraph shall be made at the same time as the dividend distributions made by the General Partner on its REIT Shares."

7. Section 9.8(A) of the Partnership Agreement is amended and restated to read as follows:

> "(A) (1) Each Limited Partner holding Preferred Shares shall have the right, at any time or from time to time, to convert on or after October 1, 1999 some or all of its Preferred Units into Partnership Units, effective upon January 1, April 1, July 1 or October 1 of any year, by providing the General Partner with a Conversion Notice not less than 30 days prior to the effective date of such conversion. Upon the effective date of any such conversion, the Preferred Units which are the subject of such conversion shall be converted, without necessity of any further action by the General Partner, into that number of Partnership Units the Limited Partner is entitled to receive on such conversion plus an amount of cash

equal to the accrued Priority Return Amount in respect of such Preferred Units.

(2) In the case of Initial Preferred Units, each Initial Preferred Unit may be converted into Partnership Units on the basis of 3.5714 Partnership Units for each Initial Preferred Unit being converted.

(3) Other classes of Preferred Units, if any, issued to Limited Partners after the date hereof shall be convertible into Partnership Units on such terms as may be agreed by the Partnership and the holder of such Preferred Units, and the right to convert such Preferred Units shall be subject to such further restrictions and limitations as may be agreed upon.

(4) At such time as any Series A Preferred REIT Shares issued by the General Partner are converted into REIT Shares by the holder thereof, an equal number of Series A Preferred Units held by the General Partner shall automatically be converted into a number of Partnership Units equal to the number of REIT Shares issued by the General Partner upon the conversion of such Series A Preferred REIT Shares.

(5) In any case in which the conversion into Partnership Units under this Section 9.8(A) would result in the issuance of a fractional Partnership Unit, the General Partner shall pay the converting Partner cash in lieu of issuance of a fractional Partnership Unit, with the value of such fractional interest being determined by reference to the Unit Value applicable on the date of conversion.

8. Section 9.8(B) of the Partnership Agreement is amended to add the following sentence at the end thereof:

"Notwithstanding anything to the contrary in this Section 9.8(B) or Section 5.3(A)(1) hereof, in any case in which there is an unpaid Priority Return Amount with respect to a Series A Preferred Unit that is converted pursuant to Section 9.3(A) hereof, the converting Partner shall be entitled to distributions (and allocations) under Article V and Section 10.2 of this Agreement to the same extent and in the same amount as the holder of the Series A Preferred REIT Shares with respect to which such Series A Preferred Units are being converted is entitled to receive dividends from the General Partner upon the conversion of such Series A Preferred REIT Shares."

9. Clause (iii) of Section 11.1(B) of the Partnership Agreement, relating to amendments that may be made to the Partnership Agreement without the consent of any Limited Partner, shall be amended and restated as follows:

"(iii) reflect the admission, substitution, termination or withdrawal of Partners in accordance with this Agreement (including the issuance of Partnership Units and Preferred Units to a Partner (including the General Partner) in accordance with the requirements of Section 4.2(A) or (B) hereof, and the designation of the preferences and rights of any such Preferred Units),"

(Remainder of Page Intentionally Left Blank)

10. This Amendment may be executed in several counterparts, which shall be treated as originals for all purposes, and all so executed shall constitute one amendment, and shall be binding and effective when a counterpart of this Amendment has been executed by the General Partner and that number of Limited Partners whose consent is required to this Amendment under Section 11.1 of the Partnership Agreement.

IN WITNESS WHEREOF, this Amendment has been duly executed and delivered by the parties hereto as of the day and year first above written.

GENERAL PARTNER:

CORPORATE OFFICE PROPERTIES TRUST

By:

LIMITED PARTNERS:

SHIDLER EQUITIES, L.P.

By: SHIDLER EQUITIES CORP.

By:

Name:
Title:

- ---
Jay H. Shidler

LBCW LIMITED PARTNERSHIP

By: /s/ Clay W. Hamlin, III

Clay W. Hamlin, III, General Partner

CHLB PARTNERSHIP

By: /s/ Clay W. Hamlin, III

Clay W. Hamlin, III, General Partner

/s/ Clay W. Hamlin, III
- ---
Clay W. Hamlin, III

LGR INVESTMENT FUND, LTD.

By:

Name:

- ---
Robert L. Denton

- ---
John E. de B. Blockey, Trustee of the
John E. de B. Blockey Living Trust
dated 9/12/88

- ---
Henry D. Bullock

- ---
Frederick K. Ito

/s/ James K. Davis
- ---
James K. Davis

/s/ Denise J. Liszewski
- ---

Denise J. Liszewski

- ----------
Samuel Tang

/s/ David P. Hartsfield
- ----------
David P. Hartsfield

/s/ Lawrence J. Taff
- ----------
Lawrence J. Taff

/s/ Kimberly F. Aquino
- ----------
Kimberly F. Aquino

TIGER SOUTH BRUNSWICK, L.L.C.

By:

Name:
Title:

WESTBROOK REAL ESTATE FUND T, L.P.

By: WESTBROOK REAL ESTATE PARTNERS
MANAGEMENT T., L.L.C.

By:

Name:
Title:

WESTBROOK REAL ESTATE CO. INVESTMENT
PARTNERSHIP T., L.P.

By: WESTBROOK REAL ESTATE PARTNERS
MANAGEMENT I, L.L.C.

By:

Name:
Title:

Exhibit 4.1

ARTICLES SUPPLEMENTARY
OF
CORPORATE OFFICE PROPERTIES TRUST
SERIES A CONVERTIBLE PREFERRED SHARES

ARTICLE ONE

CORPORATE OFFICE PROPERTIES TRUST (the "Trust"), pursuant to the provisions of Section 8-203(b) of Title 8 of the Corporations and Associations Article of the Annotated Code of Maryland, as amended (the "Maryland REIT Law"), hereby files these Articles Supplementary classifying its Series A Convertible Preferred Shares of Beneficial Interest of the Trust (the "Articles") prior to the issuance of any shares of Series A Convertible Preferred Shares of Beneficial Interest, such series of unissued shares having been established by a resolution duly adopted by all necessary action on the part of the Trust and the Board of Trustees of the Trust (the "Board of Trustees"), as provided for in the Amended and Restated Declaration of Trust, as amended (the "Declaration of Trust").

ARTICLE TWO

The name of the Trust is Corporate Office Properties Trust.

ARTICLE THREE

Pursuant to the authority conferred upon the Board of Trustees by the Declaration of Trust and Section 8-203(a)(6) of the Maryland REIT Law, the Board of Trustees adopted a resolution establishing the Series A Convertible Preferred Shares of Beneficial Interest of the Trust and designating the series and fixing and determining the preferences, limitations, and relative rights thereof, as set forth in the true and correct copy of the resolution attached hereto as Exhibit A (the "Designating Resolution").

ARTICLE FOUR

The Designating Resolution was adopted effective as of September 28, 1998.

ARTICLE FIVE

The Designating Resolution has been duly adopted by all necessary action on the part of the Trust.

IN WITNESS WHEREOF, the undersigned officer has executed these Articles effective as of September 28, 1998.

CORPORATE OFFICE PROPERTIES TRUST

By: _____
Clay W. Hamlin, III
President and Chief Executive Officer

Attest:

- _____
Name: Denise Liszewski
Title: Assistant Secretary

EXHIBIT A

DESIGNATING RESOLUTION
BOARD OF TRUSTEES
CORPORATE OFFICE PROPERTIES TRUST
September 28, 1998

AUTHORIZATION OF SERIES A CONVERTIBLE PREFERRED SHARES
OF BENEFICIAL INTEREST

WHEREAS, the Board of Trustees of Corporate Office Properties Trust (the "Trust") has deemed it to be in the best interest of the Trust and its shareholders for the Trust to establish a series of preferred shares pursuant to the authority granted to the Board of Trustees in the Amended and Restated Declaration of Trust, as amended (the "Declaration of Trust"), of the Trust:

NOW, THEREFORE, BE IT RESOLVED, that, pursuant to the authority vested in the Board of Trustees by the Declaration of Trust, a series of preferred shares is hereby established, and the terms of the same shall be as follows:

Section 1. Number of Shares and Designation. This series of Preferred Shares of Beneficial Interest shall be designated as Series A Convertible Preferred Shares of Beneficial Interest, $.01 par value per share (the "Series A Preferred Shares") and up to 1,025,000 shall be the number of such Preferred Shares of Beneficial Interest constituting such series.

Section 2. Definitions. For purposes of the Series A Preferred Shares, the following terms shall have the meanings indicated:

"Affiliate" shall mean, with respect to a particular Person, any other Person controlling, controlled by or under common control with such particular Person, including any directors and majority-owned entities of that Person and of its other Affiliates.

"Change of Control" shall mean (i) a sale or other transfer of more than 50% of the then outstanding Common Shares to an Unrelated Third Party or its Affiliates, (ii) a merger or consolidation of the Trust with an Unrelated Third Party where the Trust is not the surviving entity, (iii) the sale of all or substantially all of the assets of the Trust or (iv) the voluntary or involuntary liquidation, dissolution and winding up of the Trust.

"Common Shares" shall mean Common Shares of Beneficial Interest, $.01 par value per share, of the Trust or such shares of the Trust's capital shares into

which such Common Shares of Beneficial Interest shall be reclassified.

"Common Share Dilution Price" shall have the meaning set forth in Section 8(c).

"Constellation" shall mean Constellation Real Estate Group, Inc. or any of its Affiliates.

"Conversion Rate" shall mean 1.8748 Common Shares for each Series A Preferred Share, subject to adjustment as provided in paragraph (f) of Section 6 hereof.

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

"Declaration of Trust" shall have the meaning set forth in the Preamble.

"Dilutive Transaction" shall have the meaning set forth in Section 8(c).

"Junior Shares" shall mean the Common Shares and any other class or series of capital shares of the Trust over which the Series A Preferred Shares have preference or priority in the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding up of the Trust.

"Person" shall mean any individual, firm, partnership, corporation or other entity and shall include any successor (by merger or otherwise) of such entity.

"Series A Preferred Shares" shall have the meaning set forth in Section 1 hereof.

"Standstill Period" shall mean the period ending on the earliest of (i) September 28, 2000, (ii) five business days prior to the effective date of any Change of Control or (iii) a date established by resolution of the Board of Trustees.

"Tendered Non-Converted Shares" shall have the meaning set forth in Section 6(a).

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

"Transaction" shall have the meaning set forth in paragraph (d) of Section 6 hereof.

"Transfer Agent" means Norwest Banks (or its Affiliates) or any U.S. bank with aggregate capital, surplus and undivided profits, as shown on its last published report, of at least $30,000,000 as may be designated by the Trustees or their designee as the transfer agent for the Series A Preferred Shares.

"Trust" shall have the meaning set forth in the Preamble.

"Trustees" shall mean the Trustees of the Trust or any committee authorized by such Trustees to perform any of its responsibilities with respect to the Series A Preferred Shares.

"Unrelated Third Party" shall mean a Person other than the Trust or any Affiliate of the Trust and other than Constellation.

"45% Ceiling Requirement" shall have the meaning set forth in Section 6(a).

Section 3. Dividends. Except as provided in paragraph (a) of Section 6, the holders of each Series A Preferred Share shall be entitled to receive cumulative dividends and distributions payable from the date of issuance of such Series A Preferred Stock quarterly and in preference and priority to the dividends and distributions payable on each Junior Share, when, as and if declared by the Board of Trustees of the Trust out of funds legally available therefor, at the annual rate of $1.375 per share. Cumulative dividends will accrue whether or not there are profits, surplus or other funds of the Trust legally available for payment of dividends. The record and payment dates for the Common Shares, if any, shall be the same as the record and

payment dates for the Series A Preferred Shares. If such cumulative dividends in respect of any prior or current quarterly dividend period shall not have been declared and paid or if there shall not have been a sum sufficient for the payment thereof set apart, the deficiency shall first be fully paid before (i) any dividend or other distribution (other than dividends payable in Common Shares) shall be paid or declared and set apart with respect to the Junior Shares or (ii) any Junior Shares shall be repurchased or redeemed by the Trust. Dividends shall be payable pro rata for partial quarterly periods. In the event that any Series A Preferred Share is converted into Common Shares pursuant to Section 6 below, holders of Series A Preferred Shares whose conversion is deemed effective before the close of business on a dividend payment record date will not be entitled to receive any portion of the dividend payable on such Series A Preferred Shares on the corresponding dividend payment date for the current quarter to which that record date pertains but will, however, be entitled to receive the entire dividend for such quarterly period payable, if any, on the Common Shares issuable upon conversion provided that any conversion of Series A Preferred Shares becomes effective prior to the close of business on the record date for such dividend payable on such Common Shares. A holder of Series A Preferred Shares on a dividend payment record date who (or whose transferee) tenders such shares for conversion into Common Shares after such dividend payment record date will be entitled to receive the dividend payable on such Series A Preferred Shares on the corresponding dividend payment date. Except as provided above, the Trust will pay at the time of conversion all accrued and unpaid dividends, whether or not declared, on converted Series A Preferred Shares.

Section 4. Liquidation Preference.

(a) In the event of any liquidation, dissolution or winding up of the Trust, whether voluntary or involuntary, before any payment or distribution of the assets of the Trust (whether capital or surplus) shall be made to or set apart for the holders of Junior Shares, the holders of Series A Preferred Shares shall be entitled to receive $25.00 per Series A Preferred Share plus an amount equal to all accrued and unpaid dividends thereon to the date fixed for distribution whether or not declared; but such holders shall not be entitled to any further payment. Until the holders of the Series A Preferred Shares have been paid the liquidation preference in full, no payment will be made to any holder of Junior Shares upon the liquidation, dissolution or winding up of the Trust. If, upon any liquidation, dissolution or winding up of the Trust, the assets of the Trust, or proceeds thereof, distributable among the holders of Series A Preferred Shares shall be insufficient to pay in full the preferential amount aforesaid, then such assets, or the proceeds thereof, shall be distributed among the holders of Series A Preferred Shares ratably in the same proportion as the respective amounts that would be payable on such Series A Preferred Shares if all amounts payable thereon were paid in full. For the purposes of this Section 4, (i) a consolidation or merger of the Trust with one or more corporations or (ii) a statutory share exchange shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Trust. A sale or

transfer of all or substantially all of the Trust's assets shall be deemed to be a liquidation, dissolution or winding up of the Trust.

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

Section 5. Shares To Be Retired. All Series A Preferred Shares which shall have been issued and reacquired in any manner by the Trust shall be restored to the status of authorized, but unissued Preferred Shares, without designation as to series. The Trust may also retire any unissued Series A Preferred Shares, and such shares shall then be restored to the status of authorized but unissued Preferred Shares, without designation as to series.

Section 6. Conversion.

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

(a) Subject to and upon compliance with the provisions of this Section 6, a holder of Series A Preferred Shares shall have the right, at such holder's option, at any time after the end of the Standstill Period to convert such shares, in whole or in part, into the number of fully paid and nonassessable shares of authorized but previously unissued Common Shares obtained by multiplying the Conversion Rate by the number of Series A Preferred Shares to be converted by surrendering such shares to be converted, such surrender to be made in the manner provided in paragraph (b) of this Section 6; provided, however, that no holder of such shares shall convert such shares if such holder and its Affiliates would hold after such conversion 45% or more of the outstanding Common Shares (the "45% Ceiling Requirement"). If such conversion would exceed the 45% Ceiling Requirement, then upon surrendering the Series A Preferred Share certificates pertaining to such excess Common Shares as provided in paragraph (b) of this Section 6, the holder shall continue to be a holder of Series A Preferred Shares (the "Tendered Non-Converted Shares") pertaining to such excess Common Shares except that, in lieu of the dividends otherwise payable on such Tendered Non-Converted Shares (but not in lieu of accrued and unpaid dividends applicable to quarterly periods prior to such delivery) the holder of Tendered Non-Converted Shares shall receive the dividends on the Common Shares into which such Tendered Non-Converted Shares would have been convertible but for the 45% Ceiling Requirement, and such Tendered Non-Converted Shares shall convert thereafter to Common Shares without further action by such holder as of the last day of each calendar quarter to the extent then permitted by the 45% Ceiling Requirement.

(b) In order to exercise the conversion right, the holder of each Series A Preferred Share to be converted shall surrender the certificate representing such shares, duly endorsed or assigned to the Trust or in blank, at the office of the Transfer Agent, accompanied by written notice to the Trust that the holder thereof elects to convert such Series A Preferred Shares. Unless the shares issuable on conversion are to be issued in the same name as the name in which such Series A Preferred Shares are registered, each share surrendered for conversion shall be accompanied by instruments of transfer, in form reasonably satisfactory to the Trust, duly executed by the

holder or such holder's duly authorized attorney and an amount sufficient to pay any transfer or similar tax (or evidence reasonably satisfactory to the Trust demonstrating that such taxes have been paid) as required by paragraph (j) of this Section 6. As promptly as practicable after the surrender of certificates for Series A Preferred Shares as aforesaid, the Trust shall issue and shall deliver at such office to such holder, or send on such holder's written order, a certificate or certificates for the number of full Common Shares issuable upon the conversion of such Series A Preferred Shares in accordance with provisions of this Section 6, and any fractional interest in respect of a Common Share arising upon such conversion shall be settled as provided in paragraph (c) of this Section 6. If all Series A Preferred Shares evidenced by any certificate are not converted, the Trust shall issue and deliver at such office to such holder a certificate for the remaining Series A Preferred Shares not converted. Each conversion shall be deemed to have been effected immediately prior to the close of business on the date on which the certificates for Series A Preferred Shares shall have been surrendered and such notice received by the Trust as aforesaid, and the Person or Persons in whose name or names any certificate or certificates for Common Shares shall be issuable upon such conversion shall be deemed to have become the holder or holders of record of the shares represented thereby at such time on such date unless the share transfer books of the Trust shall be closed on that date, in which event such Person or Persons shall be deemed to have become such holder or holders of record at the close of business on the next succeeding day on which such transfer books are open, provided that such closure of the share transfer books shall not delay the date on which such Person shall become a holder of such shares by more than two business days.

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

(d) If the Trust shall be a party to any transaction (including without limitation

a merger, consolidation, statutory share exchange or reclassification of the Common Shares (each of the foregoing being referred to herein as a "Transaction"), in each case as a result of which Common Shares shall be converted into the right to receive shares, securities or other property (including cash or any combination thereof), each Series A Preferred Share which is not converted into the right to receive shares, securities or other property in connection with such Transaction shall thereupon be convertible into the kind and amount of shares, securities and other property (including cash or any combination thereof) receivable upon such consummation by a holder of that number of Common Shares into which one Series A Preferred Share was convertible immediately prior to such Transaction. The Trust shall not be a party to any Transaction unless the terms of such Transaction are consistent with the provisions of this paragraph (d), and it shall not consent or agree to the occurrence of any Transaction until the Trust has entered into an agreement with the successor or purchasing entity, as the case may be, for the benefit of the holders of the Series A Preferred Shares that will contain provisions enabling the holders of the Series A Preferred Shares that remain outstanding after such Transaction to convert into the consideration received by holders of Common Shares at the Conversion Rate. The provisions of this paragraph (d) shall similarly apply to successive Transactions.

(e) If there shall be any reclassification of the Common Shares or any consolidation or merger to which the Trust is a party and for which approval of any shareholders of the Trust is required, or a statutory share exchange, or the voluntary or involuntary liquidation, dissolution and winding up of the Trust, then the Trust shall cause to be mailed to each holder of Series A Preferred Shares at such holder's address as shown on the records of the Trust, as promptly as possible, but at least 15 days prior to the applicable date hereinafter specified, a notice stating the date on which such reclassification, consolidation, merger, statutory share exchange or liquidation, dissolution and winding up is expected to become effective, and the date as of which it is expected that holders of Common Shares of record shall be entitled to exchange their Common Shares for securities or other property, if any, deliverable upon such event. Failure to give or receive such notice or any defect therein shall not affect the legality or validity of the proceedings described in this Section 6.

(f) (i) In the event the Trust should at any time or from time to time after the date of issuance of the Series A Preferred Shares fix a record date for the effectuation of a split or subdivision of the outstanding Common Shares or the determination of holders of Common Shares entitled to receive a dividend or other distribution payable in additional Common Shares without

payment of any consideration by such holder for the additional Common Shares, then, as of such record date (or the date of such dividend distribution, split or subdivision if no record date is fixed), the Conversion Rate shall be appropriately increased so that the number of Common Shares issuable on conversion of each Series A Preferred Share shall be increased in proportion to such increase of outstanding Common Shares and the Common Shares Dilution Price shall be correspondingly decreased. If the number of Common Shares outstanding at any time after the date of issuance of the Series A Preferred Shares is decreased by a

combination of the then outstanding Common Shares, then, following the record date of such combination (or the date of such combination if no record date is fixed), the Conversion Rate for the Series A Preferred Shares shall be appropriately decreased so that the number of shares of Common Stock issuable on conversion of each Series A Preferred Share shall be decreased in proportion to such decrease in outstanding Common Shares and the Common Share Dilution Price shall be correspondingly increased. Whenever the Conversion Rate and Common Share Dilution Price are adjusted as herein provided, the Trust shall promptly file with the Transfer Agent an officer's certificate setting forth the Conversion Rate and Common Share Dilution Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment which certificate shall be conclusive evidence of the correctness of such adjustment absent manifest error. Promptly after delivery of such certificate, the Trust shall prepare a notice of such adjustment setting forth the adjusted Conversion Rate and Common Share Dilution Price and the effective date such adjustment becomes effective and shall mail such notice of such adjustment to each holder of Series A Preferred Shares at such holder's last address as shown on the share records of the Trust.

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

(g) In any case in which paragraph (f) of this Section 6 provides that an adjustment shall become effective on the day next following the record date for an event, the Trust may defer until the occurrence of such event (A) issuing to the holder of any Series A Preferred Share converted after such record date and before the occurrence of such event the additional Common Shares issuable upon such conversion by reason of the adjustment required by such event over and above the Common Shares issuable upon such conversion before giving effect to such adjustment and (B) paying to such holder any amount of cash in lieu of any fraction pursuant to paragraph (c) of this Section 6; provided, however, that the holder of such Series A Preferred Shares shall be entitled to such additional Common Shares and cash, as applicable, upon such event.

(h) There shall be no adjustment of the Conversion Rate in case of the

issuance of any capital shares of the Trust, including issuance in connection with a reorganization, acquisition or other similar transaction except as specifically set forth in this Section 6. If any action or transaction would require adjustment of the Conversion Rate pursuant to more than one paragraph of this Section 6, only one adjustment shall be made and such adjustment shall be the amount of adjustment that has the highest absolute value to the holder of Series A Preferred Shares.

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

listed at the time of such delivery.

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

Section 7. Additional Parity and Junior Shares. Without vote or consent of the holders of Series A Preferred Shares, the Trust may issue any class or series of capital shares of the Trust with voting rights, if any, as determined by the Trust which may rank:

(a) on a parity with the Series A Preferred Shares, as to the payment of dividends and as to distribution of assets upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share thereof be different from those of the Series A Preferred Shares, if the holders of such class of Shares or series and the Series A Preferred Shares shall be entitled to the receipt of dividends and of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective amounts of accrued and

unpaid dividends per share or liquidation preferences, without preference or priority one over the other;

(b) junior to the Series A Preferred Shares, as to the payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding up, if such Shares or series shall be Common Shares or other Junior Shares; and

(c) prior or senior to the Series A Preferred Shares as to the payment of dividends or distributions of assets upon liquidation, dissolution or winding up; provided, however, that the vote of the holders of Series A Preferred Shares required by paragraph (b) of Section 8 has been obtained, where applicable.

Section 8. Voting.

(a) Except as otherwise provided in paragraphs (b) and (c) of this Section 8, the holders of Series A Preferred Shares shall have no right to vote on any matter to be voted on by the shareholders of the Trust (including, without limitation, any election or removal of a Trustee), and the Series A Preferred Shares shall not be included in the number of shares voting or entitled to vote on such matters.

(b) So long as any Series A Preferred Shares are outstanding, in addition to any other vote or consent of shareholders required by law or by the Declaration of Trust, the affirmative vote of at least 66 2/3% of the votes entitled to be cast by the holders of the Series A Preferred Shares at the time outstanding, acting as a single class, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for (i) an increase in the number of authorized shares of Series A Preferred Shares, (ii) effecting or validating any amendment, alteration or repeal of any of the provisions of these Articles, the Declaration of Trust or the Bylaws of the Trust that adversely affects the voting powers, rights or preferences of the holders of the Series A Preferred Shares or (iii) consummating a Dilutive Transaction (as defined in paragraph (c) below) during the Standstill Period. So long as not less than 100,000 Series A Preferred Shares are outstanding excluding in such calculation the Tendered Non-Converted Shares, the affirmative vote of at least 66 2/3% of the votes entitled to be cast by the holders of the Series A Preferred Shares at the time outstanding (including the Tendered Non-Converted Shares), acting as a single class, given in person or by proxy, either in writing or without a meeting or by vote at any meeting called for the purpose, shall be necessary to create or authorize any class or series of capital shares of the Trust ranking prior or senior to the Series A Preferred Shares (or any class or series of partnership units of Corporate Office Properties, L.P. of which the Trust is the general partner ranking prior or senior to the Series A Preferred Units to be issued to the Trust in connection with the issuance of the Series A Preferred Shares to Constellation) as to the payment of dividends or as to distributions of assets upon liquidation, dissolution or winding up. Notwithstanding the foregoing provisions of this paragraph (b) of Section 8,

any amendment of the provisions of the Declaration of Trust (or the

partnership agreement of Corporate Office Properties, L.P.) so as to authorize or create, or to increase the authorized amount of, any Junior Shares (or units of partnership interest with or without voting rights junior as to the payment of dividends and as to asset distributions to the Series A Units) or any shares of any class with or without voting rights ranking on a parity with the Series A Preferred Shares (or Series A Preferred Units) shall not be deemed to adversely affect the voting powers, rights or preferences of the holders of Series A Preferred Shares (or Series A Preferred Units). For the purpose of this paragraph, the holder of Series A Preferred Shares shall have the right to one vote for each such Series A Preferred Share.

(c) For the purpose of paragraph (b) above, the term "Dilutive Transaction" shall mean any transaction or series of related transactions during the Standstill Period in which the Trust shall issue or sell Common Shares with an aggregate then Current Market Price in excess of $50.0 million with a Common Share price per share less than the Common Share Dilution Price. The term "Common Share Dilution Price" shall mean $9.50 per share, subject to adjustment as provided in paragraph (f) of Section 6. For the purpose of calculating the aggregate Current Market Price of the Common Shares, securities convertible into Common Shares or warrants, rights or options to purchase Common Shares at a price less than the Common Share Dilution Price shall be deemed to have been converted or exercised, as the case may be, into an additional number of Common Shares at the time of the Dilutive Transaction, and the Trust shall be deemed to have issued or sold such additional number of Common Shares at the time of, and in connection with, the Dilutive Transaction.

(d) So long as any Series A Preferred Shares are owned of record and beneficially by Constellation and Constellation also owns of record and beneficially at least 30% of the outstanding Common Shares, Constellation shall be entitled to vote for and elect two members of the Board of Trustees. So long as any Series A Preferred Shares are owned of record and beneficially by Constellation and Constellation also owns of record and beneficially less than 30% but more than 15% of the outstanding Common Shares, Constellation shall be entitled to vote for and elect one member of the Board of Trustees. In determining the percentage of the outstanding Common Shares for the purposes of this paragraph, the Common Shares issuable upon conversion of any Series A Preferred Shares owned by Constellation shall be deemed outstanding. If any member of the Board of Trustees so elected by Constellation shall withdraw or be removed from the Board for any reason, Constellation shall have the right to elect the replacement for such member. Constellation shall have the right to remove a Trustee elected by Constellation for any reason at any time. The term of office of any Trustee elected by Constellation pursuant to this paragraph shall expire on the date that Constellation no longer holds of record and beneficially any Series A Preferred Shares and the percentage of Common Shares required to elect that Trustee as provided in this paragraph. If two Trustees have been elected by Constellation and the term of one Trustee expires by operation of the preceding sentence, the Board of Trustees may

determine which Trustee shall have completed service on the Board absent a determination by Constellation.

(e) If the Trust shall fail at any time or from time to time to pay when due two consecutive quarterly dividend payments on the Series A Preferred Shares, then the holders of the Series A Preferred Shares shall be entitled to elect two additional members to the Board of Trustees of the Trust to serve until all accrued and unpaid dividends on the Preferred Shares have been paid in full.

Section 9. Record Holders. The Trust and the Transfer Agent may deem and treat the record holder of any Series A Preferred Share as the true and lawful owner thereof for all purposes, and neither the Trust nor the Transfer Agent shall be affected by any notice to the contrary.

Ratification and Authorization

RESOLVED, that any and all acts and deeds of any officer or Trustee taken prior to the date hereof on behalf of the Trust with regard to the foregoing resolutions are hereby approved, ratified and confirmed in all respects as and for the acts and deeds of the Trust.

FURTHER RESOLVED, that the officers of the Trust be, and each of them hereby is, severally and without the necessity for joinder of any other Person, authorized, empowered and directed to execute and deliver any and all such further documents and instruments and to do and perform any and all such further acts and deeds that may be necessary or advisable to effectuate and carry out the purposes and intents of the foregoing resolutions, including, but not limited to, the filing of Articles Supplementary pursuant to Maryland REIT Law with the State Department of Assessments and Taxation of Maryland, setting forth the designations, preferences, limitations and rights of Series A Preferred Shares pursuant to Section 8-203(b) of the Maryland REIT Law, all such actions to be performed in such manner, and all such documents and

instruments to be executed and delivered in such form, as the officer performing or executing the same shall approve, the performance or execution thereof by such officer to be conclusive evidence of the approval thereof by such officer and by the Board of Trustees.

Exhibit 10.6

AMENDED AND RESTATED DEED OF TRUST NOTE

THIS AMENDED AND RESTATED DEED OF TRUST NOTE ("this Agreement") is made and entered into as of this 6th day of October, 1995 by and between SECURITY LIFE OF DENVER INSURANCE COMPANY, a Colorado corporation (together with its participants, successors and assigns, "the Lender"), and CRANBERRY- 140 LIMITED PARTNERSHIP, a Maryland limited partnership ("the Borrower").

RECITALS

R-1. The Lender is the holder of that certain note issued by the Borrower to The Bank of Baltimore dated March 11, 1991 ("the Existing Note").

R-2. As the holder of the Existing Note, the Lender is the beneficiary under each of the documents securing the Existing Note (collectively, "the Existing Loan Documents"), including, but not limited to, that certain Deed of Trust and Security Agreement dated March 11, 1991 and recorded among the Land Records of Carroll County, Maryland in Liber 1250 at folios 621 et seq. granted by the Borrower to Larry S. Lindenmeyer and Alan H. Herbst, Trustees ("the Existing Deed of Trust").

R-3. Immediately prior to the endorsement of the Existing Note to the Lender, the Borrower repaid a portion of the principal amount evidenced thereby, so that the total principal amount currently outstanding under the Existing Note is Ten Million and 00/100 Dollars ($10,000,000.00). The parties agree to (i) reduce the amount of the debt evidenced by the Existing Note to reflect such reduced principal amount and (ii) amend and restate entirely all of the terms and provisions of the Existing Note.

NOW, THEREFORE, FOR AND IN CONSIDERATION of the premises herein contained, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto for themselves, their respective successors and assigns, do hereby covenant and agree as follows:

Article I. Indebtedness Evidenced by Note. By the provisions of the Existing Note, the original maximum principal sum of the debt evidenced thereby is Fourteen Million Nine Hundred Thousand and 00/100 Dollars ($14,900,000.00). Immediately prior to the endorsement of the Existing Note to the Lender, the Borrower repaid a portion of the principal amount evidenced thereby, so that the total principal amount currently outstanding under the Existing Note is Ten Million and 00/100 Dollars ($10,000,000.00). From and after the date hereof, the indebtedness evidenced by the Existing Note as reduced, amended and restated by this Agreement shall be in the principal sum of Ten Million and 00/100 Dollars ($10,000,000.00), together with interest thereon as provided herein.

Article II. No Substitution or Novation. Neither this Agreement nor anything contained herein shall be construed as a substitution or novation of the indebtedness evidenced by the Existing Note. The Existing Note shall remain in full force and effect, as hereby reduced, amended and restated.

Article III. No Inconsistencies. The Borrower agrees that as to any inconsistencies between the terms and provisions of this Agreement and the terms and provisions of the Existing Note, the terms and provisions contained herein shall prevail and be controlling.

Article IV. Modified and Restated Text. All of the terms and provisions of the Existing Note are hereby increased, amended and restated in their entirety to read as follows:

MODIFIED AND RESTATED TEXT:

$10,000,000.00 Baltimore, Maryland
October 6, 1995

FOR VALUE RECEIVED, the undersigned, CRANBERRY-140 LIMITED PARTNERSHIP, a Maryland limited partnership ("the Borrower"), hereby promises to pay to the order of SECURITY LIFE OF DENVER INSURANCE COMPANY, a Colorado corporation ("the Lender;" the Lender, its participants and any assignee or other lawful owner of this Amended and Restated Deed of Trust Note being hereinafter called "the Holder"), the principal amount of TEN MILLION AND 00/100 DOLLARS ($10,000,000.00) ("the Principal Sum"), together with interest on the unpaid balance of the Principal Sum at the rate or rates hereinafter set forth.

UPON THE TERMS which are hereinafter set forth:

1. Definitions; rules of construction.

1.1. The following terms, when used in this Note, shall have the definitions provided in this Section 1:

"Business Day" means a day other than a Saturday, Sunday or legal holiday observed as such by the Holder.

"Default Rate" means an annual interest rate equal to the lesser of the Regular Rate plus four percent (4%) per annum, or the maximum interest rate

permitted under the applicable law of the State.

"Indenture" means the Amended and Restated Deed of Trust and Security Agreement of even date (and recorded or intended to be recorded among the land records of Carroll County, Maryland) by and among the Borrower, the Lender and Raymond G. Truitt and Alan W. Adamson, Trustees, covering, inter alia, all of those parcels of real property, situate and lying in Carroll County, Maryland, which are described therein.

"Maturity Date" means the final and absolute due date hereof (whether by exercise of the Holder's rights under subsection 4.2 hereof, acceleration, declaration, extension or otherwise), which, in the absence of such exercise, acceleration, declaration, extension or other cause for the maturity hereof, shall be October 31, 2020.

"Monthly Payment" means an amount equal to Seventy-Three Thousand Eight Hundred Ninety-Nine and 12/100 Dollars ($73,899.12).

"Note" means this Amended and Restated Deed of Trust Note.

"Payment Address" means the office of the Holder or such other place as the Holder may from time to time designate in writing.

"Regular Rate" means an annual interest rate equal to seven and fifty/one hundredths percent (7.50%) per annum.

"State" means the State of Maryland.

1.2. Any capitalized term used herein and not otherwise defined herein, including, but not limited to, "Security Documents," "Event of Default," "Indebtedness," "Condemnation," "Casualty," "Property," "Awards," "Casualty Proceeds," "Rents" and "Tax and Insurance Escrow" shall have the meaning given to those terms in the Indenture.

1.3. The rules of construction set forth in subsection 1.2 of the Indenture are incorporated herein as a part hereof.

2. Interest Rate. Interest shall accrue on the outstanding unpaid balance of the Principal Sum at the Regular Rate, from and after the date hereof through and until the date of repayment in full of the Principal Sum.

3. Payments. This Note shall be payable in the following manner:

(a) Interest only on the unpaid balance of the Principal Sum shall be payable on the first day of the first full calendar month immediately following the date

hereof.

(b) Principal and interest shall be paid on the unpaid balance of the Principal Sum in regular monthly installments, based on a twenty-five (25) year amortization schedule, in the amount of the Monthly Payment, together with one-twelfth (1/12th) of the Assessments and insurance premiums to be deposited in the Tax and Insurance Escrow, beginning on the first day of the second calendar month immediately following the date hereof, and continuing on the first day of each succeeding month until the Maturity Date, at which time all sums due hereunder, whether principal, interest, prepayment premiums, fees or other sums, shall be due and payable in full.

4. Maturity.

4.1. This Note shall mature and the entire unpaid balance of the Principal Sum, and all accrued and unpaid interest thereon shall be due and payable on the scheduled Maturity Date.

4.2. Notwithstanding any provisions of this Note to the contrary, the Holder reserves the right to declare the entire amount of outstanding principal and all unpaid accrued interest thereon to be immediately due and

payable on any one of the following dates (each hereinafter called a "Call Date" and collectively "the Call Dates") (which Call Date shall, upon notice from the Holder in accordance with the terms hereof, thereupon be the Maturity Date hereunder, subject to the Holder's rights of acceleration hereunder):

(i) Ten (10) years from the due date of the first installment of principal and interest;

(ii) every fifth (5th) anniversary thereafter of the date specified in subpart (i) (i.e., following the fifteenth [15th], twentieth [20th] and twenty-fifth [25th] loan years).

Such right shall be exercised by the Holder, in its sole and absolute discretion, by giving written notice to the Borrower at least six (6) months prior to the Call Date on which payment of all principal and interest shall be due and payable in accordance with such notice. The exercise of such right by the Holder shall not relieve the Borrower of its obligation to make scheduled payments hereunder, or to pay any other sums due and owing hereunder, between the date of such notice and the payment date stated in such notice. The exercise of such right by the Holder shall result in the Principal Sum not being fully amortized by the payment of the Monthly Payments hereunder prior to the Maturity Date and the Borrower shall be obligated to make a "balloon payment" on the Maturity Date.

5. Calculation of Interest. Interest shall be calculated on the basis of

a 360-day year factor applied to twelve (12) 30-day months.

6. Manner of Payment. The Borrower shall make all payments of principal of and interest on this Note during regular business hours at the Payment Address, and in coin or currency of the United States of America which at the time of such payment is legal tender for the payment of public and private debts (provided, however, that any payment of principal of or interest on this Note received by the Holder at the Payment Address after twelve o'clock noon, local time at the Payment Address, on any day shall be deemed to have been received by the Holder on the next Business Day thereafter, and shall bear interest accordingly. Any such payment tendered other than in coin or currency shall be accepted by the Holder subject to collection, and interest shall continue to accrue on the unpaid balance of the Principal Sum as if such payment had not been made, until the next Business Day on which, on or before twelve o'clock noon, local time at the Payment Address, funds in coin or currency are, on account of such payment, available to the Holder for its immediate use.

7. Application of Payments. All payments made hereunder shall be applied first to late charges or other sums owing to the Holder, next to accrued interest, and then to principal, or, in such other order or proportion as the Holder, in its sole discretion, may determine.

8. Default Interest Rate; Late Payments.

8.1. If any payment hereunder is not paid within fifteen (15) days after the date when due and payable, such payment shall continue as an obligation of the Borrower, with interest thereon at the Default Rate from the date the payment was due until paid in full. From and after the Maturity Date, the entire unpaid balance of the Principal Sum and all unpaid interest accrued thereon at such maturity shall bear interest at the Default Rate. Interest at the Default Rate shall be payable with the payment of the overdue amount, and otherwise shall be compounded monthly on the first day of each and every calendar month until paid in full.

8.2. In addition, the Borrower shall pay (a) a late charge in an amount equal to four percent (4%) of any Monthly Payment which is not paid within fifteen (15) days after the date when due and payable, and (b) all reasonable and actual costs of enforcement or collection, including reasonable attorneys' fees, if the Holder consults an attorney with respect to enforcement thereof or any other right of the Holder with respect hereto after default or if this Note is referred to an attorney for collection after default. The late charge shall be payable to the Holder as additional interest and not as a penalty.

9. Waivers. The Borrower hereby waives all applicable exemption rights, whether under any state constitution, homestead laws or otherwise, valuation

and appraisement, presentment of this Note for payment, protest and demand, dishonor and notice of protest, demand or dishonor and nonpayment under this

Note, and agrees that, without giving notice to or obtaining the consent of the Borrower or any other person, the Holder may extend the time of payment, release any party liable for any obligation hereunder, release any of the security for this Note, accept other security therefor, and otherwise modify the terms of payment of any or all of the debt evidenced by this Note, with or without having been requested to do so by any other person liable hereon, and such consent shall not alter or diminish the liability of the Borrower or any other person hereunder, except if and to the extent that the Holder may otherwise agree with, respectively, the Borrower or such other person, expressly and in writing; provided, however, that in no event shall any such change increase the obligations of the Borrower hereunder unless and until such change is agreed to in writing by Borrower. THE BORROWER, BY ITS EXECUTION OF THIS NOTE, AND THE HOLDER, BY ITS ACCEPTANCE HEREOF, EACH HEREBY VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT EACH MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS NOTE OR ANY OF THE OTHER SECURITY DOCUMENTS.

10. Prepayment.

10.1. No prepayment of the Principal Sum of this Note shall be allowed prior to the 12th month of the anniversary of the date of this Note. Beginning with the 13th month from the anniversary of the date of this Note, the Principal Sum of this Note may be prepaid in whole but not in part, on any interest payment date herein, provided that: (1) not later than sixty (60) days prior to such prepayment, the Borrower delivers written notice to the Holder that the Borrower intends to prepay this Note in full on the date specified in such notice; and (2) the Borrower pays to the Holder at the time of such prepayment, a sum, which together with the amount prepaid shall be sufficient to invest in a U.S. Treasury obligation for the remaining term of the Loan to produce the same effective yield to maturity as the Loan ("the Prepayment Premium") calculated in accordance with the following provisions of this subsection 10.1. The Prepayment Premium shall be the greater of the following calculations:

(i) The sum of (a) the present value of the scheduled Monthly Payment on the Loan from the date of prepayment to the earlier of the scheduled Maturity Date or the next applicable Call Date, and (b) the present value of the amount of principal and interest due on the earlier of the scheduled Maturity Date or the next applicable Call Date (assuming all scheduled Monthly Payments due prior to the scheduled Maturity Date or the next applicable Call Date were made when due); minus (c) the outstanding balance of the Principal Sum as of the date of prepayment. The present values described in (a) and (b) are computed on a monthly basis as of the date of

prepayment, discounted at a rate equal to (1) the rate of the U.S. Treasury Note closest in maturity to the remaining term of the Loan calculated based on the earlier of the scheduled Maturity Date or the next applicable Call Date (as such rate is reported in the Wall Street Journal on the fifth Business Day preceding the date of prepayment) plus (2) 40 basis points; or

(ii) One percent (1%) of the then outstanding balance of the Principal Sum.

Notwithstanding the foregoing, however, in the event of acceleration of this Note at any time (other than as the result of the Holder's election to accelerate the Maturity Date in accordance with subsection 4.2 above, in which event no Prepayment Premium shall apply) and subsequent involuntary or voluntary prepayment, the Prepayment Premium shall be payable, however, in no event shall it exceed an amount equal to the excess, if any, of (i) interest calculated at the highest applicable rate permitted by applicable law, as construed by courts having jurisdiction thereof, on the balance of the Principal Sum of this Note from time to time outstanding from the date thereof to the date of such acceleration, over (ii) interest theretofore paid and earned on this Note. Any prepaid amounts specified in such notice shall become due and payable at the time provided in such notice. Under no circumstances shall the Prepayment Premium ever be less than zero. The amount of prepayment shall never be less than the full amount of the then outstanding principal and interest of this Note.

10.2. Notwithstanding the provisions of subsection 10.1, if the Borrower is entitled to obtain the Partial Release as defined in Section 11.4(b) of the Indenture, then the Holder agrees to accept the Partial Release Principal Repayment Amount required to be paid thereunder without imposition of the Prepayment Premium.

10.3. Notwithstanding the provisions of subsection 10.1, the Prepayment Premium shall not apply to any prepayment resulting from the application of

Casualty Proceeds or Condemnation Awards under the Indenture to payment of the Principal Sum or any part thereof.

11. Payment of Costs. If, after any Event of Default, the Holder retains an attorney with respect to any enforcement action which the Holder may be entitled to take, including but not limited to, any suit or action is instituted to collect any or all of the Principal Sum, any interest accrued thereon or any other sum falling due under the provisions of this Note, or if this Note is placed in the hands of an attorney for collection, the Borrower hereby agrees to pay all reasonable and actual costs thereby incurred by the Holder, including that of attorneys' fees, all of which shall be added to and become part of the debt evidenced hereby.

12. Security. This Note is given to evidence a loan in the amount of the

Principal Sum made to the Borrower by the Lender (the Borrower's receipt of which from the Lender is hereby acknowledged), and is secured by the Indenture. The Indenture contains a more particular description of the real and personal property, equipment and fixtures covered by the Indenture, provisions for the acceleration of the maturity of this Note upon the occurrence of certain Events of Default enumerated in the Indenture, and provisions setting forth the rights of the Holder in respect of such security, all of which are incorporated in this Note by reference.

13. Acceleration. Upon the occurrence of any Event of Default, the unpaid balance of the Principal Sum, together with all accrued and unpaid interest and all other sums evidenced hereby or secured by the Indenture, including the prepayment fee described in Section 10, shall at the Holder's option become immediately due and payable.

14. Applicable Law. This Note shall be construed, interpreted and enforced in accordance with the laws of the State as the same are in effect from time to time.

15. Joint and Several Liability. If there exists more than one Borrower, all liabilities and obligations under this Note and the Indenture shall be joint and several with respect to the Borrowers.

16. Excess Interest. Nothing herein contained, nor any transaction related thereto, shall be construed or so operate as to require the Borrower to pay interest at a greater rate than the maximum allowed by law. Should any interest or other charges paid or payable by the Borrower in connection with this Note, or any other document delivered in connection herewith, result in the computation or earning of interest in excess of the maximum allowed by applicable state or federal law, then any and all such excess shall be and the same is hereby waived by the Holder, and any and all such excess paid shall be credited automatically against and in reduction of the balance due under this Note, and the portion of said excess which exceeds the balance due under this Note shall be paid by the Holder to the Borrower.

17. Time of the Essence. The Borrower agrees that time is strictly of the essence hereof.

18. Notices. Any notices required to be given hereunder shall be given in the manner set forth for notices in the Indenture.

19. Extensions. The Maturity Date and/or any other date by which payment is required to be made hereunder may be extended by the Holder from time to time in its sole discretion, without in any way altering or impairing the Borrower's liability hereunder.

20. Estoppel Certificate. The Borrower agrees to furnish to the Lender at any time and from time to time, within fifteen (15) days after written request therefor, a written estoppel certificate, duly executed and acknowledged, setting forth the amount which the Borrower then believes to be due under this Note, and whether any claim, offset or defense then exists hereunder.

21. Assignability. This Note may be assigned by the Lender or any subsequent Holder at any time and from time to time, and shall inure to the benefit of and be enforceable by the Lender and its successors and assigns and any other person to whom the Holder may grant an interest in the Borrower's obligations to the Lender, and shall be binding and enforceable against the Borrower and the Borrower's successors and assigns. The Holder shall have the right to assign, participate, syndicate or transfer any or all of its investment in the Loan, including sales through one or more private placements or publicly

registered offerings. The Borrower shall, without expense to the Borrower, cooperate with the Lender to effect such transactions, provide such information, including non-confidential financial information, which information may be divulged to third parties as may be necessary, and execute documentation as requested by the Holder in connection therewith, including amendments or restatements of the Security Documents so long as such amendments or restatements do not (i) alter the essential business terms thereof or (ii) in any way increase the liability of Borrower thereunder. The Holder shall provide written notice to the Borrower following any transfer of all of the Holder's investment in the Loan if such transfer also includes the servicing of the Loan.

22. Invalidity of Any Part. If any provision or part of any provision of this Note shall be for any reason held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Note shall be construed as if such provision or part thereof had never been contained herein, but only to the extent of its invalidity, illegality or unenforceability.

23. Confession of Judgment. SUBJECT TO THE PROVISIONS OF SECTION 24, UPON AN EVENT OF DEFAULT, AND FOLLOWING FIVE (5) DAYS PRIOR WRITTEN NOTICE WITH RESPECT TO ANY EVENT OF DEFAULT FOR WHICH WRITTEN NOTICE IS NOT OTHERWISE REQUIRED TO BE GIVEN TO THE BORROWER BY THE HOLDER, THE BORROWER HEREBY APPOINTS AND AUTHORIZES ANY ATTORNEY OF ANY COURT OF RECORD TO BE THE BORROWER'S TRUE AND LAWFUL ATTORNEY-IN-FACT, AND IN THE BORROWER'S NAME AND STEAD, TO ACKNOWLEDGE SERVICE OF ANY AND ALL LEGAL PAPERS ON ANY KIND OF SUIT BROUGHT FOR COLLECTION OF THIS OBLIGATION AND TO APPEAR FOR THE BORROWER IN ANY COURT OF COMPETENT JURISDICTION IN THE STATE AND TO ACKNOWLEDGE AND CONFESS JUDGMENT AGAINST THE BORROWER AND IN FAVOR OF THE HOLDER OF THIS NOTE FOR THE ENTIRE PRINCIPAL AMOUNT OF THIS NOTE THEN REMAINING UNPAID WITH INTEREST THEREON THEN ACCRUED AND

UNPAID, TOGETHER WITH REASONABLE ATTORNEYS' FEES, WHICH SHALL BE NOT LESS THAN $10,000, AND COURT COSTS, AND THE BORROWER HEREBY WAIVES THE RIGHT OF APPEAL AND STAY OF EXECUTION.

24. Limitation of Liability. Subject to the terms of the next succeeding paragraph of this Section 24 and notwithstanding anything to the contrary otherwise contained in this Note, it is agreed that the promise of the Borrower to pay the principal indebtedness and the interest on this Note shall be for the sole purpose of establishing the existence of an indebtedness; the Holder's source of satisfaction of said indebtedness and of the Borrower's other obligations hereunder and under the Security Documents is limited solely to (a) the Property (b) rents, issues and profits from the Property received by the Borrower and (c) any separate agreements guaranteeing the payment of the amounts due hereunder and under the Security Documents and the Borrower's performance hereunder and under the Security Documents; the Holder shall not seek to procure payment out of any other assets of the Borrower, or to procure any judgment against the Borrower for any amount which is or may be payable under this Note, the Indenture or any of the other Security Documents or for any deficiency remaining after foreclosure of the Indenture; provided, however, that nothing herein contained shall be deemed to be a release or impairment of said indebtedness or the security therefore intended by the Indenture, or be deemed to preclude the Holder from foreclosing the Indenture or from enforcing any of the Holder's rights thereunder, or in any way or manner affecting the Holder's rights and privileges under any of the Security Documents or any separate agreements guaranteeing the Borrower's payment and performance hereunder and under the Security Documents.

Notwithstanding the foregoing limitation of liability provision, it is expressly understood and agreed that the Borrower, and Constellation Real Estate Group, Inc. shall be jointly and severally liable for the payment to the Holder of:

(i) the misapplication of all rents, security deposits, or other income, issues, profits and revenues derived from the Property after an Event of Default, provided that any rents collected more than one (1) month in advance as of the time of the Event of Default shall be considered to have been collected after the Event of Default;

(ii) any loss due to fraud or misrepresentation to the Holder by the Borrower (or by any of its general partners, by any of the general partners of any of its general partners or any of its or their agents, if applicable);

(iii) the misapplication of (a) proceeds paid under any insurance policies by reason of damage, loss or destruction to any portion of the Property to the full extent of such misapplied proceeds, or

(b) proceeds or awards resulting from the condemnation or other taking in lieu of condemnation of any portion of the Property, to the full extent of such misapplied proceeds or awards;

(iv) any loss due to waste of the Property or any portion thereof, and all reasonable and actual costs including reasonable attorney's fees, incurred by the Holder to protect the Property and any other security for the indebtedness evidenced by this Note or to enforce such Note, the Indenture, and any of the other Security Documents;

(v) any taxes, assessments and insurance premiums for which the Borrower is liable under this Note, the Indenture or any of the other Security Documents and which are paid by the Holder, including any recordation tax or other charge resulting from the purchase, amendment and restatement of the Existing Note and the Existing Deed of Trust;

(vi) any loss arising under the hazardous substance indemnification and hold harmless agreement and the Borrower's hazardous substances covenants, warranties and representations provisions contained in the Environmental Indemnity Agreement of even date herewith by the Borrower and Constellation Real Estate Group, Inc. to and for the benefit of the Holder; and

(vii) all reasonable and actual costs and fees including without limitation reasonable attorney fees incurred by the Holder in the enforcement of subparagraphs (i) - (vi) above.

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed, sealed and delivered by its duly authorized officers or representatives as of the day and year first written above.

WITNESS:

CRANBERRY-140 LIMITED PARTNERSHIP,
Maryland limited partnership

By: Constellation Properties, Inc.,
a Maryland corporation, its general
partner

- ------------------------------

By: _____ (SEAL)
Name:
Title:

The Borrower

Article V. Effect of this Agreement. Nothing in the provisions of this Agreement shall be deemed in any way to affect the priority of the Existing Deed of Trust over any other lien, security interest, charge, encumbrance or conveyance, or to release or change the liability of any person who is now or hereafter primarily or secondarily liable under or on account of the Existing Note.

Article VI. Ratification and Confirmation. The Existing Note, as reduced, amended and restated in accordance with the provisions of Article IV of this Agreement, is hereby ratified and confirmed in all respects by the Borrower.

Article VII. Due Authorization and Consideration. The Borrower hereby represents, warrants and covenants to the Holder that the Existing Note and this Agreement are the valid, binding and legally enforceable obligations of the Borrower enforceable in accordance with their respective terms; that fair consideration has been given for the Existing Note and this Agreement; that the execution, ensealing and delivery of this Agreement by the Borrower has been duly and validly authorized in all respects by the Borrower; and that the persons who executed the Existing Note and who are executing this Agreement on behalf of the Borrower have each been duly authorized so to do.

Article VIII. No Offsets, etc. The Borrower hereby represents, warrants and covenants to the Holder that there are no offsets, counterclaims or defenses at law or in equity against this Agreement, the Existing Note or the Existing Loan Documents, that, except as set forth herein, the Existing Note has not been modified or amended in any manner whatsoever, and that the Borrower had and has full power, authority and legal right to execute the Existing Note and this Agreement and to observe and perform all of the terms and conditions of the Existing Note and this Agreement on the Borrower's part to be observed or performed.

Article IX. Severability. If any term, covenant or condition of this Agreement shall be held to be invalid, illegal or unenforceable in any respect, this Agreement shall be construed without such provision.

Article X. Successors and assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors

and assigns hereunder.

Article XI. Amendment. This Agreement may be amended by and only by an instrument executed and delivered by each party hereto.

Article XII. Effectiveness. This Agreement shall become effective upon and only upon its execution and delivery by each party hereto.

IN WITNESS WHEREOF, each party hereto has executed and ensealed

this Agreement, or caused it to be executed and ensealed by its duly authorized representative, as of the day and year first above written.

WITNESS or ATTEST:

SECURITY LIFE OF DENVER INSURANCE COMPANY, a Colorado corporation

By: _____ (SEAL)
Name:
Title:

- Lender-

[SIGNATURES CONTINUE ON PAGE 14]

[SIGNATURES CONTINUED FROM PAGE 13]

WITNESS:

CRANBERRY-140 LIMITED PARTNERSHIP, a Maryland limited partnership

By: Constellation Properties, Inc., a Maryland corporation, its sole general partner

By: _____ (SEAL)
Name:
Title:

THIS IS TO CERTIFY that this is the Amended and Restated Deed of Trust Note described in and secured by a certain Amended and Restated Deed of Trust and Security Agreement, bearing even date herewith, by and among Cranberry-140 Limited Partnership, as grantor, Security Life of Denver Insurance Company, as beneficiary and Raymond G. Truitt and Alan W. Adamson, as trustees; the Amended and Restated Deed of Trust Note and the Amended and Restated Deed of Trust and Security Agreement having been executed by Cranberry-140 Limited Partnership in my presence.

Notary Public

My Commission Expires: ------------------

Exhibit 10.7

LOAN MODIFICATION AGREEMENT

THIS LOAN MODIFICATION AGREEMENT (this "Agreement") is made and entered into as of the 28th day of September, 1998, by and among CRANBERRY- 140 LIMITED PARTNERSHIP, a Maryland limited partnership (the "Borrower"), and SECURITY LIFE OF DENVER INSURANCE COMPANY, a Colorado corporation ("Lender").

RECITALS

R-1. Borrower is justly indebted to the Lender for a real estate mortgage loan in the original principal amount of Ten Million and 00/100 Dollars ($10,000,000.00) ("the Loan"). The Loan is evidenced by an Amended and Restated Deed of Trust Note in the original principal amount of Ten Million and 00/100 Dollars ($10,000,000.00) dated October 6, 1995, executed and delivered by Borrower, as maker, to and in favor of the Lender, as holder (as modified on the date hereof, the "Note").

R-2. The indebtedness evidenced by the Note is secured by (a) that certain Amended and Restated Deed of Trust and Security Agreement, executed October 6, 1995, by Borrower for the benefit of Lender, and recorded October 10, 1995, in Deed Book 1732, Page 262 of the Land Records of Carroll County, Maryland, (as modified on the date hereof, the "Deed of Trust"), and (b) that certain Amended and Restated Assignment of Leases and Rents, executed October 6, 1995, by Borrower for the benefit of Lender and recorded on October 10, 1995, in Deed Book 1732, Page 318 of the Land Records of Carroll County, Maryland (as modified on the date hereof, the "Lease Assignment").

R-3. Borrower has requested that Lender permit the transfer of the partnership interests in Borrower from Constellation Properties, Inc. and CPI Partner, Inc. (collectively, the "Existing Partners") to Corporate Office Properties, L.P. and COPT Columbia, LLC ("the Transfer"), and the subsequent conversion of Borrower into a Maryland limited liability company ("the Conversion") and that Lender not declare a default under the Deed of Trust as a result of the Transfer or the Conversion.

R-4. Lender has agreed to waive its right to declare a default under the terms of the Deed of Trust as a result of the Transfer or the Conversion, subject to the terms and conditions herein contained.

R-5. Capitalized terms not otherwise defined herein shall have the meaning ascribed to such term in the Deed of Trust.

NOW, THEREFORE, FOR AND IN CONSIDERATION of the foregoing, and other good and valuable consideration, the receipt and sufficiency of which are hereby

acknowledged by the undersigned, the parties hereby agree as follows:

1. Incorporation of Recitals. The Recitals set forth hereinabove are hereby incorporated as a substantive part of this Agreement.

2. Security Documents. As used herein, the term "Security Documents" shall mean this Agreement, the Note, the Deed of Trust, the Lease Assignment, the Environmental Indemnity Agreement (subject to the release of Constellation Real Estate Group, Inc., as set forth in Section 13 below), the New Environmental Indemnity, the New Guaranty and any other instrument or document now or hereafter evidencing, securing or otherwise relating to the indebtedness evidenced by the Note, as each may be amended on the date hereof.

3. Ratification of Obligations. Borrower hereby expressly ratifies and confirms its obligations under the Security Documents. All of the provisions of the Security Documents are incorporated herein by reference and shall continue in full force and effect. Lender and Borrower agree that it is their intention that nothing herein shall be construed to extinguish, release or discharge or constitute, create or effect a novation of, or an agreement to extinguish, any of the obligations, indebtedness and liabilities of any party under the provisions of the Security Documents.

4. Representations and Warranties. Borrower hereby represents, warrants and agrees as follows:

(a) Each of the representations and warranties of Borrower contained in the Security Documents are true and correct as of the date hereof, and Borrower's execution and delivery of this Agreement to Lender shall constitute its representation and warranty that such is the case.

(b) The execution and delivery of this Agreement does not violate, conflict with, or result in a breach or default under any limited

partnership agreement, articles of incorporation, operating agreement, bylaws, or any other agreement by which Borrower is bound. Borrower has been duly authorized and has all requisite authority to consummate this transaction, and no other approvals or consents are necessary for the consummation of this transaction by Borrower.

(c) Borrower is a limited partnership, validly existing and in good standing under the laws of the State of Maryland.

(d) Borrower has provided to Lender copies of each document pursuant to which Borrower's partnership interests are to be transferred and the copy of each such document provided to Lender is a true and complete copy of the original of such document.

5. New Environmental Indemnity and New Guaranty.

(a) Simultaneously with the execution and delivery of this Agreement, Corporate Office Properties, L.P. ("COPLP") shall execute and deliver to Lender (i) an Environmental Indemnification Agreement (the "New Environmental Indemnity") subject to the terms, provisions, and limitations set forth in the New Environmental Indemnity, and (ii) a Guaranty Agreement (the "New Guaranty") of certain obligations of Borrower subject to the terms, provisions, and limitations set forth in the New Guaranty.

(b) Any and all references to "guarantor" or "guarantors" under the Security Documents shall hereinafter be deemed to refer to and include COPLP.

6. No Additional Advances. Notwithstanding any provisions of the Note, the Deed of Trust or any other Security Document to the contrary, Borrower hereby acknowledges and agrees that no additional Loan proceeds are to be advanced to Borrower and that the Lender has no additional funding obligations under the Loan.

7. Effect of this Agreement on Note. The provisions in this Agreement modifying the Note shall be deemed to be a part of the Note, as fully and completely as if these provisions were set forth at length in the body of the Note.

8. Modification of Security Documents.

(a) Note. In the Note:

(1) In the 2nd line of the 2nd paragraph of Section 24, the words "Constellation Real Estate Group, Inc." are deleted and replaced with the words "Corporate Office Properties, L.P.".

(2) In the 5th line of Section 24(vi), the words "Constellation Real Estate Group, Inc." are deleted and replaced with the words "Corporate Office Properties, L.P.".

(b) Deed of Trust. In the Deed of Trust:

(1) The term "Environmental Indemnity Agreement" shall henceforth mean the existing Environmental Indemnity Agreement dated October 6, 1995 executed by Borrower to and for the benefit of Lender (the "Original Environmental Indemnity") and the New Environmental Indemnity, as defined herein.

(2) The term "Guaranty" shall henceforth mean the New Guaranty, as defined herein.

(3) The term "Management Agreement" shall henceforth mean any

agreement executed by Borrower for the management of all or any portion of the Property.

(4) In the 8th line of Section 21.2, the words "Constellation Real Estate Group, Inc." are hereby deleted and replaced with the words "Corporate Office Properties, L.P.".

(5) In the 2nd line of the 2nd paragraph of Section 29, the words "Constellation Real Estate Group, Inc." are hereby deleted and replaced with the words "Corporate Office Properties, L.P.".

(6) In the 5th line of Section 29(vi), the words "Constellation Real Estate Group, Inc." are deleted and replaced with the words "Corporate Office Properties, L.P.".

(7) Section 11.3 is deleted in its entirety.

(c) Lease Assignment. In the Lease Assignment:

(1) In the 2nd line of the 2nd paragraph of Section 10, the words "Constellation Real Estate Group, Inc." are hereby deleted and replaced with the words "Corporate Office Properties, L.P.".

(2) In the 5th line of Section 10(vi), the words "Constellation Real Estate Group, Inc." are deleted and replaced with the words "Corporate Office Properties, L.P.".

9. Notice. So long as Borrower holds legal title to the Property, all notices required or permitted by the Security Documents to be given to the mortgagor under the Deed of Trust or to the maker under the Note shall be given in writing and delivered in the manner provided in the Security Documents, respectively, addressed to Borrower, until further notice, as follows:

Cranberry-140 Limited Partnership
c/o Corporate Office Properties Trust
8815 Centre Park Drive, Suite 400
Columbia, Maryland 21045
Attn: President

with a copy to:

Cranberry-140 Limited Partnership
c/o Corporate Office Properties Trust
8815 Centre Park Drive, Suite 400

Columbia, Maryland 21045
Attn: General Counsel

10. Transfer Fee. Simultaneously with the closing of the assignment and assumption contemplated herein, Borrower shall deliver to Lender, in immediately available funds, a cashier's check or wire in the sum of $95,696.63 as a transfer fee (the "Transfer Fee"). The Transfer Fee shall not reduce the outstanding principal balance under the Note.

11. Additional Events of Default. In addition to those events of default specifically set forth heretofore in the Security Documents, the failure of Borrower or COPLP to comply with the terms and provisions of any covenant or agreement contained herein shall constitute an Event of Default under the Deed of Trust and shall entitle Lender to exercise all rights and remedies provided for in the Security Documents.

12. Consent by Lender. Lender joins in the execution of this Agreement for the purposes of:

(a) waiving its right to declare an event of default under the terms of the Security Documents as a result of the Transfer; however, the foregoing waiver shall not amend or modify the Security Documents as to any future sale, transfer or conveyance of the partnership interests or any portion thereof or interest therein;

(b) acknowledging that the Transfer represents the one-time transfer referenced in Section 11.3 of the Deed of Trust;

(c) effecting certain releases as more fully described herein;

(d) consenting to the modifications to the Security Documents as more particularly set forth herein.

13. Release of Original Guarantor. Subject to the satisfaction of the Conditions Precedent contained in Section 14 below, Lender hereby releases and discharges Constellation Real Estate Group, Inc. ("CREG") and the Existing Partners, and their respective successors, stockholders, officers, directors, and employees from all obligations, claims, demands, expenses and liabilities which the Lender has or hereafter may have with respect to or arising under the Loan, regardless of whether such obligations, claims, demands, expenses and liabilities arise in their capacity as guarantors, obligors, promisors, or as partners of any limited partnership. The foregoing release shall specifically include those obligations of CREG arising under (i) the Guaranty Agreement dated October 6, 1995 executed by CREG to and for the benefit of Lender and (ii) the Environmental Indemnity Agreement dated October 6, 1995 and executed by Borrower

and CREG for the benefit of Lender.

14. Conditions Precedent.

(i) The following shall be conditions precedent to the effectiveness of this Agreement:

(a) Documents. On or before the date hereof, Borrower and COPLP (as the case may be) shall have executed and delivered to Lender this Agreement, the New Guaranty, the New Environmental Indemnity, a General Certificate of Borrower and Guarantor, a UCC-3 Financing Statement Amendment reflecting the new ownership of Borrower, and all other agreements required by Lender to effect the transactions contemplated herein, each in form and substance acceptable to Lender.

(b) Opinion. On or before the date hereof, Lender shall receive an opinion of Borrower's and COPLP's counsel as to the continued enforceability of the Security Documents and such other matters as are required by Lender, in form and substance acceptable to Lender.

(c) Confirmation of Authority. On or before the date hereof, Borrower and COPLP shall deliver to Lender evidence satisfactory to Lender of their existence, good standing, authority to do business in Maryland and resolutions respecting its authority to consummate the transactions provided for herein, each in form and substance acceptable to Lender.

(d) Payment of Transfer Fee and Attorneys' Fees. On or before the date hereof, Borrower shall deliver the Transfer Fee to Lender and pay all attorneys' fees and expenses incurred in connection with the transactions contemplated herein.

(e) No Default. There shall be no Event of Default continuing under the Security Documents at the time of closing.

(ii) By its execution and delivery of this Agreement, the Lender hereby confirms that the conditions precedent contained in Section 14(i) have been satisfied.

15. Provisions Regarding Conversion to LLC. Lender hereby consents to the Conversion of Borrower to a limited liability company (the "LLC"), upon the satisfaction of the following conditions:

(a) Prior to the Conversion, Borrower shall provide to Lender, for Lender's review and approval:

(1) the proposed form of LLC Articles of Organization and Operating Agreement ("LLC Organizational Documents");

(2) the proposed form of confirmatory deed conveying the Property from Borrower to the LLC (the "Confirmatory Deed); and

(3) a proforma title endorsement evidencing the record transfer of the Property to the LLC and assuring the Lender of no loss of priority of its Deed of Trust as a result of such transfer (the "Title Endorsement").

(b) Upon Lender's approval of the form of LLC Organizational Documents, the form of Confirmatory Deed, and the form of Title Endorsement, the LLC and Lender shall enter into an Loan Assumption and Ratification Agreement with Lender in the form attached hereto as Exhibit A.

16. Absence and Waiver of Claims. Borrower hereby affirms that there has been no occurrence to date of any event or fact which would give rise to any claim or any right of setoff, counterclaim or any other defense to the rights of Lender under the Security Documents and to the extent such claim, right or defense has arisen, Borrower hereby waives and releases such claim, right or defense.

17. Payment of Lender's Expenses. Borrower (i) agrees to pay all costs incurred by Lender in connection with its entry into this Agreement, including but not limited to, reasonable attorneys' fees, and (ii) acknowledges that the provisions of this Agreement shall not be effective to modify the Security Documents unless and until its obligation to reimburse Lender for said expenses has been satisfied.

18. No Amendment. Except as may be amended or modified hereby, the Security Documents shall otherwise remain in full force and effect.

19. Counterparts. This Agreement may be executed in multiple counterparts, which, when taken together, shall constitute the whole.

20. Trustees. Raymond G. Truitt and Jon M. Laria, the trustees under the Deed of Trust, join in the execution of this Agreement to acknowledge the modifications and amendments contained hereinabove.

21. Binding Effect; Governing Law. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their successors and assigns, and shall be governed by the law of the State of Maryland.

22. Further Assurances. Borrower agrees to execute and deliver such additional instruments as may be reasonably requested by Lender in furtherance of the terms of this Agreement.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE.]

IN WITNESS WHEREOF, Borrower and Lender have caused this Agreement to be executed as of the day and year first above written.

BORROWER:

WITNESS:

CRANBERRY-140 LIMITED PARTNERSHIP, a Maryland limited partnership

By: COPT Columbia, LLC, a Maryland limited liability company, its general partner

By: Corporate Office Properties, L.P., a Delaware limited partnership, its sole member

By: Corporate Office Properties Trust, a Maryland trust company, its general partner

- ----------

By: (SEAL)

Name: Clay W. Hamlin, III
Title:

LENDER:

WITNESS:

SECURITY LIFE OF DENVER INSURANCE COMPANY, a Colorado corporation

- ----------

By: (SEAL)

Name:
Title:

---(SEAL)
RAYMOND G. TRUITT, Trustee

---(SEAL)
JON M. LARIA, Trustee

[NOTARY BLOCKS BEGIN ON FOLLOWING PAGE]

STATE OF : COUNTY OF : TO WIT:

I HEREBY CERTIFY that on this ____ day of _____, 1998, before me, a Notary Public for the state and county aforesaid, personally appeared CLAY W. HAMLIN, III, known to me or satisfactorily proven to be the person whose name is subscribed to the foregoing instrument, who acknowledged that he is the _____ of CORPORATE OFFICE PROPERTIES TRUST, a Maryland trust company, the general partner of CORPORATE OFFICE PROPERTIES, L.P., a Delaware limited partnership, the sole member of COPT COLUMBIA, LLC, a Maryland limited liability company, the general partner of CRANBERRY-140 LIMITED PARTNERSHIP, a Maryland limited partnership, and that he has been duly authorized to execute, and has executed, the foregoing instrument on behalf of the said entity for the purposes therein set forth, and that the same is its act and deed.

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

Notary Public

My commission expires on _____.

STATE OF : COUNTY OF : TO WIT:

I HEREBY CERTIFY that on this ____ day of _____, 1998, before me, a Notary Public for the state and county aforesaid, personally appeared _____, known to me or satisfactorily proven to be the person whose name is subscribed to the foregoing instrument, who acknowledged that he is the _____ of SECURITY LIFE OF DENVER INSURANCE COMPANY, a Colorado corporation, that he has been duly authorized to execute, and has executed, the foregoing instrument on behalf of the said entity for the purposes therein set forth, and that the same is its act and deed.

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

Notary Public

My commission expires on _____.

STATE OF : COUNTY OF : TO WIT:

I HEREBY CERTIFY that on this _____ day of _____, 199__, before me, a Notary Public for the state and county aforesaid, personally appeared RAYMOND G. TRUITT, known to me or satisfactorily proven to be the person whose name is subscribed to the foregoing instrument, who acknowledged that he has executed, the foregoing instrument for the purposes therein set forth.

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

Notary Public

My commission expires on _____.

STATE OF : COUNTY OF : TO WIT:

I HEREBY CERTIFY that on this _____ day of _____, 199__, before me, a Notary Public for the state and county aforesaid, personally appeared JON M. LARIA, known to me or satisfactorily proven to be the person whose name is subscribed to the foregoing instrument, who acknowledged that he has executed, the foregoing instrument for the purposes therein set forth.

IN WITNESS WHEREOF, I have set my hand and Notarial Seal, the day and year

first above written.

Notary Public

My commission expires on ---------- .

Exhibit A

Form of Loan Assumption and Ratification Agreement

Exhibit 10.8

$3,650,000.00
PROMISSORY NOTE

From

TRED LIGHTLY LIMITED LIABILITY COMPANY,
A Maryland Limited Liability Company,

Borrower

To The Order Of

PROVIDENT BANK OF MARYLAND,
A Maryland Banking Corporation,

Lender

Dated As Of September 15th, 1995

Baltimore, Maryland
September 15, 1995

$3,650,000.00

PROMISSORY NOTE

FOR VALUE RECEIVED, the undersigned TRED LIGHTLY LIMITED LIABILITY COMPANY, a Maryland limited liability company ("BORROWER"), promises to pay to the order of PROVIDENT BANK OF MARYLAND, a Maryland banking corporation ("LENDER"), at the LENDER'S offices at 114 East Lexington Street, Baltimore, Maryland 21201, or at such other places as the holder of this Promissory Note may from time to time designate, the principal sum of Three Million Six Hundred Fifty Thousand Dollars ($3,650,000.00), together with interest thereon at the rate or rates hereafter specified and any and all other sums which may be owing to the holder of this Promissory Note by the BORROWER pursuant to this Promissory Note. The following terms shall apply to this Promissory Note.

1. Interest Rate. For the period beginning on the date hereof and continuing until the date upon which all principal sums hereunder have been repaid in full by the BORROWER, and subject generally to the terms of Section 8.2 hereof, the outstanding principal balance of this Promissory Note shall bear interest at the annual rates hereafter described in this Section.

1.1 Interest Based on Libor Rate. Subject to the terms of Section 1.2 below, the interest rate shall be adjusted on the first day of each three (3) month period hereafter described (each of which is defined herein as an "INTEREST PERIOD").

(a) The first INTEREST PERIOD shall begin on the date of funding under this Promissory Note and run through the day before the first day of the next INTEREST PERIOD.

(b) Each INTEREST PERIOD after the first INTEREST PERIOD shall begin on the day that is three (3) month(s) after the first day of the preceding INTEREST PERIOD and shall run through the day before the first day of the next INTEREST PERIOD; provided that: (i) any INTEREST PERIOD which begins on the last day of a calendar month (or on a day for which there is no numerically corresponding day in

the calendar month in which the INTEREST PERIOD ends) shall, subject to clause (ii) below, run through the day before the last day of the calendar month in which the INTEREST PERIOD ends; and (ii) no INTEREST PERIOD shall extend beyond the final maturity date of this Promissory Note.

For the first INTEREST PERIOD, the interest rate shall be the fixed annual rate of eight and 375/1000ths percent (8.375%). The interest rate shall be adjusted on the first day of each subsequent

INTEREST PERIOD to equal the rate obtained by adding two hundred fifty (250) basis points to the "LIBOR RATE" (as hereafter defined). As used herein, the term "LIBOR RATE" means, for each INTEREST PERIOD, the weighted average (rounded upwards, if necessary, to the nearest one-hundredth of one percent [0.01%]) of the Eurodollar London Interbank Offered Rates (at approximately 11:00 a.m. London time, on the date which is [i] two days prior to the first day of the INTEREST PERIOD if the first day of the INTEREST PERIOD is a "BUSINESS DAY" (hereafter defined), or [ii] two days prior to the last BUSINESS DAY before the first day of the INTEREST PERIOD if the first day of the INTEREST PERIOD is not a BUSINESS DAY) for a period equal in duration to the INTEREST PERIOD, as reported by Bloomberg Business News or any other source selected by the LENDER in the LENDER's sole discretion, as such rate is adjusted in accordance with the LENDER's standard practices for reserves and other requirements. As used herein, the term "BUSINESS DAY" means any day other than a Saturday, a Sunday or a day on which commercial banks in Baltimore, Maryland, are required or authorized to be closed.

1.2. Interest Based on Prime Rate. After the date hereof, the BORROWER may elect, on one (1) occasion only, to convert the interest rate payable on this Promissory Note from the rate described in Section 1.1 to that fluctuating annual rate of interest at all times equal to the rate obtained by adding one-half of one percentage point (1/2%) to the "PRIME RATE" of the LENDER. As used herein, the term "PRIME RATE" shall mean the floating rate of interest announced by the LENDER from time to time as its prime commercial lending rate of interest, it being understood that such announced rate bears no inference, implication, representation, or warranty that such announced rate is charged to any particular customer of customers of the LENDER. Changes in the interest rate shall be made immediately to reflect any and all fluctuations in the PRIME RATE. Once elected, the rate described in this Section 1.2 shall remain in effect until this Promissory Note has been repaid in full. Such election, if made, must be made effective as of the first day after the conclusion of the then current INTEREST PERIOD. Written notice of the rate election must be delivered to the LENDER in writing not later than two (2) BUSINESS DAYS prior to the effective date of such election.

2. Calculation Of Interest. Interest shall be calculated on the basis of a three hundred sixty (360) days per year factor applied to the actual days on which there exists an unpaid balance hereunder.

3. Repayment. The BORROWER shall make a payment of accrued and unpaid interest only on September 1, 1995, for interest accrued between the date of funding and such date. Thereafter, on the first calendar day of each of the next fifty-nine (59) succeeding months, the BORROWER shall pay monthly principal installments of Six Thousand Eight Hundred Seventy Dollars ($6,870.00) each. Payments of all accrued and unpaid interest and any late charges

shall be due on the scheduled payment date for each principal installment hereunder. On September 1, 2000, all sums due hereunder that remain unpaid, including principal, interest, charges and fees, shall be paid in full.

4. Late Payment Charge. If any payment due hereunder, including any final installment, is not received by the holder within fifteen (15) calendar days after its due date (other than a balloon payment of principal due upon the maturity date of this Promissory Note), the BORROWER shall pay a late payment charge equal to five percent (5%) of the amount then due. The late payment charge shall be due whether or not the holder declares this Promissory Note in default or accelerates and demands immediate payment of the sums due hereunder. The existence of the right by the holder to receive a late payment charge shall not constitute a grace period or provide any right in the BORROWER to make a payment other than on its due date.

5. Application Of Payments. All payments made hereunder shall be applied first to late payment charges or other sums owed to the holder, next to accrued interest, and then to principal, or in such other order or proportion as the holder, in the holder's sole discretion, may elect from time to time.

6. Voluntary Prepayment. The BORROWER may prepay the unpaid balance of

this Promissory Note from time to time in whole or in part, without premium or additional interest. All prepayments under the LOAN shall be applied to the outstanding principal balance in the inverse order of scheduled maturities.

7. Mandatory Prepayment/Deposit of Additional Collateral. In the event that, at any time and from time to time during the term of this Promissory Note, the LENDER shall determine, in its sole and absolute discretion, that the outstanding principal balance due under this Promissory Note equals or exceeds:

(a) seventy-five percent (75%) of the value of the "REAL PROPERTY" (as defined in Section 11 hereof) at such time, or

(b) eighty-five percent (85%) of the BORROWER'S "adjusted basis" (hereafter defined) with respect to the "ASSIGNED LOANS" (as defined in Section 11 hereof) from time to time,

then, within ten (10) calendar days after demand by the LENDER, the BORROWER shall be obligated to either furnish additional collateral acceptable to the LENDER in the LENDER'S sole and absolute discretion, or make a partial repayment of principal hereunder, in either case sufficient to restore ratios which are not in excess of the respective seventy-five percent (75%) and eighty-five (85%) ratios described in this Section. As used in this Section, the term "adjusted basis" is defined as the initial purchase price paid

by the BORROWER to acquire the ASSIGNED LOANS from the SELLER, less the cumulative amortization paid on the ASSIGNED LOANS since the date of the BORROWER'S acquisition of the ASSIGNED LOANS, plus one hundred percent (100%) of the value of actual capital improvements made to the REAL PROPERTY from time to time using additional loan advances made by the BORROWER to "TA" (as defined in Section 11 hereof) under the ASSIGNED LOANS.

8. Rights Upon Default. Upon a default in the payment of any sum due hereunder which remains uncured for five (5) calendar days after written notice from the LENDER, or a default in the performance of any of the covenants, conditions or terms of the "PLEDGE AGREEMENT" (hereafter defined), or any other agreement or document executed by or on behalf of the BORROWER for the benefit of the LENDER or any holder (collectively with the PLEDGE AGREEMENT, "LOAN DOCUMENTS"), and the expiration of any applicable cure period, in addition to all other rights or remedies available cure period, in addition to all other rights or remedies available to the holder under the LOAN DOCUMENTS or under applicable law, the holder of this Promissory Note shall have the following rights:

8.1. Acceleration. The holder of this Promissory Note, in the holder's sole discretion and without notice or demand, may declare the entire unpaid principal balance plus accrued interest and all other sums due hereunder immediately due and payable. Reference is made to the LOAN DOCUMENTS for further and additional rights on the part of the holder to declare the entire unpaid principal balance plus accrued interest and all other sums due hereunder immediately due and payable.

8.2. Default Interest Rate. The holder of this Promissory Note, in the holder's sole discretion and without notice or demand, may raise the rate of interest accruing on the unpaid principal balance by two (2) percentage points above the rate of interest otherwise applicable, independent of whether the holder elects to accelerate the unpaid principal balance as a result of such default, unless prior to the imposition of the default rate of interest, the BORROWER cures such event to the satisfaction of the holder hereof. If the default rate of interest is imposed by the holder, the default rate shall remain in effect unless the default is cured to the holder's satisfaction and the holder in writing agrees to reinstate the regular interest rate. Any individual waiver of the holder's right to impose the default rate of interest shall not be considered a waiver of this section or any future right of the holder to impose the default rate of interest pursuant to this Section.

8.3. Confession of Judgment. The BORROWER authorizes any attorney admitted to practice before any court of record in the United States to appear on behalf of the BORROWER in any court in one or more proceedings, or before any clerk thereof or prothonotary or other court official, and to confess judgment against the BORROWER in favor of the holder of this Promissory Note, without prior notice or opportunity of the BORROWER for prior

hearing, in the full amount due on this Promissory Note (including principal, accrued interest and any and all charges, fees and costs) plus attorneys' fees equal to ten percent (10%) of the amount due, plus court costs (provided, however, that the maximum amount of attorneys' fees which the

LENDER shall be entitled to collect in full satisfaction of the attorneys' fees judgment shall not exceed the lesser of (i) the face amount of the attorneys' fees awarded in the confessed judgment, or (ii) the actual attorneys' fees paid by the LENDER to its attorneys at their customary and standard hourly rates for all services rendered to the LENDER in connection with obtaining, enforcing, and collecting the confessed judgment and in proceedings and matters related thereto, including any bankruptcy proceedings, together with the reasonable out-of-pocket fees and expenses incurred by such attorneys and reimbursed to them by the LENDER). The LENDER shall furnish the BORROWER with five (5) calendar days' prior written notice of its intention to proceed under this Section, but the BORROWER shall otherwise not be entitled to prior notice or any opportunity for prior hearing. The BORROWER agrees and consents that venue and jurisdiction shall be proper in the Circuit Court of any County of the State of Maryland or of Baltimore City, Maryland, or in the United States District Court for the District of Maryland. The BORROWER waives the benefit of any and every statute, ordinance, or rule of court which may be lawfully waived conferring upon the BORROWER any right or privilege of exemption, homestead rights, stay of execution, or supplementary proceedings, or other relief from the enforcement or immediate enforcement of a judgment or related proceedings on a judgment. The authority and power to appear for and enter judgment against the BORROWER shall not be exhausted by one or more exercises thereof, or by any imperfect exercise thereof, and shall not be extinguished by any judgment entered pursuant thereto; such authority and power may be exercised on one or more occasions from time to time, in the same or different jurisdictions, as often as the holder shall deem necessary, convenient, or proper.

9. Interest Rate After Judgment. If judgment is entered against the BORROWER on this Promissory Note, the amount of the judgment entered (which may include principal, interest, fees, and costs) shall bear interest at the higher of the maximum interest rate imposed upon judgments by applicable law or the above described default interest rate, to be determined on the date of the entry of the judgment.

10. Expenses of Collection And Attorneys' Fees. Should this Promissory Note be referred to an attorney for collection, whether or not judgment has been confessed or suit has been filed, the BORROWER shall pay all of the holder's reasonable costs, fees and expenses, including reasonable attorneys' fees, resulting from such referral.

11. Security. This Promissory Note is secured, inter alia, by a certain Pledge and Security Agreement of even date herewith ("PLEDGE AGREEMENT") from the BORROWER to the LENDER, whereby the

BORROWER has assigned to the LENDER two (2) certain mortgage loans hereafter described (the "ASSIGNED LOANS") and all loan documents executed in connection therewith, including the right to receive and retain all principal, interest, insurance proceeds and other sums of any kind payable under or with respect to the ASSIGNED LOANS, and to exercise all rights and remedies provided to the holder of the ASSIGNED LOANS. The ASSIGNED LOANS are respectively evidenced by the following:

(a) a certain Amended and Restated First Deed of Trust Note dated August 4, 1992 (effective as of July 1, 1992), in the original face amount of Four Million Four Hundred Thousand Dollars ($4,400,000.00), from TA Associates Limited Partnership, a Maryland limited partnership formerly known as Marlboro Road Limited Partnership ("TA"), to the order of Maryland National Bank, a national banking association, as amended and as assigned on this date to the BORROWER; and

(b) a certain Amended and Restated Second Deed of Trust Note dated August 4, 1992 (effective as of July 1, 1992), in the original face amount of Five Million Six Hundred Thousand Dollars ($5,600,000.00), from TA to the order of Maryland National Bank, a national banking association, as amended and as assigned on this date to the BORROWER.

The ASSIGNED LOANS are secured by first and second liens on a certain 13.091-acre (more or less) parcel of land improved with a 129,784 square foot one-story strip shopping center and a separate free-standing building, located at the intersection of Route 322 and Marlboro Road in Easton, Maryland, and known generally as the "Tred Avon Shopping Center" (the "REAL PROPERTY").

12. Waiver of Protest. The BORROWER, and all parties to this Promissory Note, whether maker, indorser, or guarantor, waive presentment, notice of dishonor and protest.

13. Extensions of Maturity. All parties to this Promissory Note,

whether maker, indorser, or guarantor, agree that the maturity of this Promissory Note, or any payment due hereunder, may be extended at any time or from time to time without releasing, discharging, or affecting the liability of such party.

14. Manner and Method of Payment. All payments called for in this Promissory Note shall be made in lawful money of the United States of America. If made by check, draft, or other payment instrument, such check, draft, or other payment instrument shall represent immediately available funds. In the holder's discretion, any payment made by a check, draft, or other payment instrument shall not be considered to have been made until such time as the funds represented thereby have been collected by the holder. Should any payment date fall on a non-BUSINESS DAY, the BORROWER shall make the payment on the next succeeding BUSINESS DAY.

15. Notices. Any notice or demand required or permitted by or in connection with this Promissory Note shall be given in the manner specified in the PLEDGE AGREEMENT for the giving of notices under the PLEDGE AGREEMENT. Notwithstanding anything to the contrary, all notices and demands for payment from the holder actually received in writing by the BORROWER shall be considered to be effective upon the receipt thereof by the BORROWER regardless of the procedure or method utilized to accomplish delivery therof to the BORROWER.

16. Assignability. This Promissory Note may be assigned by the LENDER or any holder at any time or from time to time.

17. Joint And Several Liability. If more than one person or entity is executing this Promissory Note as a BORROWER, all liabilities under this Promissory Note shall be joint and several with respect to each of such persons or entities.

18. Binding Nature. This Promissory Note shall inure to the benefit of and be enforceable by the LENDER and the LENDER's successors and assigns and any other person to whom the LENDER or any holder may grant an interest in the BORROWER'S obligations hereunder, and shall be binding and enforceable against the BORROWER and the BORROWER'S successors and assigns.

19. Invalidity Of Any Part. If any provision or part of any provision of this Promissory Note shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Promissory Note and this Promissory Note shall be construed as if such invalid, illegal or unenforceable provision or part thereof had never been contained herein, but only to the extent of its invalidity, illegality, or unenforceability.

20. Choice Of Law. The laws of the State of Maryland (excluding, however, conflict of law principles) shall govern and be applied to determine all issues relating to this Promissory Note and the rights and obligations of the parties hereto, including the validity, construction, interpretation, and enforceability of this Promissory Note and its various provisions and the consequences and legal effect of all transactions and events which resulted in the issuance of this Promissory Note or which occurred or were to occur as a direct or indirect result of this Promissory Note having been executed.

21. Consent To Jurisdiction; Agreement As To Venue. The BORROWER irrevocably consents to the non-exclusive jurisdiction of the courts of the State of Maryland and of the United States District Court for the District of Maryland, if a basis for federal jurisdiction exists. The BORROWER agrees that venue shall be proper in any circuit court of the State of Maryland selected by the LENDER or in the United States District Court for the District of Maryland if a basis for federal jurisdiction exists and waives

any right to object to the maintenance of a suit in any of the state or federal courts of the State of Maryland on the basis of improper venue or of inconvenience of forum.

22. Unconditional Obligations. The BORROWER's obligations under this Promissory Note shall be the absolute and unconditional duty and obligation of the BORROWER and shall be independent of any rights of set-off, recoupment or counterclaim which the BORROWER might otherwise have against the holder of this Promissory Note, and the BORROWER shall pay absolutely the payments

of principal, interest, fees and expenses required hereunder, free of any deductions and without abatement, diminution or set-off.

23. Seal and Effective Date. This Promissory Note is an instrument executed under seal and is to be considered effective and enforceable as of the date set forth on the first page hereof, independent of the date of actual execution and delivery.

24. Tense; Gender; Defined Terms; Section Headings. As used herein, the singular includes the plural and the plural includes the singular. A reference to any gender also applies to any other gender. Defined terms are entirely capitalized throughout. The section headings are for convenience only and are not part of this Promissory Note.

25. Waiver of Jury Trial. The BORROWER (by execution of this Promissory Note) and the LENDER (by acceptance of this Promissory Note) agree that any suit, action, or proceeding, whether claim or counterclaim, brought or instituted by or against the BORROWER or the LENDER, or any successor or assign of the BORROWER or the LENDER, on or with respect to this Promissory Note or any of the other LOAN DOCUMENTS, or which in any way relates, directly or indirectly to the obligations of the BORROWER to the LENDER under this Promissory Note or any of the other LOAN DOCUMENTS, or the dealings of the parties with respect thereto, shall be tried only by a court and not by a jury. THE BORROWER AND THE LENDER HEREBY EXPRESSLY WAIVE ANY RIGHT TO A TRIAL BY JURY IN ANY SUCH SUIT, ACTION, OR PROCEEDING. The BORROWER and the LENDER acknowledge and agree that this provision is a specific and material aspect of the agreement between the parties and that the LENDER would not enter into the transaction with the BORROWER if this provision were not part of their agreement.

(Signature Page Follows.)

IN WITNESS WHEREOF, the BORROWER has duly executed this Promissory Note under seal as of the date first above written.

WITNESS/ATTEST:

BORROWER:

TRED LIGHTLY LIMITED LIABILITY COMPANY,
a Maryland limited liability company

By: Constellation Properties, Inc.,
a Maryland corporation,
Managing Member

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

Name: ROGER A. WAESCHE, JR

Title: Vice President

ACKNOWLEDGMENT

STATE OF MARYLAND, COUNTY OF Howard , TO WIT:

I HEREBY CERTIFY that on this 15 day of September, 1995, before me, the undersigned Notary Public of the State of Maryland, in and for the County of Howard , personally appeared Roger A. Waesche, Jr. , and acknowledged himself to be the Vice President of Constellation Properties, Inc., a Maryland corporation, which is the Managing Member of TRED LIGHTLY LIMITED LIABILITY COMPANY, a Maryland limited liability company, and that he, being authorized so to do, executed the foregoing instrument for the purposes therein contained in the capacity therein described, as his act and deed.

IN WITNESS MY Hand and Notarial Seal.

/s/ M. G. Power

NOTARY PUBLIC

My Commission Expires:

6/1/98

EXHIBIT 10.9

ALLONGE TO $3,650,000 PROMISSORY NOTE ("NOTE")
DATED SEPTEMBER 15, 1995
FROM TRED LIGHTLY LIMITED LIABILITY COMPANY
TO PROVIDENT BANK OF MARYLAND, AS AMENDED

September 28, 1998

1. The following modifications are hereby made to the Note:

a. The words "two hundred fifty (250) basis points", located in the fourth and fifth lines of the fourth paragraph of Section 1.1 of the Note are hereby deleted in their entirety and the following is hereby inserted in lieu thereof:

"one hundred seventy-five basis points"

b. The words "seventy-five percent (75%)" located in the fifth and seventeenth lines of Section 7 of the Note are hereby deleted in their entirety and the following is hereby inserted in lieu thereof:

"sixty percent (60%)"

c. The following Section 26 is hereby added to the Note, immediately following Section 25 on page 8 of the Note:

Section 26. Limitation of Liability. Notwithstanding anything herein to the contrary and except as otherwise set forth below, Borrower's liability under the Loan Documents shall be enforceable only out of the property encumbered by the Loan Documents, and Borrower shall have no personal liability under the Loan Documents to Lender, and Lender shall have no right to seek a deficiency judgment against Borrower. Notwithstanding the foregoing, Borrower shall be fully and personally liable to Lender: (a) for failure to pay taxes, assessments or other charges which create liens or encumbrances on the Real Property or any part thereof; (b) for fraud or misrepresentation by Borrower, or the failure of Borrower to disclose any material fact in connection with the Loan or the Assigned Loans, (c) misrepresentation or misapplication of (i) any security deposits of tenants held by Borrower or its agents, (ii) rents collected for more than one month in advance, (iii) rents and other revenues from the Real Property received or applicable to the period after the occurrence of an

Event of Default, (iv) insurance proceeds or condemnation awards or (v) payments made under the Assigned Loans; (d) for any breach of or default under any environmental representation or warranty of Borrower set forth in any of the other Loan Documents; or (e) for waste in connection with the Real Property. Nothing in this paragraph shall be deemed to be a release or impairment of the Note or of the liens and security interests created pursuant to the provisions of the Pledge Agreement or the other Loan Documents; be deemed to be a release or impairment of any of Lender's rights and remedies set forth in this Note, the Pledge Agreement, the other Loan Documents, at law, in equity, by statute (or regulation) or otherwise; be deemed to prejudice the rights of Lender or a waiver as to a condition of this Note, the Pledge Agreement, and the other Loan Documents or to secure a judgment against persons or entities who have agreed or who may hereafter agree to be liable for the payment of the obligations evidenced herein or by the other Loan Documents, or any of them, whether by guaranty or otherwise; or be deemed to prejudice the right of Lender to pursue any remedies against Borrower or any other parties pursuant to the Loan Documents."

2. To the extent the terms of this Allonge conflict with any terms of any of the other loan documents executed in connection with the Note, the terms hereof shall control.

3. The Lender hereby irrevocably, unconditionally and completely releases and forever discharges the Existing Guarantors (defined below) and CPI Tred Avon, Inc. ("Tred Avon") and their stockholders, officers, directors and employees from all obligations, claims, demands, expenses and/or liabilities whatsoever, in law or in equity, which the Lender has or hereafter may have with respect to or arising under the loan evidenced by the Note (the "Loan"), including without limitation those obligations arising under the Guaranty

Agreement dated September 15, 1995 from the Existing Guarantors in favor of the Lender and the other loan documents executed in connection with the Loan and regardless of whether such obligations, claims, demands, expenses and/or liabilities arise in their capacity as guarantors, obligors, promisors or as partners of any limited partnership or member of any limited liability company. For this purpose, Existing Guarantors shall mean Constellation Properties, Inc. and Constellation Real Estate Group, Inc.

4. This Allonge, upon execution by the parties hereto, shall be attached to and shall become part of the Note. The terms of this Allonge are subject to a prepayment of the outstanding principal balance of the Note by the amount of $475,000. Except as modified by this Allonge, all terms of the Note shall remain in full force and effect, and are hereby confirmed and ratified by the parties hereto.

IN WITNESS WHEREOF, the Lender and the Borrower have caused this Allonge to $3,650,000 Promissory Note to be executed under seal all as of the day and year first written above.

WITNESS:

/s/ Illegible
- ----------

PROVIDENT BANK OF MARYLAND

By: /s/ Frances M. Teller (SEAL)
Frances M. Teller,
Vice President

TRED LIGHTLY LIMITED LIABILITY COMPANY, a Maryland limited liability company

By: COPT Columbia, LLC,
a Maryland limited liability company

By: Corporate Office Properties, L.P.,
a Delaware limited partnership,
Its Sole Member

By: Corporate Office Properties
Trust, General Partner

/s/ Illegible
- ----------

By: /s/ Clay W. Hamlin, III (SEAL)
Clay W. Hamlin, III
President and
Chief Executive Officer

STATE OF MARYLAND :
: to wit:
County OF Howard :
- ------ --------

I HEREBY CERTIFY that on this 28 day of September, 1998 before me, a Notary Public for the state and city/county aforesaid, personally appeared Clay W. Hamlin, III, known to me or satisfactorily proven to be the person whose name is subscribed to the foregoing instrument, who acknowledged that he is the President and Chief Executive Officer of Corporate Office Properties Trust, the general partner of Corporate Office Properties, L.P., the sole member of COPT Columbia, LLC, a Managing Member of Tred Lightly Limited Liability Company, that he has been duly authorized to execute, and has executed, such instrument in the capacity stated above for the purposes therein set forth, and that the same is its act and deed.

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

/s/ Pamela Goodman
Notary Public

My Commission expires:

STATE OF MARYLAND :
: to wit:
COUNTY OF BALTIMORE :

I HEREBY CERTIFY that on this 28 day of September, 1998 before me,
a Notary Public for the state and county/city aforesaid, personally appeared Frances M. Teller, a Vice President of Provident Bank of Maryland known to me or satisfactorily proven to be the person whose name is subscribed to the foregoing instrument, who acknowledged that she executed, such instrument in the capacity stated above for the purposes therein set forth, and that the same is her act and deed.

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

/s/ Janine L. Smith

Notary Public

My Commission expires:

Exhibit 10.10

THIRD LOAN MODIFICATION AND EXTENSION AGREEMENT

THIS THIRD LOAN MODIFICATION AND EXTENSION AGREEMENT (this "Agreement") is made this 12th day of November, 1997, but shall be effective as of the 15th day of January, 1998, by and among ST. BARNABAS LIMITED PARTNERSHIP, a Maryland limited partnership, (hereinafter referred to as the "Borrower"); CONSTELLATION PROPERTIES, INC., a Maryland corporation, (hereinafter referred to as the "Guarantor"); and NATIONSBANK, N.A., a national banking association and successor-by-merger to Maryland National Bank, (hereinafter referred to as the "Lender").

INTRODUCTORY STATEMENT

A. On August 31, 1988, the Lender extended to the Borrower a credit facility in the original principal amount of $30,245,000 (hereinafter referred to as the "Loan") to finance the development by the Borrower of approximately 25.03 acres of land located on Oxen Hill Road in Prince George's County, Maryland and known generally as "Constellation Center". The terms of the Loan have previously been modified pursuant to the terms of, among other things, a Loan Modification Agreement and Amendment dated May 28, 1993 executed by and between the Borrower and the Lender and a Second Loan Modification Agreement and Amendment dated January 14, 1995 executed by and among the Borrower, the Guarantor and the Lender (hereinafter referred to as the "Modification Agreements").

B. The Loan is currently evidenced by (i) an Amended and Restated Promissory Note dated January 12, 1995 executed by the Borrower, as maker, in favor of the Lender, as payee, in the principal amount of $12,024,849.58 (such Amended and Restated Promissory Note, together with all modifications thereto, extensions or renewals thereof and substitutions therefor being hereinafter referred to as the "Office Project Note") and (ii) an Amended and Restated Promissory Note dated January 12, 1995 executed by the Borrower, as maker, in favor of the Lender, as payee, in the principal amount of $568,388.86 (such Amended and Restated Promissory Note, together with all modifications thereto, extensions or renewals thereof and substitutions therefor being hereinafter referred to as the "Bank Facility Note"; the Office Project Note and the Bank Facility Note being hereinafter sometimes referred to individually as a "Note" and collectively as the "Notes").

C. The Loan is currently secured by, among other things, the lien of a Deed of Trust dated December 31, 1986 executed by the Borrower, as grantor, in favor of Mark A. Merino and Joseph V. Prado, as trustees, for the benefit of the Lender covering the Borrower's interest in the real property known as "Constellation Center" and duly recorded among the Land Records of Prince George's County, Maryland in Liber 6596, Folio 884, as amended (i) by a First Amendment to Deed of Trust dated April 20, 1987 executed by and between, among others, the Borrower and the Lender and duly recorded among the Land Records of Prince George's County, Maryland in Liber 6655, folio 206, (ii) by a Second Amendment to Deed of Trust dated August 31, 1988 executed by and between, among others, the Borrower and the Lender and duly recorded among the Land Records of Prince George's County, Maryland in Liber 7077, folio 586, (iii) by a Third Amendment to Deed of Trust dated September 27, 1991 executed by and between, among others, the Borrower and the Lender and duly recorded among the Land Records of Prince George's County, Maryland in Liber 8080, folio 912, and (iv) by a Fourth Amendment to Deed of Trust dated January 12, 1995 executed by and between, among others, the Borrower and the Lender and duly recorded among the Land Records of Prince George's County, Maryland in Liber 10013, folio 313 (such Deed of Trust,

together with all modifications thereto, extensions or renewals thereof and substitutions therefor being hereinafter referred to as the "Deed of Trust"; all real and personal property currently remaining subject to the lien of the Deed of Trust being hereinafter collectively referred to as the "Property").

D. The payment and performance of all of the obligations of the Borrower to the Lender under the Loan were unconditionally and irrevocably guaranteed by the Guarantor pursuant to the terms of a certain Guaranty dated September 27, 1991 executed by the Guarantor in favor of the Lender (such Guaranty, together with all modifications thereto, extensions or renewals thereof and substitutions therefor being hereinafter referred to as the "Guaranty").

E. On this date the Borrower continues to be the owner of the Property and the Borrower and the Guarantor acknowledge and agree that the Deed of Trust constitutes a valid and subsisting first lien on the Borrower's fee simple interest in the Property for the aggregate outstanding principal balance of the Notes and interest thereon, all in accordance with the terms, covenants, conditions and warranties of the Deed of Trust and the Notes secured thereby, and that all of the other provisions of the same are in full force and effect.

F. Pursuant to the terms of the Notes, the Loan is scheduled to mature on

January 15, 1998, and the Borrower has requested that the Lender extend the maturity thereof.

G. In order to induce the Lender to agree to the Borrower's request hereinabove set forth, and upon the express condition that the lien of the Deed of Trust remains a valid and subsisting first lien on the Property and that the execution and delivery of this Agreement shall not impair the lien thereof, the parties hereto have agreed to execute and deliver this Agreement to modify the terms of repayment of the Loan as hereinafter more particularly set forth.

AGREEMENTS

NOW, THEREFORE, in consideration of the premises and for the sum of One Dollar ($1.00) and other good and valuable consideration, the receipt and sufficiency whereof are hereby acknowledged, the parties hereto, for themselves, their respective successors and assigns do hereby mutually covenant and agree as follows:

1. Incorporation of Recitals. The parties hereto acknowledge and agree that the recitals hereinabove set forth are true and correct in all respects and that the same are incorporated herein and made a part hereof.

2. Outstanding Obligations. The parties hereto acknowledge and agree (a) that the outstanding principal balance of the Office Project Note as of October 31, 1997 is $10,910,701.58, (b) that the outstanding principal balance of the Bank Facility Note as of October 31, 1997 is $495,019.86, (c) that interest on the unpaid principal balance of each of the Notes has been paid through September 30, 1997, and (d) that the unpaid principal balance of each of the Notes, together with accrued and unpaid interest thereon, is due and owing subject to the terms of repayment hereinafter set forth, without defense or offset.

3. Confirmation of Lien. The Borrower and the Guarantor hereby acknowledge and agree that the Property is and shall remain in all respects subject to the lien, charge and encumbrance of the Deed of Trust, and nothing herein contained, and nothing done pursuant hereto, shall adversely affect or be construed to adversely affect the lien, charge or encumbrance of, or warranty of title in, or conveyance effected by the Deed of Trust, or the priority thereof over other liens, charges, encumbrances or conveyances, or to release or adversely affect the liability of any party or parties whomsoever who may now or hereafter be liable under or on account of the Loan or any of the Loan Documents (as hereinafter defined), nor shall anything herein contained or done in pursuance hereof adversely affect or be construed to adversely affect any other security or instrument held by the Lender as security for or

evidence of the indebtedness evidenced and secured thereby.

4. Continuation of Loan Terms. Except as otherwise expressly set forth below, the outstanding principal balance of the Notes shall continue to bear interest and to be repaid on the terms and subject to the conditions set forth in the Notes and the other documents evidencing and securing the Loan (this Agreement, the Notes, the Deed of Trust, the Guaranty, the Modification Agreements and all such other documents, whether currently existing or hereafter executed, and all modifications thereto, extensions or renewals thereof and substitutions therefor being hereinafter collectively referred to as the "Loan Documents"). All capitalized terms used but not defined in this Agreement shall have the meaning given to such terms in the Loan Documents.

5. Interest. Except as otherwise expressly set forth below, interest shall continue to accrue and be payable on the Loan at the rate or rates set forth in the Notes. Notwithstanding the foregoing, provided that no default or event of default shall have occurred hereunder or under any of the other Loan Documents, upon the satisfaction by the Borrower of each of the conditions hereinafter set forth, as determined by the Lender in its sole but reasonable discretion, in the event that the Borrower exercises its option to further extend the maturity of the Loan in accordance with the terms of Paragraph 7 below, and satisfies each of the conditions precedent thereto as more particularly set forth in Paragraph 7 hereof, the Borrower's option to elect to fix the interest rate under the Notes at the "Fixed LIBOR Rate" (as described and defined in the Notes) shall be reduced to the Adjusted LIBOR Rate (as defined in the Notes) plus two hundred (200) basis points per annum.:

(a) The Borrower shall have furnished to the Lender a current certified rent roll covering the Property, along with executed copies of each and every lease referenced therein, which shall demonstrate that not less than ninety percent (90%) of all of the leaseable space within the Property shall then be leased to, and occupied by, bona fide, third-party tenants acceptable to the Lender in all respects and who or which shall have commenced the payment of rent under such leases (hereinafter referred to collectively as "Qualified Leases"); and

(b) The Borrower shall have achieved a ratio of Projected Net

Operating Income to Debt Service (both as hereinafter defined), on an annualized basis, equal to not less than 1.25 to 1.0. For the purposes hereof, the term "Projected Net Operating Income" shall mean (i) the sum of (1) gross rental income estimated by the Lender to be realized by the Borrower over the twelve (12) month period immediately following the date when tested by the Lender from Qualified Leases of the Property (with no credit for any free rent and with such further adjustment as the Lender may require to reflect extraordinary tenant concessions) for the period in question, (2) common area maintenance charges estimated by the Lender to be received by the Borrower during the period in question by the tenants under such Qualified Leases, and (3) tenant reimbursements of Projected Operating Expenses (as hereinafter defined) estimated by the Lender to be received by the Borrower during such period, less (ii) Projected Operating Expenses estimated by the Lender to be incurred by the Borrower during the period in question. In determining Projected Net Operating Income, no deduction or adjustment will be made for depreciation, depletion or amortization of assets. The term "Projected Operating Expenses" shall mean all costs and expenses estimated by the Lender to be incurred by the Borrower in connection with the Property for such period, including without limitation, a management fee for the Property equal to not less than three percent (3%) of gross rents, plus an adjustment, if determined to be necessary by the Lender, to reflect costs and expenses not historically paid by the Borrower but which would customarily be paid by owners of similar properties in like locations. The term "Debt Service" shall mean the annual principal and interest payments required to fully amortize the Loan in equal monthly installments of principal and interest based on a 20 year mortgage amortization schedule computed at a hypothetical fixed interest rate equal to the greater of (i) 250 basis points per annum in excess of the then current rate on 7 year United States Treasury Notes, as reported in the Federal Reserve Statistical Release H.15(519) (the "Release") for December 31, 1998 or if such day is not a business day, then for the first immediately preceding day for

which the Release reports such rate, or (ii) nine percent (9%) per annum.

6. Amortization and Maturity. Principal and interest shall be due and payable under the Loan as follows:

(a) Commencing on the first day of February, 1998 and continuing on the same day of each and every month thereafter to maturity (as the same may be further extended in accordance with the terms of Paragraph 7 below), (i) principal shall continue to be due and payable under the Office Project Note in equal monthly installments of $33,053, together with accrued and unpaid interest on the outstanding principal balance of the Office Project Note, and (ii) principal shall continue to be due and payable under the Bank Facility Note in equal monthly installments of $2,200, together with accrued and unpaid interest on the outstanding principal balance of the Bank Facility Note; and

(b) Unless the maturity of the Loan shall be further extended or unless sooner paid, the Loan shall mature and the entire principal balance of the Notes, together with all accrued and unpaid interest thereon, shall be due and payable on January 15, 1999.

7. Extension Option. The Borrower shall have one (1) option to further extend the maturity of the Loan, for a period of twelve (12) additional months, upon the express condition for the exercise of such extension option that each and all of the following conditions precedent shall have been fulfilled or complied with to the complete satisfaction of the Lender in its sole and absolute discretion:

(a) The Borrower shall have given the Lender at least thirty (30) days prior written notice of its intention to extend;

(b) The Borrower shall have paid to the Lender, at the time the notice required by subparagraph (a) above is given, an extension fee in an amount equal to one-quarter of one percent (1/4%) of the sum of (i) the then outstanding principal balance of the Office Project Note, and (ii) the then outstanding principal balance of the Bank Facility Note;

(c) No default or event of default shall have occurred hereunder or under any of the other Loan Documents;

(d) The Borrower shall have furnished to the Lender a current certified rent roll covering the Property dated not more than thirty (30) days prior to the commencement of such extension term, along with executed copies of each and every lease referenced therein, which shall demonstrate that, at the time of the exercise by the Borrower of such extension option, not less than ninety percent (90%) of all of the leaseable space within the Property shall then be leased to, and occupied by, bona fide, third-party tenants acceptable to the Lender in all respects under Qualified Leases and who or which shall have commenced the payment of rent thereunder such leases (hereinafter referred to collectively as "Qualified Leases"); and

(e) At the time of the exercise by the Borrower of such extension option, the Borrower shall have achieved a ratio of Projected Net Operating Income to Debt Service (both as hereinafter defined), on an annualized basis, equal to not less than 1.25 to 1.0, which shall be measured as of December 31, 1998 on an historical basis based upon the preceding twelve (12) month results. For the purposes hereof, the term "Net Operating Income" shall mean (i) the sum of (1) gross rental income from Qualified Leases of the Property (with no credit for any free rent and with such further adjustment as the Lender may require to reflect extraordinary tenant concessions) for the period in question, (2) common area maintenance charges actually paid to the Borrower during the period in question by the tenants under such Qualified Leases, and (3) tenant reimbursements of Operating Expenses (as hereinafter defined) actually received by the Borrower during such period, less (ii) Operating Expenses

for the period in question. In determining Net Operating Income, no deduction or adjustment will be made for depreciation, depletion or amortization of assets. The term "Operating Expenses" shall mean all costs and expenses incurred in connection with the Property for such period, including without limitation, a management fee for the Property equal to not less than three percent (3%) of gross rents, plus an adjustment, if determined to be necessary by the Lender, to reflect costs and expenses not paid by the Borrower but which would customarily be paid by owners of similar properties in like locations. The term "Debt Service" shall mean the annual principal and interest payments required to fully amortize the Loan in equal monthly installments of principal and interest based on a 20 year mortgage amortization schedule computed at a hypothetical fixed interest rate equal to the greater of (i) 250 basis points per annum in excess of the then current rate on 7 year United States Treasury Notes, as reported in the Federal Reserve Statistical Release H.15(519) (the "Release") for December 31, 1998 or if such day is not a business day, then for the first immediately preceding day for which the Release reports such rate, or (ii) nine percent (9%) per annum.

8. Late Charges and Default Interest. In the event that any payment due under the Loan is not received by the Lender within fifteen (15) days after the date such payment is due (inclusive of the date when due), the Borrower shall pay to the Lender on demand a late charge equal to four percent (4%) of such payment. Moreover, upon the occurrence of an event of default hereunder, under the Notes or under any of the other Loan Documents (beyond any applicable period to cure), the unpaid principal balance of the Notes shall bear interest thereafter until such event of default is cured at a rate which is at all times equal to four percent (4%) per annum in excess of the rate or rates of interest otherwise payable under the Loan.

9. Prepayment. The Borrower shall have the right to prepay the Loan in full or in part, at any time and from time to time, upon ten (10) days prior written notice to the Lender. With respect to any portion of the Loan that is bearing interest at a Floating Rate (as defined in the Notes), such portion of the Loan may be prepaid in full or in part without premium or penalty. If any portion of the Loan bearing interest at a Fixed Rate (as defined in the Notes) is prepaid in full or in part for any reason whatsoever, other than as a result of the application of insurance or condemnation proceeds in accordance with the terms of the Deed of Trust, the Borrower shall pay to the Lender a prepayment fee calculated in accordance with the terms of the Notes. All payments made on account of the Loan shall be applied first to any late charges then due hereunder, second to the payment of any prepayment penalty then due in accordance with the terms of the Notes, third to the payment of all accrued and unpaid interest then due under the Loan and the remainder, if any, shall be applied to the unpaid principal balance of the Loan, with application first made to all principal installments then due under the Loan, next to the outstanding principal balance due at maturity and thereafter to the unpaid principal installments in the inverse order of maturity.

10. Extension Fees and Expenses. In consideration of the Lender's agreement to modify and extend the Loan and in addition to the payments of principal and interest required above, the Borrower shall pay to the Lender upon the execution and delivery of this Agreement a non-refundable extension fee in the amount of $28,249.91. In addition, the Borrower and the Guarantor covenant and agree to pay all other fees, costs, charges and expenses incurred by the Lender in connection with the preparation of this Agreement and the modification of the Loan, including without limitation, the Lender's reasonable attorneys' fees and all recording costs.

11. Additional Events of Default. In addition to those events of default specifically enumerated in the Notes, the Deed of Trust, and/or any of the other Loan Documents, the failure of the Borrower or the Guarantor to comply with the terms of any covenant or agreement contained herein shall constitute an event of default and shall entitle the Lender to exercise all rights and remedies provided in the Notes and the Deed of Trust, as well as all other rights and remedies provided to the Lender under the terms of any of the other Loan Documents as a result of the occurrence of the same.

12. Release of Claims. The Borrower and the Guarantor, for themselves and for each of their

respective successors and assigns, hereby release and waive all claims and/or defenses they now or hereafter may have against the Lender and its successors and assigns on account of any occurrence relating to the Loan, the Loan Documents and/or the Property which accrued prior to the date hereof, including, but not limited to, any claim that the Lender (a) breached any obligation to the Borrower and/or the Guarantor in connection with the Loan, (b) was or is in any way involved with the Borrower and/or the Guarantor as a partner, joint venturer, or in any other capacity whatsoever other than as a lender, (c) failed to fund any portion of the Loan or any other sums as required under any document or agreement in reference thereto, or (d) failed to timely respond to any offers to cure any defaults under any document or agreement executed by the Borrower, the Guarantor or any third party or parties in favor of the Lender. This release and waiver shall be effective as of the date of this Agreement and shall be binding upon the Borrower and the Guarantor and each of their respective successors and assigns, and shall inure to the benefit of the Lender and its successors and assigns. The term "Lender" as used herein shall include, but shall not be limited to, its present and former officers, directors, employees, agents and attorneys.

13. Ratification of Guaranty. The Guarantor hereby covenants and agrees with the Lender that the execution of this Agreement does not and shall not in any manner affect its obligations and liabilities under the Guaranty and that the Guaranty remains in full force and effect. The Guarantor hereby unconditionally and irrevocably guarantees to the Lender the due and punctual payment and performance of all obligations of the Borrower arising out of or connected with this Agreement as if the same were set forth fully in the Guaranty at the time of the execution thereof.

14. Continuing Agreements; Novation. Except as expressly modified hereby, the parties hereto ratify and confirm each and every provision of the Notes, the Deed of Trust, the Guaranty and each of the other Loan Documents as if the same were set forth herein. In the event that any of the terms and conditions in the Notes or in any of the other Loan Documents conflict in any way with the terms and provisions hereof, the terms and provisions hereof shall prevail. The parties hereto covenant and agree that the execution of this Agreement is not intended to and shall not cause or result in a novation with regard to the Notes, the Deed of Trust, the Guaranty and/or the other Loan Documents and that the existing indebtedness of the Borrower to the Lender evidenced by the Notes is continuing, without interruption, and has not been discharged by a new agreement.

15. Entire Agreement. NO STATEMENTS, AGREEMENTS OR REPRESENTATIONS, ORAL OR WRITTEN, WHICH MAY HAVE BEEN MADE TO THE BORROWER OR THE GUARANTOR OR TO ANY EMPLOYEE OR AGENT OF THE BORROWER OR THE GUARANTOR, EITHER BY THE LENDER OR BY ANY EMPLOYEE, AGENT OR BROKER ACTING ON THE LENDER'S BEHALF, WITH RESPECT TO THE MODIFICATION AND EXTENSION OF THE LOAN, SHALL BE OF ANY FORCE OR EFFECT, EXCEPT TO THE EXTENT STATED IN THIS AGREEMENT, AND ALL PRIOR AGREEMENTS AND REPRESENTATIONS WITH RESPECT TO THE MODIFICATION AND EXTENSION OF THE LOAN ARE MERGED HEREIN.

16. Captions. The captions herein set forth are for convenience only and shall not be deemed to define, limit or describe the scope or intent of this Agreement.

17. Governing Law. The provisions of this Agreement shall be construed, interpreted and enforced in accordance with the laws of the State of Maryland as the same may be in effect from time to time.

18. Counterparts. This Agreement may be executed in any number of counterparts, and each such counterpart shall be deemed to be an original. It shall not be necessary that the signature of, or on behalf of, each party, or that the signatures of the persons required to bind any party, appear on more than one counterpart.

IN WITNESS WHEREOF, the parties have executed this Agreement under seal as of the date first above written.

WITNESS OR ATTEST: ST. BARNABAS LIMITED PARTNERSHIP

By: Constellation Properties, Inc.,
General Partner

- ----------

By (SEAL)

Roger A. Waesche, Jr.
Vice President

WITNESS OR ATTEST: By: CPO Constellation Centre, Inc.,

General Partner

- ----------
By (SEAL)
---------- Roger A. Waesche, Jr.
Vice President

WITNESS OR ATTEST: CONSTELLATION PROPERTIES, INC.

- ----------
By (SEAL

Roger A. Waesche, Jr.
Vice President

WITNESS: NATIONSBANK, N.A.

- ----------
By (SEAL)

Louis O. Kiang
Vice President

STATE OF MARYLAND, _____ OF _____, TO WIT:

I HEREBY CERTIFY, that on this _____ day of _____, 1997 before me, the undersigned Notary Public of said State, personally appeared Roger A. Waesche, Jr., who acknowledged himself to be a Vice President of Constellation Properties, Inc., a Maryland corporation and General Partner of St. Barnabas Limited Partnership, a Maryland limited partnership, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same for the purposes therein contained as the duly authorized Vice President of said corporation by signing the name of the corporation by himself as Vice President.

WITNESS my hand and Notarial Seal.

Notary Public

My Commission Expires:

STATE OF MARYLAND, _____ OF _____, TO WIT:

I HEREBY CERTIFY, that on this _____ day of _____, 1997 before me, the undersigned Notary Public of said State, personally appeared Roger A. Waesche, Jr., who acknowledged himself to be a Vice President of CPO Constellation Centre, Inc., a Maryland corporation and General Partner of St. Barnabas Limited Partnership, a Maryland limited partnership, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same for the purposes therein contained as the duly authorized Vice President of said corporation by signing the name of the corporation by himself as Vice President.

WITNESS my hand and Notarial Seal.

Notary Public

My Commission Expires:

STATE OF MARYLAND, _____ OF _____, TO WIT:

I HEREBY CERTIFY, that on this _____ day of _____, 1997 before me, the undersigned Notary Public of said State, personally appeared Roger A. Waesche, Jr., who acknowledged himself to be a Vice President of Constellation Properties, Inc., a Maryland corporation, known to me (or

satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same for the purposes therein contained as the duly authorized Vice President of said corporation by signing the name of the corporation by himself as Vice President.

WITNESS my hand and Notarial Seal.

Notary Public

My Commission Expires:

STATE OF MARYLAND, _____ OF _____, TO WIT:

I HEREBY CERTIFY, that on this _____ day of _____, 1997, before me, the undersigned Notary Public of said State, personally appeared Louis O. Kiang, who acknowledged himself to be a Vice President of NationsBank, N.A., a national banking association, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same for the purposes therein contained as the duly authorized Vice President of said Bank by signing the name of the Bank by himself as Vice President.

WITNESS my hand and Notarial Seal.

Notary Public

My Commission Expires:

Exhibit 10.11

FOURTH LOAN MODIFICATION AGREEMENT
- ----------------------------------

THIS FOURTH LOAN MODIFICATION AGREEMENT (this "Agreement") is made this 28th day of September, 1998, by and among ST. BARNABAS LIMITED PARTNERSHIP, a Maryland limited partnership, (hereinafter referred to as the "Borrower"); CONSTELLATION PROPERTIES, INC., a Maryland corporation, (hereinafter referred to as the "Existing Guarantor"); CORPORATE OFFICE PROPERTIES, L.P., a Delaware limited partnership, (hereinafter referred to as the "Substitute Guarantor") and NATIONSBANK, N.A., a national banking association and successor-by-merger to Maryland National Bank, (hereinafter referred to as the "Lender").

INTRODUCTORY STATEMENT

A. On August 31, 1988, the Lender extended to the Borrower a credit facility in the original principal amount of $30,245,000 (hereinafter referred to as the "Loan") to finance the development by the Borrower of approximately 25.03 acres of land located on Oxen Hill Road in Prince George's County, Maryland and known generally as "Constellation Center". The terms of the Loan have previously been modified pursuant to the terms of, among other things, (i) a Loan Modification Agreement and Amendment dated May 28, 1993 executed by and between the Borrower and the Lender, (ii) a Second Loan Modification Agreement and Amendment dated January 14, 1995 executed by and among the Borrower, the Existing Guarantor and the Lender and (iii) a Third Loan Modification and Extension Agreement dated November 12, 1997 executed by and among the Borrower, the Existing Guarantor and the Lender (hereinafter referred to as the "Modification Agreements").

B. The Loan and the Borrower's obligations to the Lender with respect thereto (hereinafter referred to collectively as the "Obligations") are currently evidenced by (i) an Amended and Restated Promissory Note dated January 12, 1995 executed by the Borrower, as maker, in favor of the Lender, as payee, in the principal amount of $12,024,849.58 (such Amended and Restated Promissory Note, together with all modifications thereto, extensions or renewals thereof and substitutions therefor being hereinafter referred to as the "Office Project Note") and (ii) an Amended and Restated Promissory Note dated January 12, 1995 executed by the Borrower, as maker, in favor of the Lender, as payee, in the principal amount of $568,388.86 (such Amended and Restated Promissory Note, together with all modifications thereto, extensions or renewals thereof and substitutions therefor being hereinafter referred to as the "Bank Facility Note"; the Office Project Note and the Bank Facility Note being hereinafter sometimes referred to individually as a "Note" and collectively as the "Notes").

C. The Loan and the Obligations are currently secured by, among other things, the lien of a Deed of Trust dated December 31, 1986 executed by the Borrower, as grantor, in favor of Mark A. Merino and Joseph V. Prado, as trustees, for the benefit of the Lender covering the Borrower's interest in the real property known as "Constellation Center" and duly recorded among the Land Records of Prince George's County, Maryland in Liber 6596, Folio 884, as amended (i) by a First Amendment to Deed of Trust dated April 20, 1987 executed by and between, among others, the Borrower and the Lender and duly recorded among the Land Records of Prince George's County, Maryland in Liber 6655, folio 206, (ii) by a Second Amendment to Deed of Trust dated August 31, 1988 executed by and between, among others, the Borrower and the Lender and duly recorded among the Land Records of Prince George's County, Maryland in Liber 7077, folio 586, (iii) by a Third Amendment to Deed of Trust dated September 27, 1991 executed by and between, among others, the Borrower and the Lender and duly recorded among the Land Records of Prince George's County, Maryland in Liber 8080, folio 912, and (iv) by a Fourth Amendment to Deed of Trust dated January 12, 1995 executed by and between, among others, the Borrower and the Lender and duly recorded among the Land Records of Prince George's County, Maryland in Liber 10013, folio 313 (such Deed of Trust, together with all modifications thereto, extensions or renewals thereof and substitutions therefor being hereinafter referred to as the "Deed of Trust"; all real and personal property currently remaining subject to the lien of the Deed of Trust being hereinafter collectively referred to as the "Property").

D. The payment and performance of all of the Obligations of the Borrower to the Lender are unconditionally and irrevocably guaranteed by the Existing Guarantor pursuant to the terms of a certain Guaranty dated September 27, 1991 executed by the Existing Guarantor in favor of the Lender (such Guaranty, together with all modifications thereto, extensions or renewals thereof and substitutions therefor being hereinafter referred to as the "Guaranty").

E. On this date the Borrower continues to be the owner of the Property and the Borrower, the Existing Guarantor and the Substitute Guarantor acknowledge and agree that the Deed of Trust constitutes a valid and subsisting first lien on the Borrower's fee simple interest in the Property for the aggregate

outstanding principal balance of the Notes and interest thereon, all in accordance with the terms, covenants, conditions and warranties of the Deed of Trust and the Notes secured thereby, and that all of the other provisions of the same are in full force and effect.

F. The Existing Guarantor and the Substitute Guarantor have now entered into one or more agreements pursuant to which the ownership interests in the Borrower have been or shall be transferred to the Substitute Guarantor or to other entities related to or affiliated with the Substitute Guarantor and the Borrower, the Existing Guarantor and the Substitute Guarantor have requested that the Lender (i) consent to such transfers and (ii) release the Existing Guarantor from all Obligations arising out of or connected with the Loan, including without limitation, those obligations arising out of the Guaranty.

G. In order to induce the Lender to agree to the foregoing requests and upon the express condition that the lien of the Deed of Trust remains a valid and subsisting first lien on the Property, and that the execution and delivery of this Agreement shall not impair the lien thereof, the parties hereto have agreed to execute and deliver this Agreement to modify the terms of repayment of the Obligations as hereinafter more particularly set forth.

AGREEMENTS

NOW, THEREFORE, in consideration of the premises and for the sum of One Dollar ($1.00) and other good and valuable consideration, the receipt and sufficiency whereof are hereby acknowledged, the parties hereto, for themselves, their respective heirs, personal representatives, successors and assigns do hereby mutually covenant and agree as follows:

1. Incorporation of Recitals. The parties hereto acknowledge and agree that the recitals hereinabove set forth are true and correct in all respects and that the same are incorporated herein and made a part hereof.

2. Outstanding Obligations. The parties hereto acknowledge and agree (a) that the outstanding principal balance of the Loan, as of the date hereof, but prior to the application of the required principal curtailment referred to in Paragraph 6 below, is $11,017,938.44 (consisting of the outstanding principal balance of $10,547,118.58 under the Office Project Note and the outstanding principal balance of $470,819.86 under the Bank Facility Note), (b) that interest on the unpaid principal balance of each of the Notes has been paid through August 31, 1998, and (c) that the unpaid principal balance of each of the Notes, together with accrued and unpaid interest thereon, is due and owing subject to the terms of repayment hereinafter set forth, without defense or offset.

3. Confirmation of Lien. The parties hereto hereby acknowledge and agree that the Property is and shall remain in all respects subject to the lien, charge and encumbrance of the Deed of Trust, and that nothing herein contained, and nothing done pursuant hereto, shall adversely affect or be construed to adversely affect the lien, charge or encumbrance of, or warranty of title in, or conveyance effected by the Deed of Trust, or the priority thereof over other liens, charges, encumbrances or conveyances, or except as otherwise expressly set forth in Paragraph 8 below, to release or adversely affect the liability of any party or parties whomsoever who may now or hereafter be liable under or on account of the Obligations or any of the Loan Documents (as hereinafter defined), nor shall anything herein contained or done in pursuance hereof adversely affect or be construed to adversely affect any other security or instrument held by the Lender as security for or evidence of the indebtedness evidenced and secured thereby.

4. Continuation of Loan Terms. Except as otherwise expressly set forth below, the outstanding principal balance of the Notes shall continue to bear interest and to be repaid on the terms and subject to the conditions set forth in the Notes and the other documents evidencing and securing the Obligations (this Agreement, the Notes, the Deed of Trust, the Guaranty, the Modification Agreements and all such other documents, whether currently existing or hereafter executed, and all modifications thereto, extensions or renewals thereof and substitutions therefor being hereinafter collectively referred to as the "Loan Documents").

5. Assumption by the Substitute Guarantor of the Existing Guarantor's Obligations. In consideration of the agreement by the Lender to release the Existing Guarantor from all of its obligations under the Loan and the Loan Documents, the Substitute Guarantor hereby agrees to assume and be responsible for all of the obligations of the Existing Guarantor under the Loan and the Loan Documents, including without limitation, those obligations arising under or relating to the Guaranty. Thus, the Substitute Guarantor hereby (a) guarantees to the Lender the due and punctual payment of the principal balance of the Notes and all interest thereon and all other sums and charges at any time owing to the Lender under the terms of the Notes, as and when the same shall be due and

payable, whether on any installment payment date or at the stated or accelerated maturity, all according to the terms of the Notes, and (b) covenants, promises and agrees to pay and perform each and all of the other Obligations, covenants and agreements in the Loan Documents to be paid and/or performed by the Existing Guarantor, at the time, in the manner and in all respects as therein provided and to be bound by each and all of the terms and provisions of the Guaranty and each of the other Loan Documents, if any, executed by the Existing Guarantor, as though such instruments and agreements had originally been made, executed and delivered by the Substitute Guarantor. From and as of the date hereof, the term "Guarantor" in each of the Loan Documents shall mean and refer in each instance to the Substitute Guarantor, and whenever the Existing Guarantor shall be referred to in the Loan Documents, whether by name or by reference to any

defined term, such provision or provisions shall be deemed to refer to, or to include, as the case may be, the Substitute Guarantor.

6. Required Principal Curtailment. In further consideration of the agreement of the Lender to release the Existing Guarantor from all of the Obligations under the Loan and the Loan Documents, the Borrower shall pay or cause to be paid to the Lender, on the date of the execution and delivery of this Agreement, a mandatory principal curtailment on the Loan in an amount equal to not less than $1,000,000, which sum shall be applied to the balances due under the Notes in such order or manner as the Lender may determine in its sole discretion.

7. Release of Extension Option. Notwithstanding anything contained herein or in any of the other Loan Documents to the contrary, unless sooner paid, the Loan shall mature and the entire principal balance of the Loan, together with all accrued and unpaid interest thereon, shall be due and payable on January 15, 1999. The extension option provided to the Borrower pursuant to the terms of the Third Loan Modification and Extension Agreement dated November 12, 1997 is hereby deleted and shall be of no further force or effect.

8. Release of the Existing Guarantor. In consideration of the assumption by the Substitute Guarantor of the obligations and liabilities of the Existing Guarantor under the Loan and the execution and delivery of this Agreement by the parties hereto, the Lender hereby irrevocably, unconditionally and completely releases and forever discharges the Existing Guarantor and CPO Constellation Centre, Inc. and their respective officers, directors, stockholders and employees from all obligations, claims, demands, expenses and/or liabilities whatsoever, at law or in equity, which the Lender has or hereafter may have with respect to, or arising under, the Loan, including without limitation, those obligations arising under the Guaranty and the other Loan Documents and regardless of whether such obligations, claims, demands, expenses and/or liabilities arise in their capacity as guarantors, obligors, promisors or as partners of any limited partnership or member of any limited liability company.

9. Consent of the Borrower. By its execution hereof, the Borrower hereby consents to the release by the Lender of the Existing Guarantor from, and the assumption by the Substitute Guarantor of, all of the obligations of the Existing Guarantor under the Loan and the Loan Documents.

10. Acknowledgements of the Substitute Guarantor. The Substitute Guarantor hereby acknowledges and agrees, for the benefit of the Lender, as follows:

(a) That, the Substitute Guarantor (i) has sufficient knowledge and experience in financial and business matters, including the ownership and development of real property, to be able to evaluate the risks and merits of its agreements with respect to the Loan, the Property, the Borrower and all other material parties to this transaction and (ii) is able to bear the economic risks associated with its assumption of the Obligations under the Loan Documents;

(b) That, the Substitute Guarantor has made its own inquiry and analysis with respect to the project which is the subject of the Loan, the Loan and the security therefor, the Borrower and all other material parties and factors affecting the Loan and the Obligations arising under the Loan Documents. The Substitute Guarantor understands that no offering statement, offering circular or other prospectus containing material information with respect to the foregoing has been or will be issued in connection therewith;

(c) That, the Substitute Guarantor hereby (i) waives any claim or defense that it now or hereafter may have against the Lender alleging that it was not supplied with or did not have access to information, including financial statements and other financial information, which may have been necessary to make its decision with respect to the Property and/or its assumption of the Obligations under the Loan Documents and (ii) acknowledges that it has had the opportunity to ask questions and receive

answers from knowledgeable individuals, including without limitation, attorneys, accountants and engineers, concerning the Borrower, the Property, the Loan and the security therefor; and

(d) That, the Substitute Guarantor acknowledges and represents that it has not sought from the Lender or received from the Lender or looked to or relied upon the Lender or any agent of the Lender for any information with respect to the Borrower, the Property, the Loan or the security therefor, and that the Lender has not supplied the Substitute Guarantor with any information relating to the foregoing.

11. Fees and Expenses. In consideration of the Lender's agreement to modify the Loan and in addition to the payments of principal and interest required above, the Borrower and/or the Substitute Guarantor shall pay to the Lender upon the execution and delivery of this Agreement all fees, costs, charges and expenses incurred by the Lender in connection with the preparation of this Agreement and the modification of the Loan, including without limitation, the Lender's reasonable attorneys' fees and all recording costs.

12. Additional Events of Default. In addition to those events of default specifically enumerated in the Notes, the Deed of Trust and/or any of the other Loan Documents, the failure of the Borrower or the Substitute Guarantor to comply with the terms of any covenant or agreement contained herein shall constitute an event of default and shall entitle the Lender to exercise all rights and remedies provided in the Notes and the Deed of Trust, as well as all other rights and remedies provided to the Lender under the terms of any of the other Loan Documents as a result of the occurrence of the same.

13. Release of Claims. The Borrower and the Existing Guarantor for themselves and for each of their respective heirs, personal representatives, successors and assigns, hereby release and waive all claims and/or defenses they now or hereafter may have against the Lender and its successors and assigns on account of any occurrence relating to the Obligations, the Loan Documents, and/or the Property which accrued prior to the date hereof, including, but not limited to, any claim that the Lender (a) breached any obligation to the Borrower or the Existing Guarantor in connection with the Loan, (b) was or is in any way involved with the Borrower and/or the Existing Guarantor as a partner, joint venturer, or in any other capacity whatsoever other than as a lender, (c) failed to fund any portion of the Loan or any other sums as required under any document or agreement in reference thereto, or (d) failed to timely respond to any offers to cure any defaults under any document or agreement executed by the Borrower, the Existing Guarantor or any third party or parties in favor of the Lender; but expressly excluding any claim of gross negligence, intentional misconduct or fraud on the part of the Lender of which neither the Borrower nor the Existing Guarantor is actually aware as of the date hereof. This release and waiver shall be effective as of the date of this Agreement and shall be binding upon the Borrower and the Existing Guarantor and each of their respective heirs, personal representatives, successors and assigns, and shall inure to the benefit of the Lender and its successors and assigns. The term "Lender" as used herein shall include, but shall not be limited to, its present and former officers, directors, employees, agents and attorneys.

14. Service of Process. (a) The Substitute Guarantor hereby irrevocably designates and appoints John Harris Gurley, as its authorized agent to accept and acknowledge on its behalf service of any and all process that may be served in any suit, action, or proceeding instituted in connection with the Loan and/or the Loan Documents. If such agent shall cease so to act, the Substitute Guarantor shall irrevocably designate and appoint without delay another such agent in the State of Maryland satisfactory to the Lender and shall promptly deliver to the Lender evidence in writing of such agent's acceptance of such appointment and its agreement that such appointment shall be irrevocable.

(b) The Substitute Guarantor hereby consents to process being served in any suit, action, or proceeding instituted in connection with the Loan and/or the Loan Documents by (i) the mailing of a copy thereof by certified mail, postage prepaid, return receipt requested, to it at its address

designated below and (ii) serving a copy thereof upon the agent, if any, hereinabove designated and appointed by the Substitute Guarantor as the Substitute Guarantor's agent for service of process. The Substitute Guarantor irrevocably agrees that such service shall be deemed in every respect to be effective service of process in any such suit, action, or proceeding. Nothing herein shall affect the right of the Lender to serve process in any other manner permitted by law.

15. Notices. Any notice, demand, request or other communication which the Lender may desire to give to the Substitute Guarantor with respect to the Loan shall be deemed to have been properly given if in writing and delivered by hand, sent by overnight courier or mailed by certified mail, postage prepaid,

addressed as follows:

Corporate Office Properties Trust
8815 Centre Park Drive, Suite 400
Columbia, Maryland 21045
Attn: General Counsel

16. Waiver of Trial by Jury. The Borrower, the Substitute Guarantor and the Lender hereby jointly and severally waive trial by jury in any action or proceeding to which the Borrower and/or the Substitute Guarantor and the Lender may be parties, arising out of or in any way pertaining to (a) the Loan, (b) the Loan Documents, or (c) the Property. It is agreed and understood that this waiver constitutes a waiver of trial by jury of all claims against all parties to such actions or proceedings, including claims against parties who are not parties to this Agreement. This waiver is knowingly, willingly and voluntarily made by the Borrower and the Substitute Guarantor, and the Borrower and the Substitute Guarantor hereby represent that no representations of fact or opinion have been made by any individual to induce this waiver of trial by jury or to in any way modify or nullify its effect. The Borrower and the Substitute Guarantor further represent that they have been represented in the signing of this Agreement and in the making of this waiver by independent legal counsel, selected of their own free will, and that they have had the opportunity to discuss this waiver with counsel.

17. Continuing Agreements; Novation. Except as expressly modified hereby, the parties hereto ratify and confirm each and every provision of the Notes, the Deed of Trust, the Guaranty and each of the other Loan Documents as if the same were set forth herein. In the event that any of the terms and conditions in the Notes or in any of the other Loan Documents conflict in any way with the terms and provisions hereof, the terms and provisions hereof shall prevail. The parties hereto covenant and agree that the execution of this Agreement is not intended to and shall not cause or result in a novation with regard to the Notes and/or the other Loan Documents and that the existing indebtedness of the Borrower to the Lender evidenced by the Notes is continuing, without interruption, and has not been discharged by a new agreement.

18. Entire Agreement. NO STATEMENTS, AGREEMENTS OR REPRESENTATIONS, ORAL OR WRITTEN, WHICH MAY HAVE BEEN MADE TO THE BORROWER, THE EXISTING GUARANTOR OR THE SUBSTITUTE GUARANTOR OR TO ANY EMPLOYEE OR AGENT OF THE BORROWER, THE EXISTING GUARANTOR OR THE SUBSTITUTE GUARANTOR, EITHER BY THE LENDER OR BY ANY EMPLOYEE, AGENT OR BROKER ACTING ON THE LENDER'S BEHALF, WITH RESPECT TO THE MODIFICATION OF THE LOAN, SHALL BE OF ANY FORCE OR EFFECT, EXCEPT TO THE EXTENT STATED IN THIS AGREEMENT OR IN ANY OTHER AGREEMENT EXECUTED IN CONNECTION HEREWITH, AND ALL PRIOR AGREEMENTS AND REPRESENTATIONS WITH RESPECT TO THE MODIFICATION OF THE LOAN ARE MERGED HEREIN AND THEREIN.

19. Captions. The captions herein set forth are for convenience only and shall not be deemed to define, limit or describe the scope or intent of this Agreement.

20. Governing Law. The provisions of this Agreement shall be construed, interpreted and enforced in accordance with the laws of the State of Maryland as the same may be in effect from time to time.

21. Counterparts. This Agreement may be executed in any number of counterparts, and each such counterpart shall be deemed to be an original. It shall not be necessary that the signature of, or on behalf of, each party, or that the signatures of the persons required to bind any party, appear on more than one counterpart.

IN WITNESS WHEREOF, the parties have executed this Agreement under seal as of the date first above written.

WITNESS: ST. BARNABAS LIMITED PARTNERSHIP

By: COPT Columbia, LLC
General Partner

By: Corporate Office Properties, L.P.
Sole Member

By: Corporate Office Properties Trust
General Partner

- ------------------------------ By (SEAL)

Clay W. Hamlin, III
President

WITNESS: CONSTELLATION PROPERTIES, INC.

- ---------- By (SEAL)

Dan R. Skowronski
Secretary

WITNESS: CORPORATE OFFICE PROPERTIES, L.P.

By: Corporate Office Properties Trust
General Partner

- ---------- By (SEAL)

Clay W. Hamlin, III
President

WITNESS: NATIONSBANK, N.A.

- ---------- By (SEAL)

Louis O. Kiang
Vice President

STATE OF MARYLAND, _____ OF _____, TO WIT:

I HEREBY CERTIFY, that on this _____ day of _____, 1998, before me, the undersigned Notary Public of said State, personally appeared Clay W. Hamlin, III, who acknowledged himself to be the President of Corporate Office Properties Trust, a Maryland real estate investment trust and a general partner of Corporate Office Properties, L.P., a Delaware limited partnership and the sole member of COPT Columbia LLC, a Maryland limited liability company and the general partner of St. Barnabas Limited Partnership, a Maryland limited partnership, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same for the purposes therein contained as the duly authorized President of said real estate investment trust by signing the name of the real estate investment trust by himself as President.

WITNESS my hand and Notarial Seal.

Notary Public

My Commission Expires:

STATE OF MARYLAND, _____ OF _____, TO WIT:

I HEREBY CERTIFY, that on this _____ day of _____, 1998, before me, the undersigned Notary Public of said State, personally appeared Dan R. Skowronski, who acknowledged himself to be the Secretary of Constellation Properties, Inc., a Maryland corporation, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same for the purposes therein contained as the duly authorized Secretary of said corporation by signing the name of the corporation by himself as Secretary .

WITNESS my hand and Notarial Seal.

Notary Public

My Commission Expires:

STATE OF MARYLAND, _____ OF _____, TO WIT:

I HEREBY CERTIFY, that on this _____ day of _____, 1998, before me, the undersigned Notary Public of said State, personally appeared Clay W. Hamlin, III, who acknowledged himself to be the President of Corporate Office Properties Trust, a Maryland real estate investment trust and a general partner of Corporate Office Properties, L.P., a Delaware limited partnership, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same for the purposes therein contained as the duly authorized President of said real estate investment trust by signing the name of the real estate investment trust by himself as President.

WITNESS my hand and Notarial Seal.

Notary Public

My Commission Expires:

STATE OF MARYLAND, _____ OF _____, TO WIT:

I HEREBY CERTIFY, that on this _____ day of _____, 1998, before me, the undersigned Notary Public of said State, personally appeared Louis O. Kiang, who acknowledged himself to be a Vice President of NationsBank, N.A., a national banking association, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same for the purposes therein contained as the duly authorized Vice President of said Bank by signing the name of the Bank by himself as Vice President.

WITNESS my hand and Notarial Seal.

Notary Public

My Commission Expires:

Exhibit 10.12

COPY
DEED OF TRUST NOTE

$11,800,000.00 Baltimore, Maryland
September 20, 1988

FOR VALUE RECEIVED, BROWN'S WHARF LIMITED PARTNERSHIP, a Maryland limited partnership (the "Borrower"), promises to pay to the order of MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, a Maryland banking corporation (the "Bank"), at its principal office in Baltimore, Maryland, or at such other place or to such other party as the holder hereof may from time to time designate, the principal sum of ELEVEN MILLION EIGHT HUNDRED THOUSAND DOLLARS ($11,800,000.00) or so much thereof as may be advanced by Bank to Borrower pursuant to the terms of a Building Loan Agreement of even date herewith (the "Building Loan Agreement") with interest on the unpaid principal balance from the date of this Deed of Trust Note, until paid, at either of the interest rates as follows:

(1) A rate of one quarter of one percent (.25%) per annum in excess of the Prime Rate. "Prime Rate" means the prime commercial lending rate of the Bank as publicly announced to be in effect from time to time. The Prime Rate is not necessarily the lowest rate of interest charged by the Bank for commercial or other types of loans. It is understood that the Prime Rate is only one of the bases for computing interest on loans made by the Bank and that by basing interest on the Prime Rate, the Bank has not committed to charge and the Borrower has not in any way bargained for interest based on a lower or the lowest rate at which the Bank may now or in the future make loans to other borrowers. Any change in the rate of interest as a result of a change in the Prime Rate shall be effective as of the date of the change in the Prime Rate; or,

(2) On the condition that Bank be given five (5) business days notice of Borrower's choice, Borrower may fix the rate of interest for each advance, under the Building Loan Agreement, after ninety (90) days from the date on which said Advance was made for a period of three (3) months, six (6) months or one (1) year. The rate of interest for the three (3) month period shall be one and three quarters percent (1.75%) in excess of the three (3) month "CD Rate" (as hereinafter defined); the rate of interest for the six (6) month period shall be one and three quarters percent (1.75%) in excess of the six (6) month CD

Rate; the rate of interest for the one (1) year period shall be one and three quarters percent (1.75%) in excess of the one (1) year CD Rate. "CD Rate" means the rate for Certificates of Deposit appearing in the Wall Street Journal, Eastern Edition, plus a CD Reserve Requirement (as hereinafter defined), and shall be average negotiable rates paid by major New York banks on primary new issues of negotiable Certificates of Deposit usually on amounts of $1,000,000.00 and more; the minimum unit is $100,000.00. "CD Reserve Requirement" shall, on any day mean that percentage (expressed as a decimal fraction) which is in effect on such day, as provided by the Board of Governors of the Federal Reserve System (or any successor governmental body) for determining the maximum reserve requirements (including without limitation, basic, supplemental, marginal and emergency reserves) under Regulation D applicable to 3-month non-personal time deposits in units of $100,000.00 or more (issued by member banks of the Federal Reserve Bank of New York having time deposits exceeding $1,000,000,000.00) rounded to the next highest .01 of one percent. Each determination by Lender of the CD Reserve Requirement shall, in the absence of manifest error, be conclusive and binding.

In all instances in which the CD Rate does not apply (including instances where no CD Rate election notice is given), the rate of interest to be paid hereunder shall be that set forth in the paragraph numbered 1 above.

Except when the loan evidenced hereby shall bear interest at a CD Rate, the interest rate in effect from time to time shall be reduced to the Prime Rate when all of the following shall occur:

(1) when (a) Bank has approved the form lease for the "Project," defined in the Building Loan Agreement, which approval shall not be unreasonably withheld, and (b) Bank has approved the creditworthiness of each tenant. Leases submitted to the Bank for approval shall be deemed to be approved unless Bank notifies Borrower to the contrary within fifteen (15) days of submittal; and

(2) when leases (approved as provided above) have been executed which provide for (i) rents of at least Fifteen Dollars ($15.00) absolutely net or Eighteen Dollars ($18.00) gross per square foot for at least 70% (73,430 square feet) of the Project, and (ii) terms of at least five (5) years for at least 80% (83,920 square feet) of the Project; and

(3) when the leases have been executed by the tenant and collaterally assigned to Bank; and

(4) when the tenants have executed and delivered estoppel letters and subordination, non-disturbance and attornment agreements.

Payments of accrued interest only shall be due and payable in consecutive monthly installments commencing October 1, 1988, and continuing on the first day of each month thereafter until September 20, 1995, at which time the entire unpaid balance of principal and any accrued but unpaid interest, if not sooner paid, shall be due and payable in full.

All payments hereunder shall be applied first to the payment of interest and any balance, if any, to the payment of principal. Interest shall be charged, calculated on the basis of a 360 day year factor applied to actual days. Interest and principal shall be payable in lawful money of the United States, which shall be legal tender in payment of all debts and dues, public and private at the time of payment.

"Loan Year" means any twelve (12) consecutive month period commencing October 1, 1988 and on each yearly anniversary thereof.

Upon the occurrence of an "Event of Default" (as defined hereinafter), the entire unpaid principal balance shall bear interest thereafter at the rate of one percent (1%) per annum in excess of the then applicable interest rate due hereunder until such "Event of Default" is cured.

The principal sum may be prepaid in whole or in part at any time after ten (10) days prior written notice, without payment of premium or penalty therefor.

Borrower shall pay to Bank a loan origination Fee in the amount of one percent (1%) of the Loan, or One Hundred Eighteen Thousand Dollars ($118,000.00), which shall be paid as follows: Fifty Nine Thousand Dollars ($59,000.00) shall be paid upon the execution of this Deed of Trust Note, and Fifty Nine Thousand Dollars ($59,000.00) shall be paid on the earlier to occur of the commencement of the third (3rd) Loan Year, or the payment, in full, of this Deed of Trust Note.

This Deed of Trust Note is secured by a Deed of Trust and Security Agreement of even date herewith from the Borrower to Herbert B. Williams and Bruce D. McLean, Trustees, and recorded among the Land Records of Baltimore City, Maryland (the "Deed of Trust").

All notices, requests and demands upon the respective parties hereto shall be in writing and shall be sent by hand delivery or Federal Express or other commercial courier addressed as follows or to such other address as the respective party may designate by a notice to the others:

if to the Bank

Mercantile-Safe Deposit & Trust Company
Two Hopkins Plaza
Baltimore, Maryland 21201
Attention: Herbert B. Williams
Senior Vice President

if to the Borrower

Brown's Wharf Limited Partnershipj
c/o CPI Brown's Wharf, Inc.
250 West Pratt Street
Baltimore, Maryland 21201-2423
Attention: Secretary, 23rd Floor

With copies to

Constellation Holdings, Inc.
250 West Pratt Street
Baltimore, Maryland 21201-2423
Attention: General Counsel, 23rd Floor

and

Historical Developers of Pennsylvania, Inc.
201 North Broad Street
Philadelphia, Pennsylvania 19107
Attention: President

All such notices shall be deemed to have been given one (1) business day after the date on which the same was sent or upon receipt, whichever shall first occur.

The happening of any one or more of the following events shall constitute an Event of Default under this Note:

(a) The Borrower fails to make any payment within five (5) days of the date when due; or

(b) The Borrower fails to perform or comply with any other covenant, term or condition of this Agreement, and such failure continues uncured for 30 days after written notice thereof from the Bank to the Borrower; or

(c) An Event of Default (as defined therein) shall have occurred and be continuing under the Deed of Trust. Guaranty, or Building Loan Agreement; or

(d) Any representation or warranty made by the Borrower in this Note proves to have been incorrect or misleading in any material respect either on the date when made or on the date reaffirmed pursuant to the terms of this Note.

It is expressly agreed that upon the happening of an Event of Default hereunder or under any of the Loan Documents, the entire unpaid balance of the principal sum due hereunder, plus all accrued interest shall, at the option of the holder hereof, at once become and be due and payable.

Upon the occurrence of an Event of Default hereunder and if this Note is collected by an attorney, the Borrower agrees to pay all costs of collection, including reasonable and verifiable attorney's fees.

The maker and endorsers hereof jointly and severally, and all others who may become liable for all or any part of this obligation severally, waive demand, notice of presentment for payment, notice of protest and notice of the dishonor and non-payment.

Borrower stipulates and warrants that the purpose of the loan evidenced hereby is for the purpose of a business or commercial investment within the meaning of Sections 12-101(c) and 12-103(e) of the Commercial Law Article of the Annotated Code of Maryland. Borrower further stipulates that all loan proceeds will be used for said purposes.

Borrower also covenants and agrees that in the event that any sum required hereunder or under said Deed of Trust should not be received by the holder hereof within ten (10) days from its due date, a late charge of five cents ($.05) for each One Dollar ($1.00) so overdue may, in addition to any other remedies provided for hereunder, be charged for the purpose of defraying expenses incident to handling such delinquent payments.

In the event that any provision (or any part of any provision) contained in this Note shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision (or remaining part of the affected provision) of this Note, but this Note shall be construed as if such invalid, illegal or unenforceable provision (or part thereof) had never been contained herein but only to the extent it is invalid, illegal or unenforceable. All words beginning with a capital letter and not defined herein shall have the meaning provided in the Deed of Trust.

Borrower covenants and agrees that this Deed of Trust Note shall be governed by and construed in accordance with the laws of the State of Maryland.

WITNESS: BROWN'S WHARF LIMITED PARTNERSHIP
By: CPI Brown's Wharf, Inc.,

a general partner

/s/ By: /s/
- ---------- ----------

Treasurer/Assistant Secretary

By: HISTORICAL DEVELOPERS OF PENNSYLVANIA, INC., doing
Attest: business in Maryland as Historical Real Estate Developers, Inc.,
a general partner

/s/ By: /s/
- ---------- ----------

Assistant Secretary Vice President

Exhibit 10.13

EXTENSION AGREEMENT AND ALLONGE TO DEED OF TRUST NOTE

THIS EXTENSION AGREEMENT AND ALLONGE TO DEED OF TRUST NOTE (this "Allonge") is made this 1st day of July, 1994, by and between BROWN'S WHARF LIMITED PARTNERSHIP, a Maryland limited partnership (the "Borrower") and MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, a Maryland banking corporation (the "Bank").

RECITALS

A. On September 20, 1988, the Bank made a construction loan to the Borrower in the original principal amount of Eleven Million Eight Hundred Thousand and 00/100 Dollars ($11,800,000.00) (the "Loan") or so much as may be advanced pursuant to the terms of a Building Loan Agreement of even date therewith by and between the Borrower and the Bank (the "Loan Agreement").

B. The Loan is evidenced by a Deed of Trust Note of even date therewith from the Borrower to the Bank (the "Original Note"). The Original Note is secured by a Deed of Trust and Security Agreement of even date therewith from the Borrower, as grantor, to Herbert B. Williams and Bruce D. McClean, trustees for the benefit of the Bank and recorded among the Land Records of Baltimore City at Liber 1841, folio 110 (the "Original Deed of Trust"). The Original Deed of Trust encumbers certain real property located in Baltimore City, Maryland and more particularly described therein (the "Property").

C. Repayment of the Loan is guaranteed by a Guaranty dated September 20, 1988, executed by Constellation Properties, Inc., a Maryland corporation ("CPI") (the "Original CPI Guaranty") and a Guaranty dated October 21, 1992, executed by Constellation Real Estate Group, Inc., a Maryland corporation ("CRE") (the "Original CRE Guaranty"). CPI and CRE are hereinafter sometimes collectively referred to as the "Guarantor". CPI is a general partner of the Borrower.

D. The Original Note is also secured by an Assignment of Lessor's Interest in Leases and Guarantees dated September 20, 1988 (the "Original Assignment of Leases"). The Original Note, the Original Deed of Trust, the Original CPI Guaranty, the Original CRE Guaranty, the Original Assignment of Leases, the Loan Agreement, Financing Statements, together with any and all other documents evidencing or securing the Loan, are hereinafter sometimes collectively referred to as the "Original Loan Documents".

E. At the request of the Borrower and Guarantor, the Bank has agreed to modify the maturity date, the interest rate and other terms and conditions of the Loan. In return, CPI, as the owner of several adjacent parcels of land, has agreed to grant the Bank a lien on approximately six (6) acres more or less, of additional property located in Baltimore City, Maryland (the "Additional Collateral").

F. The Bank has requested, and the Borrower and Guarantor have agreed, that (a) the Borrower and Guarantor execute and deliver (i) this Allonge, (ii) a Supplemental Deed of Trust, Assignment of Rents, and Security Agreement; (iii) Amendments to Financing Statements; (iv) a Supplemental Assignment of Lessor's Interest in Leases and Guarantees (the "Supplemental Assignment"); (v) a Certificate of Borrower and Guarantor; (vi) a Reaffirmation of CPI Guaranty; and (vii) a Reaffirmation of CRE Guaranty; and that (b) CPI execute and deliver (i) an Indemnity Deed of Trust, Assignment of Rents, and Security Agreement; (ii) an Indemnity Assignment of Rents; and (iii) Indemnity Financing Statements (collectively, together with any and all other documents evidencing or securing the modification, the "Modification Documents").

G. The Original Note and this Allonge are hereinafter sometimes collectively referred to as the "Note." The Original Deed of Trust and the Supplemental Deed of Trust are hereinafter sometimes collectively referred to as the "Deed of Trust." The Original CPI Guaranty and the Reaffirmation of CPI Guaranty are hereinafter sometimes collectively referred to as the "CPI Guaranty." The Original CRE Guaranty and the Reaffirmation of CRE Guaranty are hereinafter sometimes collectively referred to as the "CRE Guaranty." The Original Assignment of Leases and the Supplemental Assignment are hereinafter sometimes collectively referred to as the "Assignment of Leases." The Original Loan Documents and the Modification Documents are hereinafter sometimes collectively referred to as the "Loan Documents" and individually as a "Loan Document."

NOW, THEREFORE, for and in consideration of the Recitals hereinabove set forth, which are incorporated into the body of this Allonge, the Bank's agreement to extend the maturity date of the Loan, CPI's agreement to grant to the Additional Collateral, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as

follows:

1. Amendment of Original Note. The provisions of the Original Note are hereby amended in the following manner:

1.1 Interest Rate. The interest rate provisions of pages 3 through 6 of the Original Note are deleted and the following is inserted as if originally set forth therein:

> FOR VALUE RECEIVED, the Borrower promises to pay to the order of the Bank, at its principal office in Baltimore, Maryland, or at such other place or to such other party as the holder hereof may from time to time designate, the principal sum of ELEVEN MILLION EIGHT HUNDRED THOUSAND AND 00/100 DOLLARS ($11,800,000.00), with interest on the unpaid principal balance from the date of this Note, until paid, at the rate of one half percent (0.5%) per annum in excess of the Prime Rate (as hereinafter defined).

1.2 Prime Rate. The following is inserted as if originally set forth in the Original Note:

> Prime Rate. "Prime Rate" means the prime commercial lending rate of the Bank as publicly announced to be in effect from time to time. The Prime Rate is not necessarily the lowest rate of interest charged by the Bank for commercial or other types of loans. It is understood that the Prime Rate is only one of the bases for computing interest on loans made by the Bank and that by basing interest on the Prime Rate, the Bank has not committed to charge and the Borrower has not in any way bargained for interest based on a lower or the lowest rate at which the Bank may now or in the future make loans to other borrowers. Any change in the rate of interest as a result of a change in the Prime Rate shall be effective as of the date of the change in the Prime Rate.

1.3 Repayment and Maturity Date of Loan. The first unnumbered paragraph on page 3 of the Original Note is deleted and the following is inserted as if originally set forth therein:

> The loan shall be repaid on a fifteen (15) year schedule of one hundred seventy-nine (179) consecutive installments of Sixty Five Thousand Nine Hundred Twenty One and 79/100 Dollars ($65,921.79) in principal together with any and all accrued interest

> thereon commencing August 1, 1994, and continuing on the first day of each month thereafter until June 1, 2009, and a payment on July 1, 2009, at which time the entire unpaid balance of principal and any accrued but unpaid interest, if not sooner paid, shall be due and payable in full; provided, however, that the entire unpaid principal and any accrued but unpaid interest, if not sooner paid, shall be due and payable on July 1, 1999, or July 1, 2004, at the Bank's sole and absolute discretion if the Bank provides the Borrower with written notice no later than April 1, 1999, or April 1, 2004, as the case may be, of its intention to call this Note (the "Call"). Any change in the rate of interest as a result of a change in the Prime Rate shall be effective as of the date of the change in the Prime Rate.

1.4 Loan Extension Fee. The sixth full paragraph of the Original Note is deleted and the following is inserted as if originally set forth therein:

> Loan Extension Fee. Borrower has paid to Bank a loan extension fee in the amount of one half percent (0.5%) of the principal amount of the Loan, or Fifty-Nine Thousand and 00/100 Dollars ($59,000.00)

1.5 Notices. This notice provision appearing on page 4 of the Original Note is deleted and the following is inserted as if originally set

forth therein:

Notices. All notices, requests and demands upon the prospective parties hereto shall be in writing and shall be sent by hand delivery or Federal Express or other commercial courier addressed as follows, or to such other address as the respective party may designate by notice to the others:

if to the Bank: Mercantile-Safe Deposit and Trust Company
2 Hopkins Plaza, Suite 200
Baltimore, Maryland 21201
Attn: Nicholas C. Richardson
Assistant Vice President

if to the Borrower: Brown's Wharf Limited Partnership
c/o Constellation Real Estate, Inc.
8815 Centre Park Drive
Columbia, Maryland 21045
Attn: General Counsel

with copy to: Constellation Real Estate Group, Inc.
250 West Pratt Street
Baltimore, Maryland 21201-2423
Attn: Corporate Secretary
Twenty-Third Floor

All such notices shall be deemed to have been given one business day after the date on which the same was sent or upon receipt, which ever shall first occur.

1.6 Default. The Section of the Original Note, commencing at the second full paragraph on page 4 and continuing on carry-over paragraphs (c) and (d) on page 5 is hereby deleted and the following is inserted as if originally set forth therein:

Default.

The happening of any one or more of the following events shall constitute an Event of Default under this Note:

(a) The Borrower fails to make any payment within five (5) days of the date when due; or

(b) The Borrower fails to perform or comply with any other covenant, term or condition of the Note, the Deed of Trust, or any other Loan Document and such failure continues uncured for thirty (30) days after written notice thereof from the Bank to the Borrower; or

(c) An Event of Default (as defined therein) shall have occurred and be continuing under the Deed of Trust, the CRE Guaranty, the CPI Guaranty, the Loan Agreement, any of the Original Loan Documents or any of the Modification Documents; or

(d) Any representation or warranty made by the Borrower in this Note proves to have been incorrect or misleading in any material respect either on the date when made or on the date reaffirmed pursuant to the terms of this Note; or

(e) The Borrower shall fail to pay the entire principal and outstanding interest within five (5) days after due if the Bank exercises the Call.

It is expressly agreed that upon the happening of an Event of Default hereunder or under any of the Loan Documents, the entire unpaid balance of the principal sum due hereunder, plus all accrued interest shall, at the option of the holder hereof, at once become and be due and payable.

Upon the occurrence of an Event of Default hereunder and if this Note is collected by an attorney, the Borrower agrees to pay

all costs of collection, including reasonable and verifiable attorney's fees.

1.7 Mutual Waiver of Jury Trial. The Original Note is amended by adding the following as if originally set forth therein:

Mutual Waiver of Jury Trial.

The holder of this Note and Borrower each, on behalf of itself and its successors and assigns, waives to the fullest extent permitted by law all right to trial by jury of any and all claims between them arising under this Note, the Amended and Restated Deed of Trust, the Loan Agreement, or any other documents and agreements executed in connection, directly or indirectly, with this loan transaction, and any and all claims arising under common law or under any statute of any state or the United States of America, whether any such claims be now existing or hereafter arising, now known or unknown. In making this waiver, the holder of this Note and Borrower acknowledge and agree that any and all claims made by the holder of this Note against Borrower and all

claims made by the Borrower against the holder of this Note shall be heard by a judge of a court of proper jurisdiction and shall not be heard by a jury. The holder of this Note and Borrower acknowledge and agree that this waiver of trial by jury is a material element of the consideration for this transaction. The holder of this Note and Borrower, with advice of counsel, each acknowledges that it is knowingly and voluntarily waiving a legal right by agreeing to this waiver provision.

2. Outstanding Indebtedness. As of July 1, 1994, the principal balance outstanding under the Loan is Eleven Million Eight Hundred Thousand and 00/100 Dollars ($11,800,000.00). Accrued and unpaid interest on the Loan through July 1, 1994 is Seventy-two thousand seven hundred thirty-nine dollars and 73 cents ($72,739.73), with interest accruing at the rate of $2424.66 per diem.

3. No Set-offs, etc. The Borrower hereby acknowledges that as of the date hereof, the Borrower has no sets-offs, defenses, claims, or counterclaims against the Bank as pertains to (a) the Borrower's obligation to pay the indebtedness evidenced by the Note or (b) the enforcement of any of the other Original Loan Documents, or the Modification Documents. The Borrower further acknowledges that the Bank has promptly, properly and completely performed all obligations, if any, imposed on it by the Original Note and the Original Loan Documents.

4. Release. The Borrower hereby releases, acquits, and forever discharges the Bank and its affiliates, officers, directors, attorneys, agents, employees and representatives from any and all claims, demands, suits, contracts, agreements, accounts, defenses, offsets against the Loan, and liabilities of any kind of character which the Borrower ever had, now has, or may hereafter have against the Bank, its affiliates, officers, directors, attorneys, agents, employees, and representatives arising prior to the date hereof; provided, however, that such release shall not include any claims arising from the gross negligence or misconduct of the Bank.

5. No Novation. The Borrower and the Bank expressly agree that nothing contained in this Allonge shall in any way be construed as a substitution, replacement, or novation of the indebtedness evidenced by the Original Note and by this Allonge, which indebtedness shall remain in full force and effect as confirmed, modified, amended and restated herein. The Original Loan Documents and the Modification Documents

remain in full force and effect and there exists no oral modification thereto.

6. Effect of this Allonge. Except as expressly modified herein and in the Modification Documents, all other terms and conditions set forth in the Original Loan Documents are hereby ratified and confirmed and remain in full force and effect.

7. Attachment of Allonge to Original Note. This Allonge is (a) being physically attached to the Original Note simultaneously with the entry into this Allonge by the parties hereto to evidence the modifications to the

terms of the Original Note set forth herein, and (b) upon such attachment shall be deemed to be part of the Original Note, as fully and completely as if its provisions were set forth at length in the Note.

8. Effectiveness. This Allonge shall become effective on, and only on, its execution and delivery by each party hereto.

IN WITNESS WHEREOF, the Borrower and the Bank have executed and ensealed this Allonge, intending it to be a sealed instrument, the day and year first-above written.

WITNESS:

BORROWER

BROWN'S WHARF LIMITED PARTNERSHIP, a Maryland limited partnership

By: CPI BROWN'S WHARF, INC., a Maryland corporation, its general partner

/s/
- ----------

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

Name: Roger A. Waesche, Jr.
Title: Vice President

By: CONSTELLATION PROPERTIES, Inc., a Maryland corporation, its general partner

/s/
- ----------

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

Name: Roger A. Waesche, Jr.
Title: Vice President

BANK

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, a Maryland banking corporation

/s/ Courtney G. Carpenter
- -------------------------

By: /s/ Nicholas C. Richardson (SEAL)

Name: Nicholas C. Richardson
Title: Assistant Vice President

Exhibit 10.14

EMPLOYMENT AGREEMENT

RANDALL M. GRIFFIN

This Employment Agreement (this "Agreement"), is made and entered into as of the 28th day of September, 1998 (the "Effective Date"), by and between Corporate Office Management, Inc., a Maryland Corporation (the "Employer"), and a subsidiary of Corporate Office Properties Trust ("COPT"), and Randall M. Griffin (the "Executive").

RECITALS

A. The Employer desires to employ the Executive as an officer of the Employer for a specified term, and the Executive is willing to accept such employment upon the terms and conditions hereinafter set forth.

B. The Employer recognizes that circumstances may arise in which a change of control of the Employer, through acquisition or otherwise, may occur, thereby causing uncertainty of employment without regard to the competence or past contributions of the Executive, and that such uncertainty may result in the loss of valuable services of the Executive. Accordingly, the Employer and the Executive wish to provide reasonable security to the Executive against changes in the employment relationship in the event of any such change of control.

NOW, THEREFORE, in consideration of the premises and of the covenants and agreements hereinafter contained, it is covenanted and agreed by and between the parties hereto as follows:

AGREEMENTS

1. POSITION AND DUTIES. The Employer hereby employs the Executive as the President and Chief Operating Officer of the Employer, or in such other capacity as shall be mutually agreed between the Employer and the Executive. During the period of the Executive's employment hereunder, the Executive shall devote his best efforts and full business time, energy, skills and attention to the business and affairs of the Employer. The Executive's duties and authority shall consist of and include all duties and authority customarily performed and held by persons holding equivalent positions with business organizations similar in nature and size to the Employer, as such duties and authority are reasonably defined, modified and delegated from time to time by the Board of Directors of the Employer (the "Board"). The Executive shall have the powers necessary to perform the duties assigned to him, and shall be provided such supporting services, staff, secretarial and other assistance, office space and accouterments as shall be reasonably necessary and appropriate in the light of such assigned duties.

2. COMPENSATION. As compensation for the services to be provided by the Executive hereunder, the Executive shall receive the following compensation and other benefits:

(a) BASE SALARY. The Executive shall receive an aggregate annual minimum "Base Salary" at the rate

of Two Hundred Seventy Thousand dollars ($270,000) per annum, payable in periodic installments in accordance with the regular payroll practices of the Employer. Such Base Salary shall be subject to review annually by the Compensation Committee of the Board during the term hereof, in accordance with the Employer's established compensation policies.

(b) PERFORMANCE BONUS. The Executive shall receive an annual cash "Performance Bonus," payable within ninety (90) days after the end of the fiscal year of the Employer which shall be determined by the Board based upon the recommendation of the Compensation Committee thereof.

(c)STOCK OPTIONS. Executive shall be entitled to stock options as determined by the Compensation Committee and the Board.

(d) BENEFITS. The Executive shall be entitled to all perquisites extended to similarly situated executives, as such are stated in the Employer's Executive Perquisite Policy (the "Perquisite Policy") promulgated for the Board by the Compensation Committee of the Board, and which Perquisite Policy is hereby incorporated by reference, as amended from time to time. In addition, the Executive shall be entitled to participate in all plans and benefits generally, from time to time, accorded to employees of the Employer ("Benefit Plans"), all as determined by the Board from time to time based upon the input of its Compensation Committee. Executive shall also receive additional benefits as follows:

(i) a one thousand dollar ($1,000) per month automobile allowance; and

(ii) four thousand dollars ($4,000) per year for personal financial planning and personal income tax preparation.

(e) WITHHOLDING. The Employer shall be entitled to withhold, from amounts payable to the Executive hereunder, any federal, state or local withholding or other taxes or charges which it is from time to time required to withhold. The Employer shall be entitled to rely upon the opinion of its independent accountants, with regard to any question concerning the amount or requirement of any such withholding.

3. TERM AND TERMINATION.

(a) BASIC TERM. The Executive's employment hereunder shall be for a continuous and self-renewing three (3) year term, commencing as of the Effective Date, unless terminated by either party, with or without cause, effective as of the first (1st) business day after written notice to that effect is delivered to the other party.

(b) PREMATURE TERMINATION.

(i) In the event of the termination of the employment of the Executive under this Agreement by the Employer for any reason other than expiration of the term hereof or a "for-cause" termination in accordance with the provisions of paragraph (d) of this Section 3, then notwithstanding any actual or allegedly available alternative employment or other mitigation of damages by or available to the Executive, the Executive shall be entitled to a "Lump Sum Payment" equal to the sum of: (w) his monthly Base Salary then payable, multiplied by the remaining number of months or partial months until expiration of the Basic Term or renewal term, if any, (but not less than 18 months), and an annualized and proportional amount equal to the average of the two (2) most recent annual Performance Bonuses that the Executive received; For purposes of calculating the Lump Sum Payment amounts due, the Executive's employment with the Employer shall be agreed to have commenced on October 1, 1998. In the event of a termination governed by this subparagraph (b)(i) of Section 3, the Employer shall also: (y) notwithstanding the vesting schedule otherwise applicable, fully vest all of Executive's options outstanding under any option or stock incentive plan herein after established by Employer ("Option Plan") and allow a period of eighteen (18) months following the termination of employment for the Executive to exercise any such options; and (z) continue for the Executive (provided that such items are not available to him by virtue of other employment secured after termination) the perquisites, plans and benefits provided under the Employer's Perquisite Policy and Benefit Plans as of and after the date of termination, [all items in (z) being collectively referred to as "Post-Termination Perquisites and Benefits"], for the lesser of the number of full months the Executive has theretofore been employed by the Employer (but not less than twelve (12) months)or twenty four (24) months following such termination. The payments and benefits provided under (w), (x), (y) and (z) above by the Employer shall not be offset against or diminish any other compensation or benefits accrued as of the date of termination.

(ii) Payment to the Executive under this Section 3(b) will be made monthly over twelve (12) months, unless mutually agreed by the parties to minimize the Executives' tax burden in any year.

(c) CONSTRUCTIVE TERMINATION. If at any time during the term of this Agreement, except in connection with a "for-cause" termination pursuant to paragraph (d) of this Section 3, the Executive is Constructively Discharged (as hereinafter defined), then the Executive shall have the right, by written notice to the Employer given within one hundred and twenty (120) days of such Constructive Discharge, to terminate his services hereunder, effective as of thirty (30) days after such notice, and the Executive shall have no rights or obligations under this Agreement other than as provided in Section 5 hereof. The Executive shall in such event be entitled to a Lump Sum Payment of Base Salary and Performance Bonus compensation as well as all of the Post-Termination Prerequisites and Benefits, as if such termination of his employment had been effectuated pursuant to paragraph (b) of this Section 3.

For purposes of this Agreement, the Executive shall be deemed to have been "Constructively Discharged" upon the occurrence of any one of the following events:

(i) The Executive is not re-elected to, or is removed from, the position with the Employer set forth in Section 1 hereof, other than as a result of the Executive's election or appointment to positions of equal or superior scope and responsibility; or

(ii) The Executive shall fail to be vested by the Employer with the powers, authority and support services normally attendant to any of said offices; or

(iii) The Employer shall notify the Executive that the employment of the Executive will be terminated or materially modified in the future or that the Executive will be Constructively Discharged in the future; or

(iv) The Employer changes the primary employment location of the Executive to a place that is more than fifty (50) miles from the primary employment location, 8815 Centre Park Drive, Columbia, Maryland 21045, as of the Effective Date of this Agreement; or

(v) The Employer otherwise commits a material breach of its obligations under this Agreement.

(d) TERMINATION FOR CAUSE. The employment of the Executive and this Agreement may be terminated "for-cause" as hereinafter defined. Termination "for-cause" shall mean the termination of employment on the basis or as a result of: (i) the Executive's death or his permanent disability, which latter term shall mean the Executive's inability, as a result of physical or mental incapacity, substantially to perform his duties hereunder for a period of either six (6) consecutive months, or one hundred and twenty (120) business days within a consecutive twelve (12) month period; (ii) a material violation by the Executive of any applicable material law or regulation respecting the business of the Employer; (iii) the Executive being found guilty of, or being publicly associated with, to the Employer's detriment, a felony or an act of dishonesty in connection with the performance of his duties as an officer of the Employer, or the Executive's commission of an act which in the opinion of a reasonable third party disqualifies the Executive from serving as an officer or director of the Employer; or (iv) the willful or negligent failure of the Executive to perform his duties hereunder in any material respect. The Executive shall be entitled to at least thirty (30) days' prior written notice of the Employer's intention to terminate his employment for any cause (except the Executive's death), specifying the grounds for such termination, affording the Executive a reasonable opportunity to cure any conduct or act (if curable) alleged as grounds for such termination, and a reasonable opportunity to present to the Board his position regarding any dispute relating to the existence of such cause.

(e) TERMINATION UPON DEATH. In the event payments are due and owing under this Agreement at the death of the Executive, such payments shall be made to such beneficiary, designee or fiduciary as Executive may have designated in writing, or failing such designation, to the executor or administrator of his estate, in full settlement and satisfaction of all claims and demands on behalf of the Executive. Such payments shall be in addition to any other death benefits of the Employer made available for the benefit of the Executive, and in full settlement and satisfaction of all payments provided for in this Agreement.

(f) TERMINATION UPON DISABILITY. The Employer may terminate the Executive's employment after the Executive is determined to be disabled under the current Employer program or by a physician engaged by the Employer and reasonably approved by the Executive. In the event of a dispute regarding the Executive's "disability," such dispute shall be resolved through arbitration as provided in paragraph (d) of Section 9 hereof, except that the arbitrator appointed by the American Arbitration Association shall be a duly licensed medical doctor. The Executive shall be entitled to the compensation and benefits provided for under this Agreement during any period of incapacitation occurring during the term of this Agreement, and occurring prior to the establishment of the Executive's "disability" during which the Executive is unable to work due to a physical or mental infirmity. Notwithstanding anything contained in this Agreement to the contrary, until the date specified in a notice of termination relating to the Executive's disability, the Executive shall be entitled to return to his positions with the Employer as set forth in this Agreement, in which event no disability of the Executive will be deemed to have occurred.

(g) TERMINATION UPON CHANGE OF CONTROL.

(i) In the event of a Change in Control (as defined below) of the Employer and the termination of the Executive's employment by Executive or by the Employer under either 1 or 2 below, the Executive shall, be entitled to a Lump Sum Payment equal to the sum of: (w) his monthly Base Salary then payable, multiplied by thirty-six (36); plus (x) three (3) times the average of the three (3) most recent annual Performance Bonuses that the Executive received; provided, however, that if the Executive has been employed by the Employer for fewer than three (3) years, then the amount set forth in (x) above shall be equal to three (3) times the average of the annual Performance Bonuses that the Executive has theretofore received from the Employer. The Employer shall also: (y) notwithstanding the vesting schedule otherwise applicable, fully vest all of Executive's options outstanding under any Option Plan and allow a period of eighteen (18) months following the termination of employment of the Executive for the Executive's exercise of such options; and (z) continue for the Executive (provided that such items are not available to him by virtue of other employment

secured after termination) all of the perquisites, plans and benefits provided under paragraph (c) of Section 2, for 18 months following such termination. The payments and benefits provided under (w), (x), (y) and (z) above by the Employer shall not be offset against or diminish any other compensation or benefits accrued as of the date of termination. The following shall constitute termination under this paragraph:

1. The Executive terminates his employment under this Agreement pursuant to a written notice to that effect delivered to the Board within six (6) months after the occurrence of the Change in Control.

2. Executive's employment is terminated, including Constructively Discharged, by the Employer or its successor either in contemplation of or after Change in Control, other than on a for-cause basis.

(ii) For purposes of this paragraph, the term "Change in Control" shall mean the following occurring after the date of this Agreement:

1. The consummation of the acquisition by any person (as such term is defined in Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (the "1934 Act") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of forty percent (40%) or more of the combined voting power embodied in the then-outstanding voting securities of COPT or the Employer; or

2. Approval by the stockholders of the Employer of: (1) a merger or consolidation of the Employer, if the stockholders of COPT or the Employer immediately before such merger or consolidation do not, as a result of such merger or consolidation, own, directly or indirectly, more than fifty percent (50%) of the combined voting power of the then outstanding voting securities of the entity resulting from such merger or consolidation in substantially the same proportion as was represented by their ownership of the combined voting power of the voting securities of COPT or the Employer outstanding immediately before such merger or consolidation; or (2) a complete or substantial liquidation or dissolution, or an agreement for the sale or other disposition, of all or substantially all of the assets of COPT or the Employer.

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur solely because forty percent (40%) or more of the combined voting then-outstanding securities is acquired by: (1) a trustee or other fiduciary holding securities under one or more employee benefit plans maintained for employees of the entity; or (2) any corporation or other entity which, immediately prior to such acquisition, is owned directly or in directly the stockholders of the Employer in the same proportion as their ownership of stock in COPT or the Employer immediately prior to such acquisition.

(iii) If it is determined, in the opinion of the Employer's independent accountants, in consultation with the Employer's independent counsel, that any amount payable to the Executive by the Employer under this Agreement, or any other plan or agreement under which the Executive participates or is a party, would constitute an "Excess Parachute Payment" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code") and be subject to the excise tax imposed by Section 4999 of the

Code (the "Excise Tax"), the Employer shall pay to the Executive a "grossing-up" amount equal to the amount of such Excise Tax and all federal and state income or other taxes with respect payment of the amount of such Excise Tax, including all such taxes with respect to any such grossing-up amount. If at a later date, the Internal Revenue Service assesses a deficiency against the Executive for the Excise Tax which is greater than that which was determined at the time such amounts were paid, the Employer shall pay to the Executive the amount of such unreimbursed Excise Tax plus any interest, penalties and professional fees or expenses, incurred by the Executive as a result of such assessment, including all such taxes with respect to any such additional amount. The highest marginal tax rate applicable to individuals at the time of payment of such amounts will be used for purposes of determining the federal and state income and other taxes with respect thereto. The Employer shall withhold from any amounts paid under this Agreement the amount of any Excise Tax or other federal, state or local taxes then required to be withheld. Computations of the amount of any grossing-up supplemental compensation paid under this subparagraph shall be made by the Employer's independent accountants, in consultation with the Employer's independent legal counsel. The Employer shall pay all accountant and legal counsel fees and expenses.

4. CONFIDENTIALITY AND LOYALTY. The Executive acknowledges that heretofore or hereafter during the course of his employment he has produced and received, and may hereafter produce, receive and otherwise have access to various materials, records, data, trade secrets and information not generally available to the public (collectively, "Confidential Information") regarding the Employer and its subsidiaries and affiliates. Accordingly, during and subsequent to termination of this Agreement, the Executive shall hold in confidence and not directly or indirectly disclose, use, copy or make lists of any such Confidential

Information, except to the extent that such information is or thereafter becomes lawfully available from public sources, or such disclosure is authorized in writing by the Employer, required by law or by any competent administrative agency or judicial authority, or otherwise as reasonably necessary or appropriate in connection with the performance by the Executive of his duties hereunder. All records, files, documents, computer diskettes, computer programs and other computer-generated material, as well as all other materials or copies thereof relating to the Employer's business, which the Executive shall prepare or use, shall be and remain the sole property of the Employer, shall not be removed from the Employer's premises without its written consent, and shall be promptly returned to the Employer upon termination of the Executive's employment hereunder. The Executive agrees to abide by the Employer's reasonable policies, as in effect from time to time, respecting confidentiality and the avoidance of interests conflicting with those of the Employer.

5. NON-COMPETITION COVENANT.

(a) RESTRICTIVE COVENANT. The Employer and the Executive have jointly reviewed the tenant lists, property submittals, logs, broker lists, and operations of the Employer, and have agreed that as an essential ingredient of and in consideration of this Agreement and the payment of the amounts described in Sections 2 and 3 hereof, the Executive hereby agrees that, except with the express prior written consent of the Employer, for a period equal to the lesser of the number of full months the Executive has at any time been employed by the Employer or twenty-four (24) months after the termination of the Executive's employment with the Employer (the "Restrictive Period"), he will not directly or indirectly compete with the business of the Employer, including, but not by way of limitation, by directly or indirectly owning, managing, operating, controlling, financing, or by directly or indirectly serving as an employee, officer or director of or consultant to, or by soliciting or inducing, or attempting to solicit or induce, any employee or agent of Employer to terminate employment with Employer and become employed by any person, firm, partnership, corporation, trust or other entity which owns or operates a business similar to that of the Employer (the "Restrictive Covenant"). For purposes of this subparagraph (a), a business shall be considered "similar" to that of the Employer if it is engaged in the acquisition, development, ownership, operation, management or leasing of suburban office property (i) in any geographic market or submarket in which the Employer owns more than 750,000 s.f. of properties either as of the date hereof or as of the date of termination of the Executive's employment. If the Executive violates the Restrictive Covenant and the Employer brings legal action for injunctive or other relief, the

Employer shall not, as a result of the time involved in obtaining such relief, be deprived of the benefit of the full period of the Restrictive Covenant. Accordingly, the Restrictive Covenant shall be deemed to have the duration specified in this paragraph (a) computed from the date the relief is granted but reduced by the time between the period when the Restrictive Period began to run and the date of the first violation of the Restrictive Covenant by the Executive. In the event that a successor of the Employer assumes and agrees to perform this Agreement or otherwise acquires the Employer, this Restrictive Covenant shall continue to apply only to the primary service area of the Employer as it existed immediately before such assumption or acquisition and shall not apply to any of the successor's other offices or markets. The foregoing Restrictive Covenant shall not prohibit the Executive from owning, directly or indirectly, capital stock or similar securities which are listed on a securities exchange or quoted on the National Association of Securities Dealers Automated Quotation System which do not represent more than five percent (5%) of the outstanding capital stock of any corporation.

(b) REMEDIES FOR BREACH OF RESTRICTIVE COVENANT. The Executive acknowledges that the restrictions contained in Sections 4 and 5 of this Agreement are reasonable and necessary for the protection of the legitimate proprietary business interests of the Employer; that any violation of these restrictions would cause substantial injury to the Employer and such interests; that the Employer would not have entered into this Agreement with the Executive without receiving the additional consideration offered by the Executive in binding himself to these restrictions; and that such restrictions were a material inducement to the Employer to enter into this Agreement. In the event of any violation or threatened violation of these restrictions, the Employer shall be relieved of any further obligations under this Agreement, shall be entitled to any rights, remedies or damages available at law, in equity or otherwise under this Agreement, and shall be entitled to preliminary and temporary injunctive relief granted by a court of competent jurisdiction to prevent or restrain any such violation by the Executive and any and all persons directly or indirectly acting for or with him, as the case may be, while awaiting the decision of the arbitrator selected in accordance with paragraph (d) of Section 9 of this Agreement, which decision, if rendered adverse to the Executive, may include permanent injunctive relief to be granted by the court.

6. INTERCORPORATE TRANSFERS. If the Executive shall be voluntarily transferred to an affiliate of the Employer, such transfer shall not be deemed to terminate or modify this Agreement, and the employing corporation to which the Executive

shall have been transferred shall, for all purposes of this Agreement, be construed as standing in the same place and stead as the Employer as of the date of such transfer. For purposes hereof, an affiliate of the Employer shall mean any corporation or other entity directly or indirectly controlling, controlled by, or under common control with the Employer. The Employer shall be secondarily liable to the Executive for the obligations hereunder in the event the affiliate of the Employer cannot or refuses to honor such obligations. For all relevant purposes hereof, the tenure of the Executive shall be deemed to include the aggregate term of his employment by the Employer or its affiliate.

7. INTEREST IN ASSETS. Neither the Executive nor his estate shall acquire hereunder any rights in funds or assets of the Employer, otherwise than by and through the actual payment of amounts payable hereunder; nor shall the Executive or his estate have any power to transfer, assign (except into a trust for purposes of estate planning), anticipate, hypothecate or otherwise encumber in advance any of said payments; nor shall any of such payments be subject to seizure for the payment of any debt, judgment, alimony, separate maintenance or be transferable by operation of law in the event of bankruptcy, insolvency or otherwise of the Executive.

8. INDEMNIFICATION.

(a) The Employer shall provide the Executive (including his heirs, personal representatives, executors and administrators), during the term of this Agreement and thereafter throughout all applicable limitations periods, with coverage under the Employer's then-current directors' and officers' liability insurance policy, at the Employer's expense.

(b) In addition to the insurance coverage provided for in paragraph (a) of this Section 8, the Employer shall defend, hold harmless and indemnify the Executive (and his heirs,

executors and administrators) to the fullest extent permitted under applicable law, and subject to the requirements, limitations and specifications set forth in the Bylaws and other organizational documents of the Employer, against all expenses and liabilities reasonably incurred by him in connection with or arising out of any action, suit or proceeding in which he may be involved by reason of his having been an officer of the Employer (whether or not he continues to be an officer at the time of incurring such expenses or liabilities), such expenses and liabilities to include, but not be limited to, judgments, court costs and attorneys' fees and the cost of reasonable settlements.

(c) In the event the Executive becomes a party, or is threatened to be made a party, to any action, suit or proceeding for which the Employer has agreed to provide insurance coverage or indemnification under this Section 8, the Employer shall, to the full extent permitted under applicable law, advance all expenses (including the reasonable attorneys' fees of the attorneys selected by Employer and approved by Executive for the representation of the Executive), judgments, fines and amounts paid in settlement (collectively "Expenses") incurred by the Executive in connection with the investigation, defense, settlement, or appeal of any threatened, pending or completed action, suit or proceeding, subject to receipt by the Employer of a written undertaking from the Executive covenanting: (i) to reimburse the Employer for all Expenses actually paid by the Employer to or on behalf of the Executive in the event it shall be ultimately determined that the Executive is not entitled to indemnification by the Employer for such Expenses; and (ii) to assign to the Employer all rights of the Executive to insurance proceeds, under any policy of directors' and officers' liability insurance or otherwise, to the extent of the amount of Expenses actually paid by the Employer to or on behalf of the Executive.

9. GENERAL PROVISIONS.

(a) SUCCESSORS; ASSIGNMENT. This Agreement shall be binding upon and inure to the benefit of the Executive, the Employer and his and its respective personal representatives, successors and assigns, and any successor or assign of the Employer shall be deemed the "Employer" hereunder. The Employer shall require any successor to all or substantially all of the business and/or assets of the Employer, whether directly or indirectly, by purchase, merger, consolidation, acquisition of stock, or otherwise, by an agreement in form and substance satisfactory to the Executive, expressly to assume and agree to perform this Agreement in the same manner and to the same extent as the Employer would be required to perform if no such succession had taken place.

(b) ENTIRE AGREEMENT; MODIFICATIONS. This Agreement constitutes the entire agreement between the parties respecting the subject matter hereof, and supersedes all prior negotiations, undertakings, agreements and arrangements with respect thereto, whether written or oral. Except as otherwise explicitly provided herein, this Agreement may not be amended or modified except by written agreement signed by the Executive and the Employer.

(c) ENFORCEMENT AND GOVERNING LAW. The provisions of this Agreement shall be

regarded as divisible and separate; if any of said provisions should be declared invalid or unenforceable by a court of competent jurisdiction, the validity and enforceability of the remaining provisions shall not be affected thereby. This Agreement shall be construed and the legal relations of the parties hereto shall be determined in accordance with the laws of the State of Maryland as it constitutes the situs of the corporation and the employment hereunder, without reference to the law regarding conflicts of law.

(d) ARBITRATION. Except as provided in paragraph (b) of Section 5, any dispute or controversy arising under or in connection with this Agreement or the Executive's employment by the Employer shall be settled exclusively by arbitration, conducted by a single arbitrator sitting in Baltimore, MD in accordance with the rules of the American Arbitration Association (the "AAA") then in effect. The arbitrator shall be selected by the parties from a list of eleven (11) arbitrators provided by the AAA, provided that no arbitrator shall be related to or affiliated with either of the parties. No later than ten (10) days after the list of proposed arbitrators is received by the parties, the parties, or their respective representatives, shall meet at a mutually convenient location in Baltimore, Maryland, or telephonically. At that meeting, the

party who sought arbitration shall eliminate one (1) proposed arbitrator and then the other party shall eliminate one (1) proposed arbitrator. The parties shall continue to alternatively eliminate names from the list of proposed arbitrators in this manner until each party has eliminated five (5) proposed arbitrators. The remaining arbitrator shall arbitrate the dispute. Each party shall submit, in writing, the specific requested action or decision it wishes to take, or make, with respect to the matter in dispute, and the arbitrator shall be obligated to choose one (1) party's specific requested action or decision, without being permitted to effectuate any compromise or "new" position; provided, however, that the arbitrator is authorized to award amounts not in dispute during the pendency of any dispute or controversy arising under or in connection with this Agreement. The Employer shall bear the cost of all counsel, experts or other representatives that are retained by both parties, together with all costs of the arbitration proceeding, including, without limitation, the fees, costs and expenses imposed or incurred by the arbitrator. Judgment may be entered on the arbitrator's award in any court having jurisdiction; including, if applicable, entry of a permanent injunction under paragraph (b) of Section 5.

(e) PRESS RELEASES AND PUBLIC DISCLOSURE. Any press release or other public communication by either the Executive or the Employer with any other person concerning the terms, conditions or circumstances of Executive's employment, or the termination of such employment, shall be subject to prior written approval of both the Executive and the Employer, subject to the proviso that the Employer shall be entitled to make requisite and appropriate public disclosure of the terms of this Agreement, without the Executive's consent or approval, as required under applicable statutes, and the rules and regulations of the Securities and Exchange Commission and the Stock Exchange on which the shares of Employer may from time to time be listed.

(f) WAIVER. No waiver by either party at any time of any breach by the other party of, or compliance with, any condition or provision of this Agreement to be performed by the other party, shall be deemed a waiver of any similar or dissimilar provisions or conditions at the same time or any prior or subsequent time.

(g) NOTICES. Notices given pursuant to this Agreement shall be in writing, and shall be deemed given when received, and, if mailed, shall be mailed by United States registered or certified mail, return receipt requested, postage prepaid. Notices to the Employer shall be addressed to the principal headquarters of the Employer, Attention: Chairman. Notices to the Executive shall be sent to the address set forth below the Executive's signature on this Agreement, or to such other address as the party to be notified shall have given to the other.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

Corporate Office Management, Inc., a Maryland corporation

By:

Clay W. Hamlin, III, CEO	Randall M. Griffin

Corporate Office Properties, L.P., a Delaware limited partnership by its general partner, Corporate Office Properties Trust

By:

Clay W. Hamlin, III, CEO

Exhibit 10.15

EMPLOYMENT AGREEMENT

ROGER A. WAESCHE, JR.

This Employment Agreement (this "Agreement"), is made and entered into as of the 28th day of September, 1998 (the "Effective Date"), by and between Corporate Office Management, Inc., a Maryland Corporation (the "Employer"), and a subsidiary of Corporate Office Properties Trust ("COPT"), and Roger A Waesche, Jr. (the "Executive").

RECITALS

A. The Employer desires to employ the Executive as an officer of the Employer for a specified term, and the Executive is willing to accept such employment upon the terms and conditions hereinafter set forth.

B. The Employer recognizes that circumstances may arise in which a change of control of the Employer, through acquisition or otherwise, may occur, thereby causing uncertainty of employment without regard to the competence or past contributions of the Executive, and that such uncertainty may result in the loss of valuable services of the Executive. Accordingly, the Employer and the Executive wish to provide reasonable security to the Executive against changes in the employment relationship in the event of any such change of control.

NOW, THEREFORE, in consideration of the premises and of the covenants and agreements hereinafter contained, it is covenanted and agreed by and between the parties hereto as follows:

AGREEMENTS

1. POSITION AND DUTIES. The Employer hereby employs the Executive as the Senior Vice President-Finance of the Employer, or in such other capacity as shall be mutually agreed between the Employer and the Executive. During the period of the Executive's employment hereunder, the Executive shall devote his best efforts and full business time, energy, skills and attention to the business and affairs of the Employer. The Executive's duties and authority shall consist of and include all duties and authority customarily performed and held by persons holding equivalent positions with business organizations similar in nature and size to the Employer, as such duties and authority are reasonably defined, modified and delegated from time to time by the Board of Directors of the Employer (the "Board"). The Executive shall have the powers necessary to perform the duties assigned to him, and shall be provided such supporting services, staff, secretarial and other assistance, office space and accouterments as shall be reasonably necessary and appropriate in the light of such assigned duties.

2. COMPENSATION. As compensation for the services to be provided by the Executive hereunder, the Executive shall receive the following compensation and other benefits:

(a) BASE SALARY. The Executive shall receive an aggregate annual minimum "Base Salary" at the rate of One Hundred and Fifty Thousand dollars ($150,000) per annum, payable in periodic installments in accordance with the regular payroll practices of the Employer. Such Base Salary shall be subject to review annually by the Compensation Committee of the Board during the term hereof, in accordance with the Employer's established compensation policies.

(b) PERFORMANCE BONUS. The Executive shall receive an annual cash "Performance Bonus," payable within ninety (90) days after the end of the fiscal year of the Employer which shall be determined by the Board based upon the recommendation of the Compensation Committee thereof.

(c)STOCK OPTIONS. Executive shall be entitled to stock options as determined by the Compensation Committee and the Board.

(d) BENEFITS. The Executive shall be entitled to all perquisites extended to similarly situated executives, as such are stated in the Employer's Executive Perquisite Policy (the "Perquisite Policy") promulgated for the Board by the Compensation Committee of the Board, and which Perquisite Policy is hereby incorporated by reference, as amended from time to time. In addition, the Executive shall be entitled to participate in all plans and benefits generally, from time to time, accorded to employees of the Employer ("Benefit Plans"), all as determined by the Board from time to time based upon the input of its Compensation Committee. Executive shall also receive additional benefits as follows:

(i) a six hundred and twenty-five dollar ($625.00) per month automobile allowance; and

(e) WITHHOLDING. The Employer shall be entitled to withhold, from amounts payable to the Executive hereunder, any federal, state or local withholding or other taxes or charges which it is from time to time required to withhold. The Employer shall be entitled to rely upon the opinion of its independent accountants, with regard to any question concerning the amount or requirement of any such withholding.

3. TERM AND TERMINATION.

(a) BASIC TERM. The Executive's employment hereunder shall be for a continuous and self-renewing two (2) year term, commencing as of the Effective Date, unless terminated by either party, with or without cause, effective as of the first (1st) business day after written notice to that effect is delivered to the other party.

(b) PREMATURE TERMINATION.

(i) In the event of the termination of the employment of the Executive under this Agreement by the Employer for any reason other than expiration of the term hereof or a "for-cause" termination in accordance with the provisions of paragraph (d) of this Section 3, then notwithstanding any actual or allegedly available alternative employment or other mitigation of damages by or available to the Executive, the Executive shall be entitled to a "Lump Sum Payment" equal to the sum of: (w) his monthly Base Salary then payable, multiplied by the remaining number of months or partial months until expiration of the Basic Term or renewal term, if any, (but not less than 18 months), and an annualized and proportional amount equal to the average of the two (2) most recent annual Performance Bonuses that the Executive received; For purposes of calculating the Lump Sum Payment amounts due, the Executive's employment with the Employer shall be agreed to have commenced on October 1, 1998. In the event of a termination governed by this subparagraph (b)(i) of Section 3, the Employer shall also: (y) notwithstanding the vesting schedule otherwise applicable, fully vest all of Executive's options outstanding under any option or stock incentive plan herein after established by Employer ("Option Plan") and allow a period of eighteen (18) months following the termination of employment for the Executive to exercise any such options; and (z) continue for the Executive (provided that such items are not available to him by virtue of other employment secured after termination) the perquisites, plans and benefits provided under the Employer's Perquisite Policy and Benefit Plans as of and after the date of termination, [all items in (z) being collectively referred to as "Post-Termination Perquisites and Benefits"], for the lesser of the number of full months the Executive has theretofore been employed by the Employer (but not less than twelve (12) months)or eighteen (18) months following such termination. The payments and benefits provided under (w), (x), (y) and (z) above by the Employer shall not be offset against or diminish any other compensation or benefits accrued as of the date of termination.

(ii) Payment to the Executive under this Section 3(b) will be made monthly over twelve (12) months, unless mutually agreed by the parties to minimize the Executives' tax burden in any year.

(c) CONSTRUCTIVE TERMINATION. If at any time during the term of this Agreement, except in connection with a "for-cause" termination pursuant to paragraph (d) of this Section 3, the Executive is Constructively Discharged (as hereinafter defined), then the Executive shall have the right, by written notice to the Employer given within one hundred and twenty (120) days of such Constructive Discharge, to terminate his services hereunder, effective as of thirty (30) days after such notice, and the Executive shall have no rights or obligations under this Agreement other than as provided in Section 5 hereof. The Executive shall in such event be entitled to a Lump Sum Payment of Base Salary and Performance Bonus compensation as well as all of the Post-Termination Prerequisites and Benefits, as if such termination of his employment had been effectuated pursuant to paragraph (b) of this Section 3.

For purposes of this Agreement, the Executive shall be deemed to have been "Constructively Discharged" upon the occurrence of any one of the following events:

(i) The Executive is not re-elected to, or is removed from, the position with the Employer set forth in Section 1 hereof, other than as a result of the Executive's election or appointment to positions of equal or superior scope and responsibility; or

(ii) The Executive shall fail to be vested by the Employer with the powers, authority and support services normally attendant to any of said offices; or

(iii) The Employer shall notify the Executive that the employment of the Executive will be terminated or materially modified in the future or that the Executive will be Constructively Discharged in the future; or

(iv) The Employer changes the primary employment location of the Executive to a place that is more than fifty (50) miles from the primary employment location, 8815 Centre Park Drive, Columbia Maryland 21045, as of the Effective Date of this Agreement; or

(v) The Employer otherwise commits a material breach of its obligations under this Agreement.

(d) TERMINATION FOR CAUSE. The employment of the Executive and this Agreement may be terminated "for-cause" as hereinafter defined. Termination "for-cause" shall mean the termination of employment on the basis or as a result of: (i) the Executive's death or his permanent disability, which latter term shall mean the Executive's inability, as a result of physical or mental incapacity, substantially to perform his duties hereunder for a period of either six (6) consecutive months, or one hundred and twenty (120) business days within a consecutive twelve (12) month period; (ii) a material violation by the Executive of any applicable material law or regulation respecting the business of the Employer; (iii) the Executive being found guilty of, or being publicly associated with, to the Employer's detriment, a felony or an act of dishonesty in connection with the performance of his duties as an officer of the Employer, or the Executive's commission of an act which in the opinion of a reasonable third party disqualifies the Executive from serving as an officer or director of the Employer; or (iv) the willful or negligent failure of the Executive to perform his duties hereunder in any material respect. The Executive shall be entitled to at least thirty (30) days' prior written notice of the Employer's intention to terminate his employment for any cause (except the Executive's death), specifying the grounds for such termination, affording the Executive a reasonable opportunity to cure any conduct or act (if curable) alleged as grounds for such termination, and a reasonable opportunity to present to the Board his position regarding any dispute relating to the existence of such cause.

(e) TERMINATION UPON DEATH. In the event payments are due and owing under this Agreement at the death of the Executive, such payments shall be made to such beneficiary, designee or fiduciary as Executive may have designated in writing, or failing such designation, to the executor or administrator of his estate, in full settlement and satisfaction of all claims and demands on behalf of the Executive. Such payments shall be in addition to any other death benefits of the Employer made available for the benefit of the Executive, and in full settlement and satisfaction of all payments provided for in this Agreement.

(f) TERMINATION UPON DISABILITY. The Employer may terminate the Executive's employment after the Executive is determined to be disabled under the current Employer program or by a physician engaged by the Employer and reasonably approved by the Executive. In the event of a dispute regarding the Executive's "disability," such dispute shall be resolved through arbitration as provided in paragraph (d) of Section 9 hereof, except that the arbitrator appointed by the American Arbitration Association shall be a duly licensed medical doctor. The Executive shall be entitled to the compensation and benefits provided for under this Agreement during any period of incapacitation occurring during the term of this Agreement, and occurring prior to the establishment of the Executive's "disability" during which the Executive is unable to work due to a physical or mental infirmity. Notwithstanding anything contained in this Agreement to the contrary, until the date specified in a notice of termination relating to the Executive's disability, the Executive shall be entitled to return to his positions with the Employer as set forth in this Agreement, in which event no disability of the Executive will be deemed to have occurred.

(g) TERMINATION UPON CHANGE OF CONTROL.

(i) In the event of a Change in Control (as defined below) of the Employer and the termination of the Executive's employment by Executive or by the Employer under either 1 or 2 below, the Executive shall, be entitled to a Lump Sum Payment equal to the sum of: (w) his monthly Base Salary then payable, multiplied by twenty-four (24); plus (x) two (2) times the average of the two (2) most recent annual Performance Bonuses that the Executive received; provided, however, that if the Executive has been employed by the Employer for fewer than two (2) years, then the amount set forth in (x) above shall be equal to two (2) times the average of the annual Performance Bonuses that the Executive has theretofore received from the Employer. The Employer shall also: (y) notwithstanding the vesting schedule otherwise applicable, fully vest all of Executive's options outstanding under any Option Plan and allow a period of eighteen (18) months following the termination of employment of the Executive for the Executive's exercise of such options; and (z) continue for the Executive (provided that such items are not available to him by virtue of other employment secured after termination) all of the perquisites, plans and benefits provided under paragraph (c) of Section 2, for 18 months following such termination. The

payments and benefits provided under (w), (x), (y) and (z) above by the Employer shall not be offset against or diminish any other compensation or benefits accrued as of the date of termination. The following shall constitute termination under this paragraph:

1. The Executive terminates his employment under this Agreement pursuant to a written notice to that effect delivered to the Board within six (6) months after the occurrence of the Change in Control.

2. Executive's employment is terminated, including Constructively Discharged, by the Employer or its successor either in contemplation of or after Change in Control, other than on a for-cause basis.

(ii) For purposes of this paragraph, the term "Change in Control" shall mean the following occurring after the date of this Agreement:

1. The consummation of the acquisition by any person (as such term is defined in Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (the "1934 Act") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of forty percent (40%) or more of the combined voting power embodied in the then-outstanding voting securities of COPT or the Employer; or

2. Approval by the stockholders of the Employer of: (1) a merger or consolidation of the Employer, if the stockholders of COPT or the Employer immediately before such merger or consolidation do not, as a result of such merger or consolidation, own, directly or indirectly, more than fifty percent (50%) of the combined voting power of the then outstanding voting securities of the entity resulting from such merger or consolidation in substantially the same proportion as was represented by their ownership of the combined voting power of the voting securities of COPT or the Employer outstanding immediately before such merger or consolidation; or (2) a complete or substantial liquidation or dissolution, or an agreement for the sale or other disposition, of all or substantially all of the assets of COPT or the Employer.

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur solely because forty percent (40%) or more of the combined voting then-outstanding securities is acquired by: (1) a trustee or other fiduciary holding securities under one or more employee benefit plans maintained for employees of the entity; or (2) any corporation or other entity which, immediately prior to such acquisition, is owned directly or in directly the stockholders of the Employer in the same proportion as their ownership of stock in COPT or the Employer immediately prior to such acquisition.

(ii) If it is determined, in the opinion of the Employer's independent accountants, in consultation with the Employer's independent counsel, that any amount payable to the Executive by the Employer under this Agreement, or any other plan or agreement under which the Executive participates or is a party, would constitute an "Excess Parachute Payment" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code") and be subject to the excise tax imposed by Section 4999 of the

Code (the "Excise Tax"), the Employer shall pay to the Executive a "grossing-up" amount equal to the amount of such Excise Tax and all federal and state income or other taxes with respect payment of the amount of such Excise Tax, including all such taxes with respect to any such grossing-up amount. If at a later date, the Internal Revenue Service assesses a deficiency against the Executive for the Excise Tax which is greater than that which was determined at the time such amounts were paid, the Employer shall pay to the Executive the amount of such unreimbursed Excise Tax plus any interest, penalties and professional fees or expenses, incurred by the Executive as a result of such assessment, including all such taxes with respect to any such additional amount. The highest marginal tax rate applicable to individuals at the time of payment of such amounts will be used for purposes of determining the federal and state income and other taxes with respect thereto. The Employer shall withhold from any amounts paid under this Agreement the amount of any Excise Tax or other federal, state or local taxes then required to be withheld. Computations of the amount of any grossing-up supplemental compensation paid under this subparagraph shall be made by the Employer's independent accountants, in consultation with the Employer's independent legal counsel. The Employer shall pay all accountant and legal counsel fees and expenses.

4. CONFIDENTIALITY AND LOYALTY. The Executive acknowledges that heretofore or hereafter during the course of his employment he has produced and received, and may hereafter produce, receive and otherwise have access to various materials, records, data, trade secrets and information not generally available to the public (collectively, "Confidential Information") regarding the Employer and its subsidiaries and affiliates. Accordingly, during and subsequent to termination of this Agreement, the Executive shall hold in confidence and not directly or indirectly disclose, use, copy or make lists of any such Confidential Information, except to the extent that such information is or thereafter becomes lawfully available from public sources, or such disclosure is authorized in

writing by the Employer, required by law or by any competent administrative agency or judicial authority, or otherwise as reasonably necessary or appropriate in connection with the performance by the Executive of his duties hereunder. All records, files, documents, computer diskettes, computer programs and other computer-generated material, as well as all other materials or copies thereof relating to the Employer's business, which the Executive shall prepare or use, shall be and remain the sole property of the Employer, shall not be removed from the Employer's premises without its written consent, and shall be promptly returned to the Employer upon termination of the Executive's employment hereunder. The Executive agrees to abide by the Employer's reasonable policies, as in effect from time to time, respecting confidentiality and the avoidance of interests conflicting with those of the Employer.

5. NON-COMPETITION COVENANT.

(a) RESTRICTIVE COVENANT. The Employer and the Executive have jointly reviewed the tenant lists, property submittals, logs, broker lists, and operations of the Employer, and have agreed that as an essential ingredient of and in consideration of this Agreement and the payment of the amounts described in Sections 2 and 3 hereof, the Executive hereby agrees that, except with the express prior written consent of the Employer, for a period equal to the lesser of the number of full months the Executive has at any time been employed by the Employer or twenty-four (24) months after the termination of the Executive's employment with the Employer (the "Restrictive Period"), he will not directly or indirectly compete with the business of the Employer, including, but not by way of limitation, by directly or indirectly owning, managing, operating, controlling, financing, or by directly or indirectly serving as an employee, officer or director of or consultant to, or by soliciting or inducing, or attempting to solicit or induce, any employee or agent of Employer to terminate employment with Employer and become employed by any person, firm, partnership, corporation, trust or other entity which owns or operates a business similar to that of the Employer (the "Restrictive Covenant"). For purposes of this subparagraph (a), a business shall be considered "similar" to that of the Employer if it is engaged in the acquisition, development, ownership, operation, management or leasing of suburban office property (i) in any geographic market or submarket in which the Employer owns more than 750,000 s.f. of properties either as of the date hereof or as of the date of termination of the Executive's employment. If the Executive violates the Restrictive Covenant and the Employer brings legal action for injunctive or other relief, the

Employer shall not, as a result of the time involved in obtaining such relief, be deprived of the benefit of the full period of the Restrictive Covenant. Accordingly, the Restrictive Covenant shall be deemed to have the duration specified in this paragraph (a) computed from the date the relief is granted but reduced by the time between the period when the Restrictive Period began to run and the date of the first violation of the Restrictive Covenant by the Executive. In the event that a successor of the Employer assumes and agrees to perform this Agreement or otherwise acquires the Employer, this Restrictive Covenant shall continue to apply only to the primary service area of the Employer as it existed immediately before such assumption or acquisition and shall not apply to any of the successor's other offices or markets. The foregoing Restrictive Covenant shall not prohibit the Executive from owning, directly or indirectly, capital stock or similar securities which are listed on a securities exchange or quoted on the National Association of Securities Dealers Automated Quotation System which do not represent more than five percent (5%) of the outstanding capital stock of any corporation.

(b) REMEDIES FOR BREACH OF RESTRICTIVE COVENANT. The Executive acknowledges that the restrictions contained in Sections 4 and 5 of this Agreement are reasonable and necessary for the protection of the legitimate proprietary business interests of the Employer; that any violation of these restrictions would cause substantial injury to the Employer and such interests; that the Employer would not have entered into this Agreement with the Executive without receiving the additional consideration offered by the Executive in binding himself to these restrictions; and that such restrictions were a material inducement to the Employer to enter into this Agreement. In the event of any violation or threatened violation of these restrictions, the Employer shall be relieved of any further obligations under this Agreement, shall be entitled to any rights, remedies or damages available at law, in equity or otherwise under this Agreement, and shall be entitled to preliminary and temporary injunctive relief granted by a court of competent jurisdiction to prevent or restrain any such violation by the Executive and any and all persons directly or indirectly acting for or with him, as the case may be, while awaiting the decision of the arbitrator selected in accordance with paragraph (d) of Section 9 of this Agreement, which decision, if rendered adverse to the Executive, may include permanent injunctive relief to be granted by the court.

6. INTERCORPORATE TRANSFERS. If the Executive shall be voluntarily transferred to an affiliate of the Employer, such transfer shall not be deemed to terminate or modify this Agreement, and the employing corporation to which the Executive shall have been transferred shall, for all purposes of this Agreement, be construed as standing in the same place and stead as the

Employer as of the date of such transfer. For purposes hereof, an affiliate of the Employer shall mean any corporation or other entity directly or indirectly controlling, controlled by, or under common control with the Employer. The Employer shall be secondarily liable to the Executive for the obligations hereunder in the event the affiliate of the Employer cannot or refuses to honor such obligations. For all relevant purposes hereof, the tenure of the Executive shall be deemed to include the aggregate term of his employment by the Employer or its affiliate.

7. INTEREST IN ASSETS. Neither the Executive nor his estate shall acquire hereunder any rights in funds or assets of the Employer, otherwise than by and through the actual payment of amounts payable hereunder; nor shall the Executive or his estate have any power to transfer, assign (except into a trust for purposes of estate planning), anticipate, hypothecate or otherwise encumber in advance any of said payments; nor shall any of such payments be subject to seizure for the payment of any debt, judgment, alimony, separate maintenance or be transferable by operation of law in the event of bankruptcy, insolvency or otherwise of the Executive.

8. INDEMNIFICATION.

(a) The Employer shall provide the Executive (including his heirs, personal representatives, executors and administrators), during the term of this Agreement and thereafter throughout all applicable limitations periods, with coverage under the Employer's then-current directors' and officers' liability insurance policy, at the Employer's expense.

(b) In addition to the insurance coverage provided for in paragraph (a) of this Section 8, the Employer shall defend, hold harmless and indemnify the Executive (and his heirs,

executors and administrators) to the fullest extent permitted under applicable law, and subject to the requirements, limitations and specifications set forth in the Bylaws and other organizational documents of the Employer, against all expenses and liabilities reasonably incurred by him in connection with or arising out of any action, suit or proceeding in which he may be involved by reason of his having been an officer of the Employer (whether or not he continues to be an officer at the time of incurring such expenses or liabilities), such expenses and liabilities to include, but not be limited to, judgments, court costs and attorneys' fees and the cost of reasonable settlements.

(c) In the event the Executive becomes a party, or is threatened to be made a party, to any action, suit or proceeding for which the Employer has agreed to provide insurance coverage or indemnification under this Section 8, the Employer shall, to the full extent permitted under applicable law, advance all expenses (including the reasonable attorneys' fees of the attorneys selected by Employer and approved by Executive for the representation of the Executive), judgments, fines and amounts paid in settlement (collectively "Expenses") incurred by the Executive in connection with the investigation, defense, settlement, or appeal of any threatened, pending or completed action, suit or proceeding, subject to receipt by the Employer of a written undertaking from the Executive covenanting: (i) to reimburse the Employer for all Expenses actually paid by the Employer to or on behalf of the Executive in the event it shall be ultimately determined that the Executive is not entitled to indemnification by the Employer for such Expenses; and (ii) to assign to the Employer all rights of the Executive to insurance proceeds, under any policy of directors' and officers' liability insurance or otherwise, to the extent of the amount of Expenses actually paid by the Employer to or on behalf of the Executive.

9. GENERAL PROVISIONS.

(a) SUCCESSORS; ASSIGNMENT. This Agreement shall be binding upon and inure to the benefit of the Executive, the Employer and his and its respective personal representatives, successors and assigns, and any successor or assign of the Employer shall be deemed the "Employer" hereunder. The Employer shall require any successor to all or substantially all of the business and/or assets of the Employer, whether directly or indirectly, by purchase, merger, consolidation, acquisition of stock, or otherwise, by an agreement in form and substance satisfactory to the Executive, expressly to assume and agree to perform this Agreement in the same manner and to the same extent as the Employer would be required to perform if no such succession had taken place.

(b) ENTIRE AGREEMENT; MODIFICATIONS. This Agreement constitutes the entire agreement between the parties respecting the subject matter hereof, and supersedes all prior negotiations, undertakings, agreements and arrangements with respect thereto, whether written or oral. Except as otherwise explicitly provided herein, this Agreement may not be amended or modified except by written agreement signed by the Executive and the Employer.

(c) ENFORCEMENT AND GOVERNING LAW. The provisions of this Agreement shall be

regarded as divisible and separate; if any of said provisions should be declared invalid or unenforceable by a court of competent jurisdiction, the validity and enforceability of the remaining provisions shall not be affected thereby. This Agreement shall be construed and the legal relations of the parties hereto shall be determined in accordance with the laws of the State of Maryland as it constitutes the situs of the corporation and the employment hereunder, without reference to the law regarding conflicts of law.

(d) ARBITRATION. Except as provided in paragraph (b) of Section 5, any dispute or controversy arising under or in connection with this Agreement or the Executive's employment by the Employer shall be settled exclusively by arbitration, conducted by a single arbitrator sitting in Baltimore, MD in accordance with the rules of the American Arbitration Association (the "AAA") then in effect. The arbitrator shall be selected by the parties from a list of eleven (11) arbitrators provided by the AAA, provided that no arbitrator shall be related to or affiliated with either of the parties. No later than ten (10) days after the list of proposed arbitrators is received by the parties, the parties, or their respective representatives, shall meet at a mutually convenient location in Baltimore, Maryland, or telephonically. At that meeting, the

party who sought arbitration shall eliminate one (1) proposed arbitrator and then the other party shall eliminate one (1) proposed arbitrator. The parties shall continue to alternatively eliminate names from the list of proposed arbitrators in this manner until each party has eliminated five (5) proposed arbitrators. The remaining arbitrator shall arbitrate the dispute. Each party shall submit, in writing, the specific requested action or decision it wishes to take, or make, with respect to the matter in dispute, and the arbitrator shall be obligated to choose one (1) party's specific requested action or decision, without being permitted to effectuate any compromise or "new" position; provided, however, that the arbitrator is authorized to award amounts not in dispute during the pendency of any dispute or controversy arising under or in connection with this Agreement. The Employer shall bear the cost of all counsel, experts or other representatives that are retained by both parties, together with all costs of the arbitration proceeding, including, without limitation, the fees, costs and expenses imposed or incurred by the arbitrator. Judgment may be entered on the arbitrator's award in any court having jurisdiction; including, if applicable, entry of a permanent injunction under paragraph (b) of Section 5.

(e) PRESS RELEASES AND PUBLIC DISCLOSURE. Any press release or other public communication by either the Executive or the Employer with any other person concerning the terms, conditions or circumstances of Executive's employment, or the termination of such employment, shall be subject to prior written approval of both the Executive and the Employer, subject to the proviso that the Employer shall be entitled to make requisite and appropriate public disclosure of the terms of this Agreement, without the Executive's consent or approval, as required under applicable statutes, and the rules and regulations of the Securities and Exchange Commission and the Stock Exchange on which the shares of Employer may from time to time be listed.

(f) WAIVER. No waiver by either party at any time of any breach by the other party of, or compliance with, any condition or provision of this Agreement to be performed by the other party, shall be deemed a waiver of any similar or dissimilar provisions or conditions at the same time or any prior or subsequent time.

(g) NOTICES. Notices given pursuant to this Agreement shall be in writing, and shall be deemed given when received, and, if mailed, shall be mailed by United States registered or certified mail, return receipt requested, postage prepaid. Notices to the Employer shall be addressed to the principal headquarters of the Employer, Attention: Chairman. Notices to the Executive shall be sent to the address set forth below the Executive's signature on this Agreement, or to such other address as the party to be notified shall have given to the other.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

Corporate Office Management, Inc., a Maryland Corporation

By: _____ _____
Clay W. Hamlin, III, CEO Roger A. Waesche, Jr.

Corporate Office Properties, L.P., a Delaware
limited partnership by its general partner,
Corporate Office Properties Trust

By: _____
Clay W. Hamlin, III, CEO

Exhibit 10.16

EMPLOYMENT AGREEMENT

MICHAEL D. KAISER

This Employment Agreement (this "Agreement"), is made and entered into as of the 28th day of September, 1998 (the "Effective Date"), by and between Corporate Realty Management, LLC., a Maryland LLC (the "Employer"), and Corporate Office Management Inc. ("COMI"), a subsidiary of Corporate Office Properties Trust ("COPT"), and Michael D. Kaiser (the "Executive").

RECITALS

A. The Employer desires to employ the Executive as an officer of the Employer for a specified term, and the Executive is willing to accept such employment upon the terms and conditions hereinafter set forth.

B. The Employer recognizes that circumstances may arise in which a change of control of the Employer, through acquisition or otherwise, may occur, thereby causing uncertainty of employment without regard to the competence or past contributions of the Executive, and that such uncertainty may result in the loss of valuable services of the Executive. Accordingly, the Employer and the Executive wish to provide reasonable security to the Executive against changes in the employment relationship in the event of any such change of control.

NOW, THEREFORE, in consideration of the premises and of the covenants and agreements hereinafter contained, it is covenanted and agreed by and between the parties hereto as follows:

AGREEMENTS

1. POSITION AND DUTIES. The Employer hereby employs the Executive as the President of the Employer, or in such other capacity as shall be mutually agreed between the Employer and the Executive. During the period of the Executive's employment hereunder, the Executive shall devote his best efforts and full business time, energy, skills and attention to the business and affairs of the Employer. The Executive's duties and authority shall consist of and include all duties and authority customarily performed and held by persons holding equivalent positions with business organizations similar in nature and size to the Employer, as such duties and authority are reasonably defined, modified and delegated from time to time by the Board of Managers/Directors of the Employer (the "Board"). The Executive shall have the powers necessary to perform the duties assigned to him, and shall be provided such supporting services, staff, secretarial and other assistance, office space and accouterments as shall be reasonably necessary and appropriate in the light of such assigned duties.

2. COMPENSATION. As compensation for the services to be provided by the Executive hereunder, the Executive shall receive the following compensation and other benefits:

(a) BASE SALARY. The Executive shall receive an aggregate annual minimum "Base Salary" at the rate of One Hundred and Thirty-Two Thousand dollars ($132,000) per annum, payable in periodic installments in accordance with the regular payroll practices of the Employer. Such Base Salary shall be subject to review annually by the Compensation Committee of the Board during the term hereof, in accordance with the Employer's established compensation policies.

(b) PERFORMANCE BONUS. The Executive shall receive an annual cash "Performance Bonus," payable within ninety (90) days after the end of the fiscal year of the Employer which shall be determined by the Board based upon the recommendation of the Compensation Committee thereof.

(c) STOCK OPTIONS. Executive shall be entitled to stock options as determined by the Compensation Committee and the Board.

(d) BENEFITS. The Executive shall be entitled to all perquisites extended to similarly situated executives, as such are stated in the Employer's Executive Perquisite Policy (the "Perquisite Policy") promulgated for the Board by the Compensation Committee of the Board, and which Perquisite Policy is hereby incorporated by reference, as amended from time to time. In addition, the Executive shall be entitled to participate in all plans and benefits generally, from time to time, accorded to employees of the Employer ("Benefit Plans"), all as determined by the Board from time to time based upon the input of its Compensation Committee. Executive shall also receive additional benefits as follows:

(i) a seven hundred and fifty dollar ($750.00) per month automobile allowance payable in cash part of the Executive's regular payroll or applied as a credit toward a leased vehicle, at the direction of the Executive and approved by the Employer; and

(e) WITHHOLDING. The Employer shall be entitled to withhold, from amounts payable to the Executive hereunder, any federal, state or local withholding or other taxes or charges which it is from time to time required to withhold. The Employer shall be entitled to rely upon the opinion of its independent accountants, with regard to any question concerning the amount or requirement of any such withholding.

3. TERM AND TERMINATION.

(a) BASIC TERM. The Executive's employment hereunder shall be for a continuous and self-renewing two (2) year term, commencing as of the Effective Date, unless terminated by either party, with or without cause, effective as of the first (1st) business day after written notice to that effect is delivered to the other party.

(b) PREMATURE TERMINATION.

(i) In the event of the termination of the employment of the Executive under this Agreement by the Employer for any reason other than expiration of the term hereof or a "for-cause" termination in accordance with the provisions of paragraph (d) of this Section 3, then notwithstanding any actual or allegedly available alternative employment or other mitigation of damages by or available to the Executive, the Executive shall be entitled to a "Lump Sum Payment" equal to the sum of: (w) his monthly Base Salary then payable, multiplied by the remaining number of months or partial months until expiration of the Basic Term or renewal term, if any, (but not less than 18 months), and an annualized and proportional amount equal to the average of the two (2) most recent annual Performance Bonuses that the Executive received; For purposes of calculating the Lump Sum Payment amounts due, the Executive's employment with the Employer shall be agreed to have commenced on October 1, 1998. In the event of a termination governed by this subparagraph (b)(i) of Section 3, the Employer shall also: (y) notwithstanding the vesting schedule otherwise applicable, fully vest all of Executive's options outstanding under any option or stock incentive plan herein after established by Employer ("Option Plan") and allow a period of eighteen (18) months following the termination of employment for the Executive to exercise any such options; and (z) continue for the Executive (provided that such items are not available to him by virtue of other employment secured after termination) the perquisites, plans and benefits provided under the Employer's Perquisite Policy and Benefit Plans as of and after the date of termination, [all items in (z) being collectively referred to as "Post-Termination Perquisites and Benefits"], for the lesser of the number of full months the Executive has theretofore been employed by the Employer (but not less than twelve (12) months)or eighteen (18) months following such termination. The payments and benefits provided under (w), (x), (y) and (z) above by the Employer shall not be offset against or diminish any other compensation or benefits accrued as of the date of termination.

(ii) Payment to the Executive under this Section 3(b) will be made monthly over twelve (12) months, unless mutually agreed by the parties to minimize the Executives' tax burden in any year.

(c) CONSTRUCTIVE TERMINATION. If at any time during the term of this Agreement, except in connection with a "for-cause" termination pursuant to paragraph (d) of this Section 3, the Executive is Constructively Discharged (as hereinafter defined), then the Executive shall have the right, by written notice to the Employer given within one hundred and twenty (120) days of such Constructive Discharge, to terminate his services hereunder, effective as of thirty (30) days after such notice, and the Executive shall have no rights or obligations under this Agreement other than as provided in Section 5 hereof. The Executive shall in such event be entitled to a Lump Sum Payment of Base Salary and Performance Bonus compensation as well as all of the Post-Termination Prerequisites and Benefits, as if such termination of his employment had been effectuated pursuant to paragraph (b) of this Section 3.

For purposes of this Agreement, the Executive shall be deemed to have been "Constructively Discharged" upon the occurrence of any one of the following events:

(i) The Executive is not re-elected to, or is removed from, the position with the Employer set forth in Section 1 hereof, other than as a result of the Executive's election or appointment to positions of equal or superior scope and responsibility; or

(ii) The Executive shall fail to be vested by the Employer with the powers, authority and support services normally attendant to any of said offices; or

(iii) The Employer shall notify the Executive that the employment of the Executive will be terminated or materially modified in the future or that the Executive will be Constructively Discharged in the future; or

(iv) The Employer changes the primary employment location of the Executive to a place that is more than fifty (50) miles from the primary employment location, 8815 Centre Park Drive, Columbia Maryland 21045, as of the Effective Date of this Agreement; or

(v) The Employer otherwise commits a material breach of its obligations under this Agreement.

(vi) The Employer seeks protection under U.S. Bankruptcy codes.

(d) TERMINATION FOR CAUSE. The employment of the Executive and this Agreement may be terminated "for-cause" as hereinafter defined. Termination "for-cause" shall mean the termination of employment on the basis or as a result of: (i) the Executive's death or his permanent disability, which latter term shall mean the Executive's inability, as a result of physical or mental incapacity, substantially to perform his duties hereunder for a period of either six (6) consecutive months, or one hundred and twenty (120) business days within a consecutive twelve (12) month period; (ii) a material violation by the Executive of any applicable material law or regulation respecting the business of the Employer; (iii) the Executive being found guilty of, or being publicly associated with, to the Employer's detriment, a felony or an act of dishonesty in connection with the performance of his duties as an officer of the Employer, or the Executive's commission of an act which in the opinion of a reasonable third party disqualifies the Executive from serving as an officer or director of the Employer; or (iv) the willful or negligent failure of the Executive to perform his duties hereunder in any material respect. The Executive shall be entitled to at least thirty (30) days' prior written notice of the Employer's intention to terminate his employment for any cause (except the Executive's death), specifying the grounds for such termination, affording the Executive a reasonable opportunity to cure any conduct or act (if curable) alleged as grounds for such termination, and a reasonable opportunity to present to the Board his position regarding any dispute relating to the existence of such cause.

(e) TERMINATION UPON DEATH. In the event payments are due and owing under this Agreement at the death of the Executive, such payments shall be made to such beneficiary, designee or fiduciary as Executive may have designated in writing, or failing such designation, to the executor or administrator of his estate, in full settlement and satisfaction of all claims and demands on behalf of the Executive. Such payments shall be in addition to any other death benefits of the Employer made available for the benefit of the Executive, and in full settlement and satisfaction of all payments provided for in this Agreement.

(f) TERMINATION UPON DISABILITY. The Employer may terminate the Executive's employment after the Executive is determined to be disabled under the current Employer program or by a physician engaged by the Employer and reasonably approved by the Executive. In the event of a dispute regarding the Executive's "disability," such dispute shall be resolved through arbitration as provided in paragraph (d) of Section 9 hereof, except that the arbitrator appointed by the American Arbitration Association shall be a duly licensed medical doctor. The Executive shall be entitled to the compensation and benefits provided for under this Agreement during any period of incapacitation occurring during the term of this Agreement, and occurring prior to the establishment of the Executive's "disability" during which the Executive is unable to work due to a physical or mental infirmity. Notwithstanding anything contained in this Agreement to the contrary, until the date specified in a notice of termination relating to the Executive's disability, the Executive shall be entitled to return to his positions with the Employer as set forth in this Agreement, in which event no disability of the Executive will be deemed to have occurred.

(g) TERMINATION UPON CHANGE OF CONTROL.

(i) In the event of a Change in Control (as defined below) of the Employer and the termination of the Executive's employment by Executive or by the Employer under either 1 or 2 below, the Executive shall, be entitled to a Lump Sum Payment equal to the sum of: (w) his monthly Base Salary then payable, multiplied by twenty-four (24); plus (x) two (2) times the average of the two (2) most recent annual Performance Bonuses that the Executive received; provided, however, that if the Executive has been employed by the Employer for fewer than two (2) years, then the amount set forth in (x) above shall be equal to two (2) times the average of the annual Performance Bonuses that the Executive has theretofore received from the Employer. The Employer shall also: (y) notwithstanding the vesting schedule otherwise applicable, fully vest all of Executive's options outstanding under any Option Plan and allow a period of eighteen (18) months following the termination of employment of the Executive for the Executive's exercise of such options; and

(z) continue for the Executive (provided that such items are not available to him by virtue of other employment secured after termination) all of the perquisites, plans and benefits provided under paragraph (c) of Section 2, for 18 months following such termination. The payments and benefits provided under (w), (x), (y) and (z) above by the Employer shall not be offset against or diminish any other compensation or benefits accrued as of the date of termination. The following shall constitute termination under this paragraph:

1. The Executive terminates his employment under this Agreement pursuant to a written notice to that effect delivered to the Board within six (6) months after the occurrence of the Change in Control.

2. Executive's employment is terminated, including Constructively Discharged, by the Employer or its successor either in contemplation of or after Change in Control, other than on a for-cause basis.

(ii) For purposes of this paragraph, the term "Change in Control" shall mean the following occurring after the date of this Agreement:

1. The consummation of the acquisition by any person (as such term is defined in Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (the "1934 Act") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of forty percent (40%) or more of the combined voting power embodied in the then-outstanding voting securities of COPT or the Employer; or

2. Approval by the stockholders of the Employer of: (1) a merger or consolidation of the Employer, if the stockholders of COPT or the Employer immediately before such merger or consolidation do not, as a result of such merger or consolidation, own, directly or indirectly, more than fifty percent (50%) of the combined voting power of the then outstanding voting securities of the entity resulting from such merger or consolidation in substantially the same proportion as was represented by their ownership of the combined voting power of the voting securities of COPT or the Employer outstanding immediately before such merger or consolidation; or (2) a complete or substantial liquidation or dissolution, or an agreement for the sale or other disposition, of all or substantially all of the assets of COPT or the Employer.

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur solely because forty percent (40%) or more of the combined voting then-outstanding securities is acquired by: (1) a trustee or other fiduciary holding securities under one or more employee benefit plans maintained for employees of the entity; or (2) any corporation or other entity which, immediately prior to such acquisition, is owned directly or in directly the stockholders of the Employer in the same proportion as their ownership of stock in COPT or the Employer immediately prior to such acquisition.

(ii) If it is determined, in the opinion of the Employer's independent accountants, in consultation with the Employer's independent counsel, that any amount payable to the Executive by the Employer under this Agreement, or any other plan or agreement under which the Executive participates or is a party, would

constitute an "Excess Parachute Payment" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code") and be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), the Employer shall pay to the Executive a "grossing-up" amount equal to the amount of such Excise Tax and all federal and state income or other taxes with respect payment of the amount of such Excise Tax, including all such taxes with respect to any such grossing-up amount. If at a later date, the Internal Revenue Service assesses a deficiency against the Executive for the Excise Tax which is greater than that which was determined at the time such amounts were paid, the Employer shall pay to the Executive the amount of such unreimbursed Excise Tax plus any interest, penalties and professional fees or expenses, incurred by the Executive as a result of such assessment, including all such taxes with respect to any such additional amount. The highest marginal tax rate applicable to individuals at the time of payment of such amounts will be used for purposes of determining the federal and state income and other taxes with respect thereto. The Employer shall withhold from any amounts paid under this Agreement the amount of any Excise Tax or other federal, state or local taxes then required to be withheld. Computations of the amount of any grossing-up supplemental compensation paid under this subparagraph shall be made by the Employer's independent accountants, in consultation with the Employer's independent legal counsel. The Employer shall pay all accountant and legal counsel fees and expenses.

4. CONFIDENTIALITY AND LOYALTY. The Executive acknowledges that heretofore or hereafter during the course of his employment he has produced and received, and may hereafter produce, receive and otherwise have access to various materials, records, data, trade secrets and information not generally available to the public (collectively, "Confidential Information") regarding the Employer and its subsidiaries and affiliates. Accordingly, during and

subsequent to termination of this Agreement, the Executive shall hold in confidence and not directly or indirectly disclose, use, copy or make lists of any such Confidential Information, except to the extent that such information is or thereafter becomes lawfully available from public sources, or such disclosure is authorized in writing by the Employer, required by law or by any competent administrative agency or judicial authority, or otherwise as reasonably necessary or appropriate in connection with the performance by the Executive of his duties hereunder. All records, files, documents, computer diskettes, computer programs and other computer-generated material, as well as all other materials or copies thereof relating to the Employer's business, which the Executive shall prepare or use, shall be and remain the sole property of the Employer, shall not be removed from the Employer's premises without its written consent, and shall be promptly returned to the Employer upon termination of the Executive's employment hereunder. The Executive agrees to abide by the Employer's reasonable policies, as in effect from time to time, respecting confidentiality and the avoidance of interests conflicting with those of the Employer.

5. NON-COMPETITION COVENANT.

(a) RESTRICTIVE COVENANT. The Employer and the Executive have jointly reviewed the tenant lists, property submittals, logs, broker lists, and operations of the Employer, and have agreed that as an essential ingredient of and in consideration of this Agreement and the payment of the amounts described in Sections 2 and 3 hereof, the Executive hereby agrees that, except with the express prior written consent of the Employer, for a period equal to the lesser of the number of full months the Executive has at any time been employed by the Employer or twenty-four (24) months after the termination of the Executive's employment with the Employer (the "Restrictive Period"), he will not directly or indirectly compete with the then existing business of the Employer, including, but not by way of limitation, by directly or indirectly owning, managing, operating, controlling, financing, or by directly or indirectly serving as an employee, officer or director of or consultant to, or by soliciting or inducing, or attempting to solicit or induce, any employee or agent of Employer to terminate employment with Employer and become employed by any person, firm, partnership, corporation, trust or other entity which owns or operates a business similar to that of the Employer (the "Restrictive Covenant"). For purposes of this subparagraph (a), a business shall be considered "similar" to that of the Employer if it is engaged in the acquisition, development, ownership, operation, management or leasing of suburban office property (i) in any geographic market or submarket in which the Employer owns more than 750,000 s.f. of properties

either as of the date hereof or as of the date of termination of the Executive's employment. However, it is expressly understood that this restriction shall apply only to the operations of the Employer as of the date of termination of this agreement. If the Executive violates the Restrictive Covenant and the Employer brings legal action for injunctive or other relief, the Employer shall not, as a result of the time involved in obtaining such relief, be deprived of the benefit of the full period of the Restrictive Covenant. Accordingly, the Restrictive Covenant shall be deemed to have the duration specified in this paragraph (a) computed from the date the relief is granted but reduced by the time between the period when the Restrictive Period began to run and the date of the first violation of the Restrictive Covenant by the Executive. In the event that a successor of the Employer assumes and agrees to perform this Agreement or otherwise acquires the Employer, this Restrictive Covenant shall continue to apply only to the primary service area of the Employer as it existed immediately before such assumption or acquisition and shall not apply to any of the successor's other offices or markets. The foregoing Restrictive Covenant shall not prohibit the Executive from owning, directly or indirectly, capital stock or similar securities which are listed on a securities exchange or quoted on the National Association of Securities Dealers Automated Quotation System which do not represent more than five percent (5%) of the outstanding capital stock of any corporation.

(b) REMEDIES FOR BREACH OF RESTRICTIVE COVENANT. The Executive acknowledges that the restrictions contained in Sections 4 and 5 of this Agreement are reasonable and necessary for the protection of the legitimate proprietary business interests of the Employer; that any violation of these restrictions would cause substantial injury to the Employer and such interests; that the Employer would not have entered into this Agreement with the Executive without receiving the additional consideration offered by the Executive in binding himself to these restrictions; and that such restrictions were a material inducement to the Employer to enter into this Agreement. In the event of any violation or threatened violation of these restrictions, the Employer shall be relieved of any further obligations under this Agreement, shall be entitled to any rights, remedies or damages available at law, in equity or otherwise under this Agreement, and shall be entitled to preliminary and temporary injunctive relief granted by a court of competent jurisdiction to prevent or restrain any such violation by the Executive and any and all persons directly or indirectly acting for or with him, as the case may be, while awaiting the decision of the arbitrator selected in

accordance with paragraph (d) of Section 9 of this Agreement, which decision, if rendered adverse to the Executive, may include permanent injunctive relief to be granted by the court.

6. INTERCORPORATE TRANSFERS. If the Executive shall be voluntarily transferred to an affiliate of the Employer, such transfer shall not be deemed to terminate or modify this Agreement, and the employing corporation to which the Executive shall have been transferred shall, for all purposes of this Agreement, be construed as standing in the same place and stead as the Employer as of the date of such transfer. For purposes hereof, an affiliate of the Employer shall mean any corporation or other entity directly or indirectly controlling, controlled by, or under common control with the Employer. The Employer shall be secondarily liable to the Executive for the obligations hereunder in the event the affiliate of the Employer cannot or refuses to honor such obligations. For all relevant purposes hereof, the tenure of the Executive shall be deemed to include the aggregate term of his employment by the Employer or its affiliate.

7. INTEREST IN ASSETS. Neither the Executive nor his estate shall acquire hereunder any rights in funds or assets of the Employer, otherwise than by and through the actual payment of amounts payable hereunder; nor shall the Executive or his estate have any power to transfer, assign (except into a trust for purposes of estate planning), anticipate, hypothecate or otherwise encumber in advance any of said payments; nor shall any of such payments be subject to seizure for the payment of any debt, judgment, alimony, separate maintenance or be transferable by operation of law in the event of bankruptcy, insolvency or otherwise of the Executive.

8. INDEMNIFICATION.

(a) The Employer shall provide the Executive (including his heirs, personal representatives, executors and

administrators), during the term of this Agreement and thereafter throughout all applicable limitations periods, with coverage under the Employer's then-current directors' and officers' liability insurance policy, at the Employer's expense.

(b) In addition to the insurance coverage provided for in paragraph (a) of this Section 8, the Employer shall defend, hold harmless and indemnify the Executive (and his heirs, executors and administrators) to the fullest extent permitted under applicable law, and subject to the requirements, limitations and specifications set forth in the Bylaws and other organizational documents of the Employer, against all expenses and liabilities reasonably incurred by him in connection with or arising out of any action, suit or proceeding in which he may be involved by reason of his having been an officer of the Employer (whether or not he continues to be an officer at the time of incurring such expenses or liabilities), such expenses and liabilities to include, but not be limited to, judgments, court costs and attorneys' fees and the cost of reasonable settlements.

(c) In the event the Executive becomes a party, or is threatened to be made a party, to any action, suit or proceeding for which the Employer has agreed to provide insurance coverage or indemnification under this Section 8, the Employer shall, to the full extent permitted under applicable law, advance all expenses (including the reasonable attorneys' fees of the attorneys selected by Employer and approved by Executive for the representation of the Executive), judgments, fines and amounts paid in settlement (collectively "Expenses") incurred by the Executive in connection with the investigation, defense, settlement, or appeal of any threatened, pending or completed action, suit or proceeding, subject to receipt by the Employer of a written undertaking from the Executive covenanting: (i) to reimburse the Employer for all Expenses actually paid by the Employer to or on behalf of the Executive in the event it shall be ultimately determined that the Executive is not entitled to indemnification by the Employer for such Expenses; and (ii) to assign to the Employer all rights of the Executive to insurance proceeds, under any policy of directors' and officers' liability insurance or otherwise, to the extent of the amount of Expenses actually paid by the Employer to or on behalf of the Executive.

9. GENERAL PROVISIONS.

(a) SUCCESSORS; ASSIGNMENT. This Agreement shall be binding upon and inure to the benefit of the Executive, the Employer and his and its respective personal representatives, successors and assigns, and any successor or assign of the Employer shall be deemed the "Employer" hereunder. The Employer shall require any successor to all or substantially all of the business and/or assets of the Employer, whether directly or indirectly, by purchase, merger, consolidation, acquisition of stock, or otherwise, by an agreement in form and substance satisfactory to the Executive, expressly to assume and agree to perform this Agreement in the same manner and to the same extent as the Employer would be required to perform if no such succession had taken place.

(b) ENTIRE AGREEMENT; MODIFICATIONS. This Agreement constitutes the entire agreement between the parties respecting the subject matter hereof, and supersedes all prior negotiations, undertakings, agreements and arrangements with respect thereto, whether written or oral. Except as otherwise explicitly provided herein, this Agreement may not be amended or modified except by written agreement signed by the Executive and the Employer.

(c) ENFORCEMENT AND GOVERNING LAW. The provisions of this Agreement shall be regarded as divisible and separate; if any of said provisions should be declared invalid or unenforceable by a court of competent jurisdiction, the validity and enforceability of the remaining provisions shall not be affected thereby. This Agreement shall be construed and the legal relations of the parties hereto shall be determined in accordance with the laws of the State of Maryland as it constitutes the situs of the corporation and the employment hereunder, without reference to the law regarding conflicts of law.

(d) ARBITRATION. Except as provided in paragraph (b) of Section 5, any dispute or controversy arising under or in connection with this Agreement or the Executive's employment by the Employer shall be settled exclusively by arbitration, conducted by a single arbitrator sitting in Baltimore, MD in accordance with the rules of the American Arbitration Association (the "AAA") then in effect. The arbitrator shall be

selected by the parties from a list of eleven (11) arbitrators provided by the AAA, provided that no arbitrator shall be related to or affiliated with either of the parties. No later than ten (10) days after the list of proposed arbitrators is received by the parties, the parties, or their respective representatives, shall meet at a mutually convenient location in Baltimore, Maryland, or telephonically. At that meeting, the party who sought arbitration shall eliminate one (1) proposed arbitrator and then the other party shall eliminate one (1) proposed arbitrator. The parties shall continue to alternatively eliminate names from the list of proposed arbitrators in this manner until each party has eliminated five (5) proposed arbitrators. The remaining arbitrator shall arbitrate the dispute. Each party shall submit, in writing, the specific requested action or decision it wishes to take, or make, with respect to the matter in dispute, and the arbitrator shall be obligated to choose one (1) party's specific requested action or decision, without being permitted to effectuate any compromise or "new" position; provided, however, that the arbitrator is authorized to award amounts not in dispute during the pendency of any dispute or controversy arising under or in connection with this Agreement. The Employer shall bear the cost of all counsel, experts or other representatives that are retained by both parties, together with all costs of the arbitration proceeding, including, without limitation, the fees, costs and expenses imposed or incurred by the arbitrator. Judgment may be entered on the arbitrator's award in any court having jurisdiction; including, if applicable, entry of a permanent injunction under paragraph (b) of Section 5.

(e) PRESS RELEASES AND PUBLIC DISCLOSURE. Any press release or other public communication by either the Executive or the Employer with any other person concerning the terms, conditions or circumstances of Executive's employment, or the termination of such employment, shall be subject to prior written approval of both the Executive and the Employer, subject to the proviso that the Employer shall be entitled to make requisite and appropriate public disclosure of the terms of this Agreement, without the Executive's consent or approval, as required under applicable statutes, and the rules and regulations of the Securities and Exchange Commission and the Stock Exchange on which the shares of Employer may from time to time be listed.

(f) WAIVER. No waiver by either party at any time of any breach by the other party of, or compliance with, any condition or provision of this Agreement to be performed by the other party, shall be deemed a waiver of any similar or dissimilar provisions or conditions at the same time or any prior or subsequent time.

(g) NOTICES. Notices given pursuant to this Agreement shall be in writing, and shall be deemed given when received, and, if mailed, shall be mailed by United States registered or certified mail, return receipt requested, postage prepaid. Notices to the Employer shall be addressed to the principal headquarters of the Employer, Attention: Chairman. Notices to the Executive shall be sent to the address set forth below the Executive's signature on this Agreement, or to such other address as the party to be notified shall have given to the other.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

Corporate Realty Management, LLC.
a Maryland LLC.

By: ---------- ----------
Randall M. Griffin, CEO Michael D. Kaiser

Corporate Office Management, Inc.,
a Maryland Corporation

By:

Clay W. Hamlin, III, CEO

Corporate Office Properties, L.P.,
a Delaware limited partnership by
its general partner, Corporate Office
Properties Trust

By:

Clay W. Hamlin, III, CEO

Exhibit 10.17

CONSULTING SERVICES AGREEMENT

THIS CONSULTING SERVICES AGREEMENT (the "Agreement"), is made and entered into as of April 28, 1998 (the "Effective Date"), by and between Corporate Office Properties Trust, formerly known as Royale Investments, Inc. (the "Company"), with offices at One Logan Square, Suite 1105, Philadelphia, PA 19103, and Net Lease Finance Corp., a Delaware corporation, d/b/a Corporate Office Services with offices at 134 Eaton Way, Cherry Hill, New Jersey 08003 (the "Consultant").

RECITALS

A. The Company desires to engage Consultant, on a non-exclusive basis, to identify investment opportunities relating to the acquisition of certain types of real estate assets.

B. The Consultant is willing to make such investment opportunities available to the Company pursuant to a right of first refusal and other rights as contemplated by this Agreement.

NOW, THEREFORE, in consideration of the premises and of the covenants and agreements hereinafter contained, it is covenanted and agreed by and between the parties hereto as follows:

AGREEMENTS

1. Engagement of Consultant. The Company hereby engages the Consultant, and the Consultant hereby accepts such engagement, to provide consulting services upon the terms and conditions of this Agreement.

2. Services.

(a) Consulting Services. During the term of this Agreement, the Consultant shall devote such time, energy, skills and attention to the business and affairs of the Company and its Affiliates (as hereinafter defined) as are reasonably required in the performance of consulting services to the Company with respect to advising the Company's management concerning, and assisting in the identification, analysis, structuring, negotiation of terms and closing of Investment Opportunities (as hereinafter defined) for the Company and any Affiliate thereof designated by the Company involving Covered Transactions (as hereinafter defined) (hereinafter collectively referred to as the "Services"). Certain employees of Consultant approved by the Company shall be assigned to perform services for the Company (collectively and individually, the "Employee"). With respect to Services provided to the Company, the Consultant shall cause such Employee to be subject to the orders, directives and investment and underwriting policies as in effect from time to time of the Company's CEO or, in his absence, the Chairman of the Board, and to those of the Company's Board of Directors or such committee as it shall designate, and as are communicated by the Company to the Consultant. For purposes of this Agreement, "Investment Opportunities" means those business opportunities that relate to the acquisition of real estate assets, and the assets and/or equity or debt securities of companies and other entities owning or having interests, including without

limitation, operating partnership interests, in such real estate assets. "Covered Transactions" means transactions that involve real estate assets for use primarily as offices, medical offices, office flex and related commercial properties, and such classes of real estate assets or properties as may be specified by the Company from time to time as fitting within the investment polices of the Company then in effect, as such investment policies may be formulated by the CEO and the Board of Directors or by such person or committee as he or it shall delegate, and which shall be communicated to the Consultant on a current basis, and Covered Transactions may include other types of real estate assets primarily in the context of a mixed-use portfolio (the "Other Assets"). For purposes of this Agreement, the term "Affiliate" shall mean any legal entity which is now or hereafter fifty percent (50%) or more owned and controlled, directly or indirectly, by the Company, or which owns, directly or indirectly, fifty percent (50%) or more of the voting stock or securities or voting rights of the Company.

(b) Change of Name; License of Trade Name. The Company and/or the Consultant, as mutually agreed upon, shall promptly following execution of this Agreement, file or cause to be filed a change of name registration or equivalent

filing with the New Jersey Secretary of State, and in such other jurisdictions, if any, in which the Company or the Consultant is required to do so, registering "Corporate Office Services, Inc." as the official name of the Consultant (the "Trade Name"). The Company hereby grants the Consultant an exclusive license in and to the Trade Name solely for use in connection with the performance of the Services hereunder, which license shall be revocable by the Company at any time, with or without cause.

(c) Exclusivity as to Covered Transactions; Right of First Refusal. During the term of this Agreement, the Consultant shall identify to the Company Investment Opportunities in respect of Covered Transactions, subject to the provisions of this paragraph (c) and subparagraph (f). If the Company does not enter into a contract with respect to any such Investment Opportunity within twelve (12) months following the Consultant's advice thereof (the "Exclusive Period"), or if the Company's CEO advises the Consultant in writing at any time that it is not interested in pursuing such Investment Opportunity, then in either such case the Consultant shall have the right thereafter to pursue such Investment Opportunity for its own account or to identify and pursue same on behalf of any other third party. In the event the assets and/or securities involved in such Investment Opportunity are thereafter acquired by the Consultant or by a third party on whose behalf the Consultant is acting, the Consultant shall pay the Company fifty percent (50%) of an amount equal to the dollar value of all fees, commissions, and/or other compensation received by the Consultant with respect to such Investment Opportunity. In the event that, during the term of this Agreement, the Consultant fails to identify to the Company an Investment Opportunity in respect of a Covered Transaction prior to identifying such Investment Opportunity to any other third party, and the Consultant thereafter receives compensation from such third party with respect thereto, then the Consultant shall pay the Company as liquidated damages an amount equal to the dollar value of all fees, commissions and/or other compensation received, directly or indirectly, by the Consultant with respect thereto and the Company shall have the right to setoff against the compensation hereunder the amount of such fees, commissions and/or other compensation. Any amounts payable hereunder by the Consultant to the Company shall be payable within

thirty (30) days following the Consultant's receipt of such fees, commissions and/or other compensation.

(d) Excluded Activities. The Company hereby acknowledges that the Consultant has substantial experience and contacts involving real estate assets that are not within the scope of Covered Transactions, including, without limitation, those real estate assets for use primarily as non-office industrial properties, retail properties, residential real estate and shopping centers, and which may result in the Consultant having Investment Opportunities with respect to such real estate assets and any other opportunities not involving real estate assets (collectively, "Excluded Activities"). The Company acknowledges further that, except as hereinafter expressly stated, the Consultant shall not have any obligation, either express or implied, to the Company with respect to any Investment Opportunity involving real estate assets that are involved in the Excluded Activities, nor shall it be a breach of any fiduciary obligation involving a corporate opportunity or otherwise for the Consultant to pursue such Investment Opportunity for its own account or to identify and pursue same on behalf of any other third party; provided, however, that Consultant shall be obligated to advise the Company after the consummation of the Excluded Activity of the nature of such Excluded Activity and furnish the Company on a confidential basis such documentation as the Company shall reasonably request to assure itself, based on its own evaluation thereof, that such Investment Opportunity involves real estate assets that are not within the scope of Covered Transactions and that no Employee was involved in the pursuit of such Excluded Activity. When and if the Company broadens its investment policies to encompass one or more classes of real estate assets other than those stated above as being within the scope of Covered Transactions, such class(es) of real estate shall thereafter be deemed to be a Covered Transaction which the Consultant and its Employees shall be authorized to identify and pursue hereunder, and which shall be subject to the Company's right of first refusal as set forth in Section 2(b) hereof as fully as if such class(es) of real estate assets had been included within the scope of Covered Transactions on the Effective Date of this Agreement; provided, however, that the specified Excluded Activities and transactions with the persons and entities set forth on Exhibit A shall not become Covered Transactions by operation of this paragraph (d) or otherwise.

(e) Coordination of Services. The Consultant shall use diligent efforts to assure that its activities in connection with any Investment Opportunity that it has a right to pursue, either for its own account or on behalf of a third party, pursuant to paragraphs (c) or (d) of this Section 2, do not interfere with its performance of Services hereunder. Notwithstanding anything to the contrary contained in this Agreement, Consultant shall not, without the express written consent of the Company, permit Employee to pursue any Investment Opportunities involving Excluded Activities or non-Company business which are not competitive with the Company or do not interfere with or detract from the

performance of Employee's duties.

(f) Prior Contacts and Prior Services. The Company understands that, prior to the Effective Date of this Agreement, Employees of Consultant were performing brokerage, finder and referral services for such persons and/or companies as are listed on Exhibit A hereto (collectively, "Prior Contacts") and that such Employee may be entitled to commissions, fees and/or other compensation from these Prior Contacts and for the services previously performed as provided in such Exhibit A ("Prior Services"). The Company therefore agrees that the

Consultant shall permit such Employee to receive and retain for its own benefit any commissions, fees and/or other compensation due to such Employee now or in the future from these Prior Contacts and for the Prior Services as set forth on Exhibit A, whether or not otherwise a Covered Transaction or otherwise an "Excluded Activity". In the event that any brokerage, finder or referral opportunities should be presented to the Consultant or any Employee in the future, whether by the Prior Contacts or otherwise, which would otherwise be Covered Transactions, the Consultant shall present such opportunities to the Company for approval, and if the Company declines to pursue such opportunities, the Consultant may pursue same for its own account or that of others, and any commissions, fees or other compensation earned from such opportunities shall be paid directly to the Company, with fifty percent (50%) of such amounts being paid to the Consultant by the Company as special referral compensation.

(g) Expenses, Facilities. The Consultant shall be reimbursed by the Company promptly for all reasonable travel expenses, long distance telephone charges and the pro rata share attributable to the Services performed by the Consultant for the Company for the cost of support services, office space and accouterments as shall be reasonably necessary and appropriate for the performance of the Services for the Company incurred solely in the performance of the Services hereunder. Whenever reasonably practical, the Company shall pay in advance for the costs of airplane travel and hotel charges for Employee of Consultant performing services for the Company. The Consultant shall be solely responsible for maintaining at its sole cost and expense its support services, office space and accouterments (subject to appropriate reimbursement as described above) and for providing its employees such medical, pension or other benefits, if any, as it shall solely determine.

3. Compensation. As full compensation for the services to be provided for the Consultant hereunder, the Consultant shall receive the following payments:

(a) Incentive Compensation.

(i) The Consultant shall earn incentive compensation ("Incentive Compensation") at and subject to the closing of each Covered Transaction by the Company or an Affiliate, including any Covered Transaction which rises to the level of or otherwise becomes a Change in Control (as hereinafter defined), equal to thirty (30) basis points times the Total Value (as hereinafter defined in Section 3(c) below) of such Covered Transaction, including any Operating Partnership Units, or other debt or equity securities issued by the Company or an Affiliate (hereafter "OPU's") and transferred or exchanged by the Company or an Affiliate pursuant to such Covered Transaction, which amounts shall be paid within thirty (30) days after the closing of such Covered Transaction. Notwithstanding the foregoing, if all or any part of the ownership interest in a Covered Transaction is purchased by any one or all of: Clay W. Hamlin; Jay H. Shidler; or any Affiliate or either of them as defined under the Securities Act of 1933 and the Securities Exchange Act of 1934, as amended, or any entity fifty percent (50%) or

more owned and controlled, directly or indirectly, by either or both of Messrs. Hamlin and Shidler (collectively, the "Enumerated Parties"), then the percentage of the Total Value (as hereinafter defined), up to 100% thereof, deemed to have been acquired by the Company shall include the percentage purchased by such aforementioned Enumerated Parties, as if such Total Value had been acquired directly and solely by the Company.

(ii) An Investment Opportunity of the Company or an Affiliate involving Other Assets shall give rise to Incentive Compensation on the same basis as a Covered Transaction, except that the value of the Other Assets shall not initially be included within Total Value. The amount of the value excluded from the calculation of Total Value shall be equal to that portion of the value allocated to such Other Assets in the transaction documents, or if not so allocated, the allocation of value shall be that allocated by the Company in its internal documents for purposes of analysis of the value of such transaction. If neither of the above shall be applicable, the value of such Other Assets shall be as mutually agreed upon between the Chief Investment Officer of the Consultant and the CEO of the Company or, failing such mutual agreement, determined by Arbitration or by a mutually agreed upon consultant as to such value, subject to the following: If, within a period of one (1) year following the closing of the Covered Transaction in question the Company fails to dispose of the Other Assets that were part of the relevant Covered Transaction, then the Consultant shall be paid Incentive Compensation and entitled to the Incentive Amount (pursuant to paragraph 3(b) hereof) which would otherwise have been payable to Consultant with respect to such undisposed of Other Assets. Notwithstanding the foregoing, if the class of assets represented by the Other Assets becomes, during the one (1) year period in question, a class of assets designated by the Company as being within the scope of Covered Transactions, then the value of the Other Assets shall be included in the Total Value irrespective of any disposition.

(b) Deferred Compensation. In addition to Incentive Compensation under paragraph 3(a), Consultant shall be entitled to additional deferred monetary compensation in connection with each Covered Transaction with respect to which it is entitled to Incentive Compensation under paragraph 3(a) hereof. Such deferred compensation, if any, shall be an amount (the "Incentive Amount") equal to the product of the Common Stock Appreciation Percentage (as hereinafter defined) times the Base Amount described below. Payment of the Incentive Amount may be requested by Consultant to be paid in a lump sum payment or in a series of payments by giving one or more Exercise Notices as described in Section 3(b)(ii)(E) below. Consultant shall be entitled to transfer to an Employee Consultant's rights hereunder relating to the Incentive Amount.

(i) The Base Amount. At the Closing Date (as hereinafter defined) for each Covered Transaction with respect to which the Consultant is entitled to receive Incentive Compensation under paragraph 3(a), the Base Amount for each Covered Transaction shall be established. The Base Amount is equal to 30 basis points times the Total Value of the Covered Transaction. The Base Amount shall be adjusted retroactively as of the Transaction Date (as hereinafter defined) for any increase in the Total Value of the Covered Transaction arising from the inclusion of Other Assets in the Total Value of the Covered Transaction by operation of paragraphs 3(a) and 3(c) hereof.

(ii) Definitions.

(A) The Transaction Date shall mean the business day prior to the earliest of (y) a public announcement of the Covered Transaction, or (z) the execution of a definitive contract with respect to the Covered Transaction.

(B) For purposes of this paragraph, the Common Stock of the Company shall mean a share of the voting common stock of the Company, no par value and the price of the Common Stock of the Company as of the Transaction Date or the Notice Date (as hereinafter defined), shall be equal to the weighted average of the closing prices of the Common Stock of the Company on the five (5) trading days proceeding the respective date.

(C) For purposes of this paragraph, the "Common

Stock Appreciation Percentage" shall mean the percentage by which the value of the Common Stock of the Company on the Notice Date (as hereinafter defined) exceeds the value of the Common Stock of the Company on the Transaction Date, which percentage shall be expressed as a fraction, the numerator of which is the positive difference between the value of the Common Stock as of the Notice Date minus the value of the Common Stock as of the Transaction Date, and the denominator of which is the value of the Common Stock as of the Transaction Date. In case of any reclassification, capital reorganization, stock split or stock dividend or other change of outstanding shares of Common Stock of the Company (other than a change in par value, or from no par value to par value, or as a result of an issuance of Common Stock except by way of a subdivision, split or combination), or in case of any consolidation or merger of the Company with or into another corporation which results in a reclassification, capital reorganization or other change of outstanding shares of Common Stock, the value of the Common Stock for purposes of determining the Common Stock Appreciation Percentage shall be

determined by reference to the kind and amount of shares of Common Stock receivable upon such reclassification, capital reorganization or other change, consolidation or merger, which value shall be functionally equivalent to the value of Common Stock as it existed prior to such reclassification, change, stock split, stock dividend, consolidation or merger.

(D) For purpose of this paragraph and paragraph 3(a) above, the term Closing Date of the Covered Transaction shall mean the day on which the direct or indirect ownership of the assets which are the subject of the transaction passes to the Company and/or its Affiliate or Enumerated Parties, as applicable.

(E) For purposes of this paragraph the term Notice Date shall be each date upon which the Consultant gives notice or is deemed to give notice (the "Exercise Notice") of its intention to receive compensation with respect to all or any portion of the Incentive Amount (but not less than $5,000 or the amount of the Incentive Amount or the remainder thereof, to the extent less than $5,000, as to which no Exercise Notice previously has been given) designated in such Exercise Notice with respect to the Covered Transaction so noted. Each Exercise Notice shall specify the Covered Transaction with respect to which the Exercise Notice is being given, the amount of the Incentive Compensation payable, and a calculation of that portion of the Base Amount of the Covered Transaction with respect to which the Incentive Amount is payable. The portion of the Base Amount specified in such Exercise Notice shall be subtracted from the Base Amount with respect to the relevant Covered Transaction, for purposes of determining the Base Amount upon which any remaining Incentive Amount (and Base Amount payable under paragraph 3(b)(iv) hereof, if applicable) shall be determined and calculated in the future. No Notice Date shall be earlier than the first anniversary of the Closing Date of a Covered Transaction. No Notice Date shall be later than (i) three (3) years after termination

of this Agreement on the bases set forth in paragraphs 4(b), 4(c) or 4(g) hereof, or (ii) two (2) years after termination of this Agreement on the bases set forth in paragraphs 4(e) or 4(f) hereof [subject in all events to the earlier requirement (hereinafter noted) for the Notice Date in the event Consultant voluntarily terminates the Agreement prior to the expiration of the thirty month term described in paragraph 4(a)]. Upon the expiration of such three year or two year period, as applicable, an Exercise Notice shall be delivered given and the Notice Date shall be deemed to occur with respect to any remaining Incentive Amount as to which any Base Amount may be outstanding at such time. An Exercise Notice for the Incentive

Amount or the portion thereof as to which no Exercise Notice previously has been given shall be deemed given and the Notice Date shall be deemed to occur, with respect to any remaining Incentive Amount as to which any Base Amount may be outstanding, as of the date that is one (1) year after the termination or expiration date of this Agreement if such termination is voluntarily initiated by Consultant prior to the expiration of the thirty (30) month term described in paragraph 4(a) hereof (which termination is not on account of the bases set forth in paragraph 4(c) or 4(g) hereof) or if such termination is on account of the bases set forth in paragraph 4(d) hereof. Notwithstanding anything to the contrary contained herein, in the event of a termination of this Agreement on the bases set forth in paragraphs 4(b), 4(c) or 4(g) hereof, Consultant shall be entitled to give an Exercise Notice at any time after the occurrence of such termination event, but in any event not later than the three (3) year period from termination elsewhere provided herein. Notwithstanding the above, with respect to either a Transaction that includes Other Assets or a Residual Transaction as to which Consultant is entitled to Incentive Compensation, Consultant shall not be required to give an Exercise Notice earlier than one year from the Closing Date of such Residual Transaction or from the date of inclusion of such Other Assets, as applicable, as to the Incentive Amount (and Base Amount compensation under paragraph 3(b)(iv), if applicable) which may apply with respect to such Residual Transaction or Other Assets.

(iii) Payment of Incentive Amount. Within thirty (30) days after the giving of an Exercise Notice with respect to any Covered Transaction, the Company shall pay the Consultant the amount due to Consultant with respect to such Covered Transaction pursuant to such Exercise Notice.

(iv) Payment of Base Amount. In addition to Incentive Compensation, the Consultant shall be entitled to payment of the Base Amount for any Covered Transaction (an "Open Transaction") for which payment of the Incentive Amount is payable as described above only in the event that Consultant shall be terminated on the bases set forth in paragraphs 4 (b), 4(c) or 4(g). Within thirty (30) days of the occurrence of any of such events, the Consultant shall be paid the Base Amount for each Open Transaction; provided however, payment of that portion of the Base Amount attributable to Other Assets for an Open Transaction involving Other Assets or constituting a Residual Transaction shall be made within 30 days after inclusion of such Other Assets or within 30 days

after the closing of the Residual Transaction, as applicable, provided further that the portion of the Base Amount in a Residual Transaction involving

Other Assets shall be paid within thirty (30) days after inclusion of such Other Assets in the Base Amount.

(c) Total Value of Transaction. Subject to paragraph 3(a)(ii), for purposes of calculating the Incentive Compensation payable and Incentive Amount available to the Consultant under Sections 3(a) and (b), the "Total Value" of a Covered Transaction shall be equal to:

(i) the total monetary value of cash, equity or debt securities, OPU's (valued as if it were freely tradable common stock) or other property paid or exchanged by the Company, or any Affiliate (or the Enumerated Parties), for the assets being acquired plus any mortgage debt or other debt assumed by the Company or Affiliate (or forgiveness by the Company or such Affiliate of indebtedness for which a seller or its affiliate is responsible), but excluding ordinary closing obligations such as real estate taxes and operational ordinary-course-of-business liabilities assumed by the Company or any Affiliate (collectively, the "Closing Payments"); and

(ii) any deferred payments to be paid to or for the benefit of the seller or its assignee under the Covered Transaction after the closing and in respect of the assets being acquired from such seller (as opposed to payments to be made in the ordinary course and in reasonable amounts for post-closing services or covenants to be performed by seller or its affiliates), such deferred payments to include "earn-out" amounts relative to post-closing performance of the assets being acquired ("Post-Closing Payments"). For purposes hereof, Total Value shall be deemed to have been paid in respect of Post-Closing Payments, and Incentive Compensation in respect thereof shall be deemed to have been earned by the Consultant, when, as and if such Post-Closing Payments are in fact earned by and paid to the seller in question.

The Total Value of the Closing Payments paid by the Company (or an Affiliate) or the Enumerated Parties as consideration in a Covered Transaction shall be the value stated therefor or determined under the definitive contract for such Covered Transaction. Where the Company (or an Affiliate) or the Enumerated Parties acquire less than the entire ownership interest in assets that are the subject of a Covered Transaction (a "Partial Acquisition"), Total Value shall be determined by reference to the consideration paid or assumed or forgiven in the aggregate by the Company, its Affiliates and the Enumerated Parties, and not by any other third parties. To the extent that any securities of the Company and/or any Affiliate constitute a portion of the consideration paid by the Company in respect of a Covered Transaction, whether in respect of a Closing Payment or Post-Closing Payment, but the value therefor is not so stated or cannot be so determined under the definitive contract for such Covered Transaction, such securities shall be valued at the fair market value without discount thereof on the business day immediately preceding the date on which the transfer of such securities is made to the

seller pursuant to the Covered Transaction, unless some other valuation methodology is agreed to by the Company and the Consultant and the relevant Employee.

4. Term and Termination.

(a) Basic Term. This Agreement shall be for a term of thirty (30) months, commencing as of the Effective Date hereof, unless sooner terminated by either party, with or without cause, effective as of the first business day after written notice to that effect is delivered to the other party. The Consultant shall be entitled to receive payments for Residual Transactions (as hereinafter defined and provided) in the event this Agreement expires by its terms at the end of such thirty (30) month period. The parties may, by mutual written agreement, continue this Agreement after such thirty (30) month period,

in which event all provisions hereof shall continue in full force and effect until the effective date of termination pursuant to written notice or termination thereof given by either party, or until this Agreement is superseded by a new written contract governing the terms and conditions of the Consultant's provision of Services to the Company.

(b) Premature Termination. In the event that the Company terminates this Agreement for any reason other than a For Cause termination (as hereinafter defined), death or Disability (as hereinafter defined) in accordance with the provisions of paragraphs (d), (e) or (f), respectively, of this Section 4, and if such termination occurs prior to the end of the thirty (30) month term, then notwithstanding any actual or allegedly available alternative business opportunities or other mitigation of damages by or available to the Consultant or any direct, consequential, actual or other damages purportedly incurred by the Consultant, the Consultant shall be entitled to fixed and liquidated damages constituting a lump sum payment ("Lump Sum Payment") equal to the greater of: the Prior Compensation (as defined and calculated in clause (i) below) or the applicable Fixed Amount (as described in clause (ii) below), as follows:

(i) the applicable "Prior Compensation" shall be the total cash compensation earned by or otherwise owed to paid or other entitlement earned by or otherwise due to the Consultant by the Company during the twelve (12) month period immediately preceding and ending with the effective date of termination, including all Incentive Compensation described below, including all Incentive Compensation paid under Section 3(a) hereof, and also including all Incentive Compensation to be received with respect to Covered Transactions with respect to which contracts were executed prior to the date of termination, but excluding and without giving any effect to any Incentive Amount;

(ii) the applicable "Fixed Amount", which shall be the amount of: (x) $1,500,000, if termination occurs prior to October 1, 1998; (y) $1,000,00, if termination occurs after October 1, 1998 and prior to October 1, 1999; or (z) $500,000, if termination occurs after October 1, 1999 and prior to October 1, 2000.

Only the greater of the amounts determined under clause (i) above or clause (ii) above shall be payable to the Consultant as the Lump Sum Payment, and not both. In addition to the

Lump Sum Payment, the Consultant shall be entitled to Incentive Compensation in respect of any Covered Transaction, including any Covered Transaction which rises to the level of or otherwise becomes a Change in Control (as hereinafter defined), that closes within one (1) year after such termination of this Agreement and to which the Consultant would have been entitled had the Covered Transaction closed on the day prior to such termination ("Residual Transactions"). The Consultant shall not be entitled to any Incentive Amount with respect to any such Residual Transactions, except with respect to Covered Transactions with respect to which a contract was entered into prior to termination of this Agreement. The payments provided under this Section shall be in lieu of damages, and made in exchange for a release of all claims by each of the Consultant against the Company with respect to the termination of this Agreement, but shall not be offset against or diminish any other Incentive Compensation accrued and payable as of the date of termination.

(c) Termination by Consultant for Breach. If, at any time during the term of this Agreement, the Company commits a material breach of its obligations under this Agreement which is not cured within a reasonable period of time after notice thereof is provided to the Company, then the Consultant shall have the right, but only with the consent of Employee, by written notice to the Company given within one hundred twenty (120) days after such breach to terminate this Agreement for breach, effective as of thirty (30) days after such notice, in which event the Consultant shall have no rights or obligations under this Agreement other than as provided in Sections 5 and 6 hereof. The Consultant shall in such event be entitled to the payment of the Lump Sum Payment and Incentive Compensation in respect of Residual Transactions, as if such termination of this Agreement had been effectuated pursuant to paragraph (b) of this Section 4. Notwithstanding the foregoing, the parties acknowledge and agree that it shall not be considered a material breach of this Agreement if the Company should decide to relocate its primary corporate office to a new location which is more than fifty (50) miles from northern New Jersey, provided Consultant's Employee shall be permitted to retain an office in northern New Jersey.

(d) Termination For Cause. This Agreement may be terminated "For Cause"

as hereinafter defined. Termination "For Cause" means the termination of this Agreement on the basis or as a result of: (i) a material violation by the Consultant (or by the Company and caused by the Consultant) of any applicable material law or regulation respecting the business of the Company which has a materially detrimental effect on the business of the Company; (ii) the Consultant or Employee being found guilty of, or pleading guilty to, or otherwise being found by an arbitrator pursuant to Section 10(d) hereof to have engaged in, to the Company's material detriment, a felony or an act of dishonesty or other behavior which results in material embarrassment or discredit to the Company, whether in connection with the performance of the Services hereunder or otherwise; (iii) the commission of an act (or omission) by any officer or director of Consultant or by Employee which act would disqualify such individual from serving as an officer or director of the Company (if such individual were an officer or director of the Company) under reasonable criteria adopted by the Board of Directors of the Company, and in the case of any dispute as confirmed by an arbitrator pursuant to Section 10(d) hereof; (iv) a course of conduct of the Consultant which is repetitive or continuous and willful or grossly negligent, and which has a materially detrimental effect on the business of the Company; (v) if the Consultant permits or directs Employee to pursue and Employee does pursue any

Investment Opportunities other than those for the Company, except as specifically permitted hereunder; or (vi) an event that would entitle the Consultant to terminate its employment agreement with an Employee, on a "for cause" basis under such Agreement. Except in relation to a bona fide emergency, the Consultant shall be entitled to at least thirty (30) days' prior written notice of the Company's intention to terminate this Agreement For Cause, and such notice shall specify the basis of, causes and grounds for such termination, and shall afford the Consultant a reasonable opportunity to cure any conduct or act (if curable) and/or cease any course of conduct alleged as grounds for such termination, and a reasonable opportunity to present to the Board of Directors of the Company its position regarding any dispute relating to the existence of such cause. In the event of the termination of this Agreement For Cause, no Lump Sum Payment or any other further payments shall be due hereunder, with the sole exception being that Incentive Compensation fully earned and vested as of the date of such termination by virtue of closings of Covered Transactions completed prior to the date of termination or which are the subject of existing and outstanding contracts shall be paid, as well as Incentive Compensation earned in respect of Residual Transactions. The Incentive Amount under Section 3(b) shall be determined with respect of Covered Transactions completed prior to such termination.

(e) Termination Upon Death. This Agreement shall terminate upon the death of an Employee. Payments that are due and owing under this Agreement at such death, including Incentive Compensation for Covered Transactions that shall have closed prior to the date of death, together with Incentive Compensation in respect of Residual Transactions, shall be made promptly to the Consultant in full settlement and satisfaction of all claims and demands of the Consultant. No Lump Sum Payment shall be due in respect of such termination.

(f) Termination Upon Disability. The Company may terminate this Agreement after Employee is determined to have a Disability (as hereinafter defined). For purposes of this Agreement, "Disability" means such Employee's inability, as a result of physical or mental incapacity, to perform substantially his usual and customary duties in connection with the Consultant's performance of Services hereunder for a period of either four (4) consecutive months, or one hundred and twenty (120) business days within a consecutive twelve (12) month period. In the event of a dispute regarding such Employee's Disability, such dispute shall be resolved through arbitration as provided in paragraph (d) of Section 9 hereof, except that the arbitrator appointed by the American Arbitration Association shall be a duly licensed medical doctor. The Consultant shall be entitled to the compensation provided for under this Agreement during any period of such Employee's incapacitation occurring during the term of this Agreement prior to the establishment of such Employee's Disability and subsequent termination of this Agreement, including Incentive Compensation for closed Covered Transactions, and Incentive Compensation for Residual Transactions closed within one (1) year following such incapacitation. No Lump Sum Payment shall be due in respect of such termination. Notwithstanding anything contained in this Agreement to the contrary, until the date specified in a notice of termination relating to such Employee's Disability, Consultant may, after a temporary period of infirmity of such Employee, allow such Employee to resume the performance of his duties in connection with the Consultant's performance of the Services hereunder in which event no Disability of such Employee will be deemed to have occurred until the date of termination.

(g) Termination Upon Change in Control.

(i) In the event of a Change in Control (as defined below) of the Company and the termination of this Agreement, by operation of Section 4(c) within the twelve (12) months preceding, or a period of one hundred eighty (180) days after, the Change in Control, other than on a For Cause basis (or due to death or Disability), or by the Consultant within one hundred eighty (180) days after the Change in Control, the Consultant shall be entitled to such payments as if such termination had been effectuated pursuant to Section 4(b) hereof for any Transaction which rises to the level of or otherwise becomes a Change in Control.

(ii) For purposes of this paragraph, the term "Change in Control" means the following:

(A) the merger, consolidation or other material business combination of the Company, including without limitation an exchange or purchase of securities, or the sale of all or substantially all of the assets of the Company, with a publicly traded entity which has a market capitalization of Five Hundred Million Dollars ($500,000,000) or more, or a non-publicly traded entity which has net operating income of Fifty Million Dollars ($50,000,000) or more, at the time of such transaction; or

(B) the completion of a material business combination (including those anticipated in subclause (A) above) by the Company as a result of which, or within one hundred twenty (120) days of Closing of such transaction, either Clay W. Hamlin or Jay H. Shidler is removed or otherwise ceases to be a member of the Board of Directors of the Company other than incidentally due to his death or disability or neither of Hamlin nor Shidler retains an executive or managerial role with the Company unless failure to remain in such capacity is due to such person's death or disability.

Notwithstanding the above, any business combination constituting an asset-specific (i.e., non-company wide) venture or financing relationship by an investor or provider of capital, or constituting a minority investment by or in the Company, shall not qualify as a Change in Control, including, without limitation, an investment by or in the Company by or in a downreit venture or "opportunity fund" which invests in real estate companies as part of an investment strategy unrelated to any long term management or control strategy. In no event shall the prospective transaction with Baltimore Gas and Electric Company regarding the acquisition of the "Constellation" group constitute or be considered to be a Change in Control hereunder.

(h) Company Rights Upon Termination. In the case of any termination of this Agreement or the relevant employment agreement of an Employee, the Company shall have the right to hire or place for employment such Employee.

5. Confidentiality and Loyalty. The Consultant acknowledges that heretofore or hereafter during the course of this Agreement, it and/or its Employee have produced and received, and may hereafter produce, receive and otherwise have access to, various materials, records, data, trade secrets and information not generally available to the public (collectively, "Confidential Information") regarding the Company and its subsidiaries and affiliates. Accordingly, during the term and subsequent to termination of this Agreement, the Consultant shall hold in confidence and shall not directly or indirectly disclose, use, copy or make lists of any Confidential Information and shall cause its employees to also abide by such obligations, in each case except to the extent that such information is or thereafter becomes lawfully available from public sources, or such disclosure is authorized in writing by the Company, required by law or by any competent administrative agency or judicial authority, or otherwise as reasonably necessary or appropriate in connection with the performance by the Consultant of the Services hereunder. All records, files, documents, computer diskettes, computer programs and other computer-generated material, as well as all other materials or copies thereof relating to the Company's business, which the Consultant shall prepare or use, shall be and remain the sole property of the Company, shall not be removed from the Company's premises without its written consent, and shall be promptly returned to the Company upon termination of the Consultant's Services hereunder. The Consultant agrees to abide by the

Company's reasonable policies, as in effect from time to time, respecting confidentiality and the avoidance of interests conflicting with those of the Company.

6. Non-Competition Covenant.

(a) Restrictive Covenant. The Company, the Consultant and Employee have jointly reviewed the tenant lists, property submittals, logs, broker lists, and operations of the Company, and have agreed that as an essential ingredient of and in consideration of this Agreement and the payment of the amounts described in Sections 3 and 4 hereof, the Consultant hereby agrees that, except with the express prior written consent of the Company, for the term of this Agreement, as such may be extended, it will not, and will cause Employee not to, directly or indirectly compete with the business of the Company including, but not by way of limitation, by directly or indirectly owning, managing, operating, controlling, consulting for, advising, brokering, acquiring, selling, financing, or by directly or indirectly serving as an employee, officer or director of or consultant to, or by soliciting or inducing, or attempting to solicit or induce, any employee or agent of the Company to terminate employment with Company and become employed by any person, firm, partnership, corporation, trust or other entity which owns or operates a business similar to that of the Company, or by soliciting or attempting to solicit for any reason whatsoever any person or entity from whom the Company, or any Affiliate, has bought property (the "Restrictive Covenant"). For purposes of this paragraph(s), a business shall be considered "similar" to that of the Company if it is engaged in the acquisition, development, ownership, operation, management or leasing of office, medical office, office flex and related commercial properties (or Excluded Activities or Other Property Types from time to time pursued by the Company)

(i) in any geographic market or territory in which the Company owns properties during the term of this Agreement; (ii) in any "Target Market" publicly identified as an intended situs of acquisitions by the Company; or (iii) in any market in which an acquisition is proposed or pending during the term of this Agreement. An acquisition shall be deemed to be pending if it is the subject of a purchase (or lease or contribution or other acquisition or venture-related) agreement, or whose basic terms shall have been confirmed in writing under a binding or non-binding letter of intent or term sheet executed by the parties. In addition, for a period of six (6) months following the termination of this Agreement for any reason whatsoever, with or without cause, whether precipitated by the Consultant or the Company, the Consultant shall and shall cause its Employee to abandon and refrain from contact with every person and entity in connection with or concerning any potential acquisition or Covered Transaction then in the Company's "Pipeline" (as defined below). Within ten (10) business days after the termination of this Agreement, the Consultant shall deliver to the CEO of the Company, and the CEO shall deliver to the Consultant, a written statement of all acquisitions or other Projects (as hereinafter defined) in the Pipeline (the "Pipeline Statement"). The Consultant's receipt of any amounts otherwise due under Sections 4(b) or (c) or otherwise hereunder shall be conditioned on and withheld pending its providing the Pipeline Statement to the CEO. The restrictions concerning any one individual Project in the Pipeline shall continue for such six (6) month period unless the Consultant receives from the Company written notice that the Company has abandoned such Project, and any such notice shall not diminish or otherwise affect the restrictions on any other Projects contained in the Pipeline Statement. A Project shall be considered in the "Pipeline" if, as of the date of the Consultant's termination, the acquisition of the Project is pending (for example, is the subject of a letter of intent), or is subject to a written proposal or a written broker submittal. Omission of a Project from the Pipeline Statement by the Consultant shall not affect the application of this Section 6(a) to any Project that is in fact in the Pipeline. For purposes of this Agreement, a "Project" includes any potential Covered Transaction, and may take the form of (w) an acquisition for cash, or an acquisition as part of an UPREIT transaction or otherwise; (x) a development project; (y) a joint venture partnership or other cooperative relationship, whether through a DOWNREIT relationship or otherwise; or (z) any other investment by the Company or an Affiliate. If the Consultant violates the Restrictive Covenant and the Company brings legal action for injunctive or other relief, the Company shall not, as a result of the time involved in obtaining such relief, be deprived of the benefit of the full period of the Restrictive Covenant with respect to the Covered Transaction or Project which is the subject of the violation. Accordingly, the Restrictive Covenant shall be deemed to have the duration specified in this paragraph (a) computed from the date the relief is granted, but reduced by the time between the period when the Restrictive Period began to run and the date of the first violation of the Restrictive Covenant by the Consultant. In the event that a successor of the Company assumes and agrees to perform this Agreement or otherwise acquires the Company, this Restrictive Covenant shall continue to apply only to the primary service area of the Company as it existed immediately before such assumption or acquisition, and shall not apply to any of the successor's other offices or markets. The foregoing Restrictive Covenant shall not prohibit the ownership, directly or indirectly, of capital stock or similar securities which are listed on a securities exchange or quoted on the National Association of Securities Dealers

Automated Quotation System which do not represent more than five percent (5%) of the outstanding capital stock of any corporation. Notwithstanding the foregoing, the Restrictive Covenant shall

no longer remain in force against the Consultant in the event the Company shall, within the meaning of the United States Bankruptcy Code, be insolvent so as to be unable to pay its debts as they become due or be subject to a pending proceeding as a debtor under the United States Bankruptcy Code or a state proceeding such an assignment for the benefit of creditors.

(b) Remedies for Breach of Restrictive Covenant. Consultant and each Employee acknowledges that the restrictions contained in Section 5 and this Section 6 of this Agreement are reasonable and necessary for the protection of the legitimate proprietary business interests of the Company; that any violation of these restrictions would cause substantial injury to the Company and such interests; that the Company would not have entered into this Agreement with the Consultant without receiving the additional consideration offered by the Consultant and Employee in binding itself and himself to these restrictions; and that such restrictions were a material inducement to the Company to enter into this Agreement. In the event of any violation or threatened violation of these restrictions; the Company shall be relieved of any further obligations under this Agreement, and, notwithstanding Section 10(d) hereof, shall be entitled to any rights, remedies or damages available at law, in equity or otherwise under this Agreement, and shall be entitled to preliminary and temporary injunctive relief granted by a court of competent jurisdiction to prevent or retrain any such violation by the Consultant and/or by Consultant's Employees and any and all other persons who are a director or officer, or who are employed by, the Consultant, such relief to be provided while the parties are awaiting the decision of the arbitrator selected in accordance with paragraph (d) of Section 10 of this Agreement, which decision, if rendered adverse to the Consultant and/or such Employee of Consultant, may include permanent injunctive relief to be granted by the court.

(c) Restrictive Covenant of Employee. Contemporaneously with the execution and delivery of this Agreement by Consultant, Consultant has caused each Employee of Consultant to execute and deliver to the Company, a restrictive covenant agreement on substantially the same terms as set forth in this Section 5.

7. Independent Contractor Status. The Consultant, it officers and directors shall at all times during the term of this Agreement each be deemed an independent contractor and not any agent or employee of the Company. Neither the Consultant, nor any of its officers or directors, shall have any power or authority, or purport or represent itself or himself to have any power or authority, to bind or commit the Company in any manner or for any purpose whatsoever, except with the express prior written authorization of the Company's CEO or its Chairman of the Board.

8. Interest in Assets. The Consultant shall not, and shall not permit any Employee to, acquire hereunder any rights in funds or assets of the Company, otherwise than by and through the actual payment of amounts payable hereunder; nor shall the Consultant have any power to transfer, assign, anticipate, hypothecate or otherwise encumber in advance any of said payments; nor shall any of such payments be subject to seizure for payment of any debt, judgment, alimony, separate maintenance or be transferable by operation of law in the event of bankruptcy, insolvency or otherwise of the Consultant or any Employee.

9. Indemnification. The Company shall upon demand defend, hold harmless and indemnify the Consultant, its officers, directors, employees and agents (and their respective successors, assigns, heirs, executors and administrators) from and against all expenses and liabilities reasonably incurred by any of them including, but not limited to, judgments, court costs and attorneys' fees and the cost of reasonable settlements, solely in connection with or arising out of any action, suit or proceeding for acts committed by it, him or them, as the case may be, within the scope of the Services performed pursuant to this Agreement, except to the extent that the Company would be precluded, as a matter of law under the Company's By-Laws or Certificate of Incorporation, from providing such indemnity if such Consultant were an officer or director or employee of the Company after proof by judgment that such activity precluded such indemnification.

10. General Provisions.

(a) Successors; Assignment. This Agreement shall be binding upon and inure to the benefit of the Consultant, the Company and their respective successors and permitted assigns, and any successor or assign of the Company shall be deemed the "Company" hereunder. The Company shall require any Affiliate

to which this Agreement may be assigned or any successor to all or substantially all of the business and/or assets of the Company, whether directly or indirectly, by purchase, merger, consolidation, acquisition of stock, or otherwise, by an agreement in form and substance satisfactory to the Consultant, expressly to assume and agree to perform this Agreement in the same manner and to the same extent as the Company would be required to perform if no such successor had taken place. The Consultant shall not have the right to assign its rights obligations hereunder without the consent of the Company and Consultant's Employee which can be withheld for any or no reason; provided, however, that the Consultant shall, to the extent permitted by law, have the right to assign to Consultant's Employee its right to receive Incentive Compensation and/or Stock Purchase Loans pursuant to Sections 3(a) and (b) hereof and to payments payable upon or arising from termination of the Agreement or related to or due upon a Change in Control.

(b) Entire Agreement; Modifications. This Agreement and any other written agreement executed by all of the Company, Consultant and Employee that is of even date herewith constitute the entire agreement between the parties respecting the subject matter hereof, and supersede all prior negotiations, undertakings, agreements and arrangements with respect thereto, whether written or oral. Except as otherwise explicitly provided herein, this Agreement may not be amended or modified, or rights of the Consultant waived or modified, except by written agreement signed by the Consultant and the Company and such Employee.

(c) Enforcement and Governing Law. The provisions of this Agreement shall be regarded as divisible and separate; if any of said provisions should be declared invalid or unenforceable by a court of competent jurisdiction, the validity and enforceability of the remaining provisions shall not be affected thereby. This Agreement shall be construed and the legal relations of the parties hereto shall be determined in accordance with the laws of the State of New Jersey, as it constitutes the principal place of business of the Consultant.

(d) Arbitration. Except as provided in and subject to paragraph (b) of Section 5, any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration, conducted by a single arbitrator sitting in Philadelphia, Pennsylvania, in accordance with the arbitration rules of the American Arbitration Associates (the "AAA") pertaining to service contract disputes, if any, then in effect. The arbitrator shall be selected by the parties from a list of eleven (11) arbitrators provided by the AAA, provided that no arbitrator shall be related to or affiliates with either of the parties. No later than ten (10) days after the list of proposed arbitrators is received by the parties, the parties, or their respective representatives, shall meet at a mutually convenient location in Philadelphia, Pennsylvania, or telephonically. At that meeting the party who sought arbitration shall eliminate one (1) proposed arbitrator and then the other party shall eliminate one (1) proposed arbitrator. The parties shall continue to alternatively eliminate names from the list of proposed arbitrators in this manner until each party has eliminated five (5) proposed arbitrators. The remaining arbitrator shall arbitrate the dispute. The proceedings shall be conducted under a so-called "baseball arbitration" format, such that each party shall submit, in writing, the specific requested action or decision it wishes to take, or make, with respect to the matter in dispute, and the arbitrator shall be obligated to choose one (1) party's specific requested action or decision, without being permitted to effectuate any compromise or "new" position; provided, however, that the arbitrator is authorized to award amounts not in dispute during the pendency of any dispute or controversy arising under or in connection with this Agreement. The losing party shall bear the cost of all counsel, experts or other representatives that are retained by both parties, together with all costs of the arbitration proceeding, including, without limitation, the fees, costs and expenses imposed or incurred by the arbitrator. Judgment may be entered on the arbitrator's award in any court having jurisdiction; including, if applicable, entry of a permanent injunction under paragraph (b) of Section 6. No arbitration involving Covered Transactions as to which any Employee is involved shall be conducted in which such Employee is not included as a party, or given an opportunity to participate as a party to such arbitration and such Employee consents thereto.

(e) Waiver. No waiver by either party at any time of any breach by the other party of, or compliance with, any condition or provision of this Agreement to be performed by the other party, shall be deemed a waiver of any similar or dissimilar provisions or conditions at the same time or any prior or subsequent time.

(f) Notices. Notices given pursuant to this Agreement shall be in writing, and shall be deemed given when received, and, if mailed, shall be mailed by United States registered or certified mail, return receipt requested, postage prepaid. Notices to the Company shall be addressed to the principal headquarters of the Company, to the attention of Clay W. Hamlin, Chief Executive Officer, with a copy of such notice to be provided to:

Howard A. Nagelberg, Esq.
Barack Ferrazzano Kirschbaum Perlman & Nagelberg
333 West Wacker Drive
Suite 2700
Chicago, Illinois 60606

Notices to the Consultant shall be sent to the address first stated above therefor, and in the case of any notice relating to a matter involving any Employee of Consultant, such notice shall be with a copy of such notice to be provided to such Employee and his counsel.

(g) Authority. Each of the Company and the Consultant represents and warrants to the other that its signatory is duly authorized to execute and perform under this Agreement, without the need for any consent or approval of such party's Board of Directors or of any other party, and that this Agreement is not violative of or in conflict with any agreement, understanding, order, decree, law, regulation or other matter to which it is subject or by which it is bound.

IN WITNESS WHEREOF, the parties have caused their duly authorized officers to execute this Agreement as of the date first above written.

CORPORATE OFFICE PROPERTIES TRUST	NET LEASE FINANCE CORP. d/b/a CORPORATE OFFICE SERVICES
By: /s/ Clay W. Hamlin	By: _____
Clay W. Hamlin	Its: _____
Chief Executive Officer	

Exhibit 10.18

PROJECT CONSULTING AND MANAGEMENT AGREEMENT

THIS PROJECT CONSULTING AND MANAGEMENT AGREEMENT (hereinafter the "Agreement") is made as of the 28th day of September, 1998, by and between CONSTELLATION PROPERTIES, INC. (hereinafter "Owner"), and CORPORATE OFFICE MANAGEMENT, INC., a Maryland Corporation (hereinafter "Manager").

W I T N E S S E T H:

WHEREAS, Owner through its various subsidiaries and affiliates is the owner of a portfolio of properties and projects (both vacant land and buildings in construction) located in the Central Maryland area (hereinafter the "Properties"), the exact locations and designations of the Properties being known by the parties hereto;

WHEREAS, Owner is managing its ownership of the Properties, including the planning and development of the Properties for residential, commercial and industrial uses; and

WHEREAS, Owner and Manager acknowledge and agree that the following projects are included, among others, within the Properties and are currently in various stages of development by the Owner through the specified subsidiaries and affiliates: (i) NBP IV, LLC is the owner of an office building known as 135 National Business Parkway which project is nearing completion; needing only certain interior, elevator and exterior landscaping work to be completed; (ii) Constellation Gatespring, LLC is the owner of an office building project known as Woodlands One which project is nearing completion; (iii) Piney Orchard Village Center, LLC is the owner of a retail strip project known as Piney Orchard Village Center which project is under construction with completion scheduled for completion December 31, 1998; and (iv) Constellation Springfield, LLC is the owner of 60% LLC interest in another entity (Fran-Spring TSA, LLC) which is the owner of a retail shopping center in Springfield, Virginia, which project is under construction with completion scheduled for December 31, 1998 (the foregoing items (i) through (iv) collectively referred to herein as the "Under Development Projects").

WHEREAS, Owner desires to employ Manager to provide ongoing planning, management and consulting services with respect to the management of Owner's Properties, including management of the completion of development of the Under Development Projects;

WHEREAS, Owner desires to employ Manager as set forth herein and Manager is willing to manage same in accordance with the terms set forth herein.

NOW, THEREFORE, in consideration of the sums of money to be paid by Owner to Manager, and in further consideration of the mutual covenants contained herein, the parties hereto agree as follows:

1. Recitals. Each party represents to the other that the recitals set forth above contain no material misrepresentation of fact.

2. Employment of Manager. Owner hereby retains Manager, and Manager hereby agrees, to provide to Owner consulting services and general management and administration services with respect to the Properties and to initiate, and thereafter, to diligently coordinate, supervise and pursue all steps necessary to implement development plans for the various Properties upon such schedules as are reasonably approved from time to time by Owner, upon the terms and conditions, and for the term and compensation hereinafter set forth.

3. Term. The term of this Agreement, and of the employment of Manager by Owner pursuant hereto, shall be for the period commencing as of the date hereof and ending on the date that is the last day of the month that is eighteen (18) months after the date of this Agreement ("Term").

4. Services. Subject to the direction and control of Owner, the consulting, development, management and administrative services to be rendered by Manager shall, when appropriate, include, but not be limited to, each of the following services:

(a) Preliminary site analysis and project planning.

(b) Coordinate and manage the process of securing preliminary approval of the land use plans and the preliminary engineering criteria.

(c) Assist Owner in retaining appropriate consultants related to the various Properties including, but not limited to, landscape architect, civil engineer, architect, traffic consultant, soil engineer, attorney, accountant, marketing consultant, appraiser and surveyor and thereafter, act as Owner's representative's contact with such consultants regarding the development

of the Properties.

(d) Act as Owner's representative and liaison with community and other civic groups in connection with the development of the Properties.

(e) Assist in the preparation of cost line budgets and cash flow projections for the development of the Properties.

(f) Prepare and monitor compliance with development schedules approved by Owner.

(g) Coordinate the securing of all appropriate and necessary governmental approvals relating to the development plans for the Properties.

(h) Consult with respect to the management of the Properties which are not in development at any one time.

(i) Consult with engineers, lenders and attorneys the securing of all permits and the posting of all security required for the development of the Properties.

(j) Consult with respect to the issuance of all construction bid documents, provide analysis of bids and recommendations on awards of contracts, and assist in the issuance of contracts for all construction work.

(k) Assist in the coordination of construction activities relating to the Project by visiting the site during critical phases of construction and by meeting with County officials, inspectors, contractors, subcontractors and construction supervisors.

(l) Coordinate land development documentation with marketing programs including, but not limited to, the preparation of any homeowner's association documents, cross-easements, declarations of covenants and restrictions and deeds to governmental bodies for roads, recreation spaces and open spaces.

(m) Advise on the status of all construction/building permits and the release of all security posted in connection with the development of the Properties.

(n) Provide advice on the overall marketing and publicity program for the Properties including advertising, signage, promotional brochures and model homes parks.

(o) Meet regularly with designated representatives of Owner and furnish summary reports on at least a monthly basis reflecting the status of overall development.

With regard to the above enumerated services to be performed by Manager hereunder it is agreed that the parties will regularly consult and mutually and reasonably agree upon the scope, timing, order of importance and overall direction of the services.

Notwithstanding anything herein to the contrary, with respect to the Under Development Projects, Manager shall provide all those management services reasonably required by Owner (or Owner's subsidiary or affiliate which holds title to each of the Under Development Projects) in connection with bringing each of the Under Development Projects to completion as evidenced by the obtaining for each Under Development Project of a certificate of use and occupancy or similar governmental permit. The work of Manager shall generally be described as the performance of all those managerial and oversight functions reasonably required so as to bring each Under Development Project to physical completion on a timely basis and in line with budgeted costs.

5. Costs and Expenses. Owner shall pay, and Manager shall have no responsibility whatsoever for, the payment of any independent costs or out-of-pocket expenses incurred in connection with the work to be performed by it hereunder. Manager shall be responsible only for its own overhead expenses incurred in the performance of its obligations under this Agreement. Manager shall not authorize or incur outside costs in excess of $5,000 for any one item or service without the prior written approval of Owner. Notwithstanding anything herein to the contrary,

with regard to the Under Development Projects, in performing its management services hereunder Manager shall use its good faith, commercially reasonable efforts to consult with Owner to save costs and to bring each Under Development Project to completion at a cost within prior approved budgeted sums. Under no

circumstances shall Manager authorize or permit additional costs above budget or changes to any Under Development Project that would increase costs without same being approved in advance and in writing by the Owner of the particular Under Development Project.

6. Owner's Responsibility. Owner shall:

(a) Reimburse Manager for all independent costs and out-of-pocket expenses properly incurred and approved (if required) by Owner in accordance with the terms hereof.

(b) Pay to Manager for its services as rendered hereunder the total sum of $2,000,000. This sum shall be paid as follows on a monthly basis:

(i) $250,000 per month from the date hereof through the last day of the third (3rd) calendar month after the date hereof;

(ii) $150,000 per month from the first day of the fourth (4th) calendar month after the date hereof through the last day of the sixth (6th) calendar month after the date hereof;

(iii) $100,000 per month from the first day of the seventh (7th) calendar month after the date hereof through the last day of the tenth (10th) calendar month after the date hereof;

(iv) $50,000 per month from the first day of the eleventh (11th) calendar month after the date hereof through the last day of the eighteenth (18th) calendar month after the date hereof.

(c) Indemnify and hold Manager and all of its officers, agents, servants and employees, harmless from and against any claims, actions, damages, losses and expenses (including attorney's fees) of any kind whatsoever arising out of or in connection with the work and services performed by Manager hereunder, except Owner shall not be liable under this clause if said liability shall arise by reason of the gross negligence or intentional misconduct of Manager. Owner agrees that it will have Manager added as a named insured on the public liability policies acquired by the various owners of the Properties.

(d) Cooperate with Manager in expediting the performance of its work hereunder. Owner shall cooperate with Manager by (i) providing information, (ii) providing funds required pursuant to invoices from and contract with providers of services and suppliers of materials with respect to the various Properties, (iii) rendering decisions on matters affecting the development of the various Properties, all within the timeframes and in the form reasonably recommended by Manager.

7. Limitation on Manager's Responsibility. It is expressly understood and agreed between the parties hereto, that notwithstanding anything to the contrary in this Agreement, (i) Manager does not warrant, or guarantee the performance of any professional or contractor employed in connection with the Properties or warrant or guarantee the performance of under any construction contracts relating to the Properties. Moreover the consulting development, management and administrative services rendered by Manager hereunder will involve recommendations as to how the various Properties might be developed and estimates made by Manager as part of its development management services, and the assumptions upon which they are based, represent Manager's judgment based upon available information as of the date of preparation. No such recommendation, estimate or assumption is intended to constitute a warranty, guarantee or promise by Manager that the stated objectives can be achieved in the manner described. Manager shall not be liable to Owner if any of Owner's objectives with respect to the Properties are not achieved either in whole or in part or in a timely manner or otherwise.

8. Default. If either party to this Agreement defaults in the performance of its obligations under this Agreement after notice and opportunity to cure set forth below in Section 8, the non-defaulting party shall have all rights and remedies available to it at law or in equity on account of such default, provided, however, that Owner shall not have the right to seek the remedy of termination of this Agreement unless and until Manager has been given the notice and opportunity to cure set forth below in this Section 8, and thereafter, a court of competent jurisdiction has rendered a final, non-appealable decision holding that the Manager has committed a material breach of this Agreement. Anything contained in this Agreement to the contrary notwithstanding, any act or omission which would otherwise be a default under this Agreement by either party shall not be a default unless the non-defaulting party shall have given the defaulting party notice of such alleged default, and the defaulting party shall have failed to cure such alleged default within thirty (30) days after such notice, or if the alleged default is one which cannot with due diligence be cured within thirty (30) days, the defaulting party shall have failed to commence curing such default within such thirty (30) day period.

9. Notices. All notices required or provided for in this Agreement, if hand delivered shall be deemed to have been given and received on the date hand delivered to the party receiving same. If the United States mails are used, notices shall be sent certified or registered mail, return receipt requested, postage prepaid, and shall be deemed to have been given and received on the second (2nd) business day from the date deposited in the United States mails addressed as follows:

If to Owner:

Constellation Properties, Inc.
Attention: Mr. Steven S. Koren
8815 Centre Park Drive - Suite 100
Columbia, MD 21045

and

Dan R. Skowronski, Esquire
Constellation Holdings, Inc.
250 W. Pratt Street
23rd Floor
Baltimore, MD 21201

If to Manager:

Corporate Office Management, Inc.
Attention: Mr. Randall M. Griffin
8815 Centre Park Drive - Suite 400
Columbia, MD 21045

and

Mr. Clay W. Hamlin, III
Corporate Office Properties Trust
401 City Avenue. Suite 615
Bala Cynwyd, PA 19004

Each party shall have the right to designate a different address, provided the party's new address is contained in a written notice to the other party.

10. Miscellaneous.

(a) This Agreement contains the final understanding of the terms and provisions between the parties and supersedes any prior agreement among the parties.

(b) This Agreement shall be interpreted under the laws of the State of Maryland.

(c) If any provision of this Agreement is found to be unenforceable or void, the remaining provisions of this Agreement shall be enforceable between the parties.

(d) This Agreement may not be assigned by either party hereto without the consent of the other party, which shall not be unreasonably withheld or delayed, except that

either party may assign to a subsidiary or affiliate of it without the prior written consent of the other party.

(e) Nothing in the provisions of this Agreement shall be deemed in any way to create between the parties hereto any relationship of partnership, joint venture or association, and the parties hereto hereby disclaim the existence thereof.

(f) Each party hereto warrants and represents that the person who has signed this Agreement on its behalf is duly authorized to so sign, and this Agreement is the legal, valid and binding agreement of such party, enforceable against such party, in accordance with its terms.

(g) Manager agrees that it will not disclose confidential information furnished to it by Owner as a consequence of its employment under this Agreement.

IN WITNESS WHEREOF, the parties hereto sign and seal this Agreement on the day and year first above written.

WITNESS

- ----------

CONSTELLATION PROPERTIES, INC.

By: (SEAL)

- ----------

CORPORATE OFFICE MANAGEMENT, INC.

By: (SEAL)

- ----------

OPTION AGREEMENT

THIS OPTION AGREEMENT (this "Agreement") is made and executed this 28th day of September, 1998, by and between JOLLY ACRES LIMITED PARTNERSHIP and ARBITRAGE LAND LIMITED PARTNERSHIP ("Sellers") and CORPORATE OFFICE PROPERTIES, L.P., its permitted successors and assigns ("Buyer").

RECITALS

Sellers are the owners of those various parcels of land identified and described more specifically in Exhibit "A", attached hereto and by this reference made a part hereof. Each of the Sellers, individually, as to those parcels owned by each of them are willing to grant to Buyer an option to purchase the parcels on the terms and conditions as set forth herein. Buyer is willing to accept said option on the terms and conditions set forth herein and for the considerations provided for hereafter.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the adequacy of which is hereby acknowledged, Sellers hereby grant to Buyer the exclusive right and option (irrevocable except upon the express terms and conditions of this Agreement) during the term hereof to purchase from Sellers, all of those parcels of land located in the National Business Park in Anne Arundel County, State of Maryland and more fully described in Exhibit "A" hereto (the "Property") upon the terms and subject to the conditions hereinafter set forth. It is hereby irrevocably acknowledged, confirmed and agreed by Sellers that the mutual obligations and covenants of the parties hereunder and the entry by affiliates of Sellers and Buyer into other agreements as of even date herewith, constitute adequate and appropriate consideration for the option provisions of this Agreement.

1. Payment of Purchase Price.

(a) The Purchase Price for each of the separate parcels comprising the Property shall be the higher of (i) the Fair Market Value of the specific parcel (as determined pursuant to paragraph 1(b), or (ii) the Seller's Book Value of the specific parcel (as determined pursuant to paragraph 1(c) as of the date of a Buyer's Appraisal Process Notice (as defined below) relating to that specific parcel, and shall be paid by Buyer to the Sellers as provided in paragraph 3.

(b) If Buyer is at anytime considering exercising its option to purchase any parcel within the Property, Buyer shall first give notice to Sellers specifically noting the parcel or parcels under consideration (the "Appraisal Process Notice") in order to begin the appraisal process under this paragraph 1(b) and to determine the Purchase Price of the parcels within the Property then being considered. Within ten (10) days after Buyer gives the Appraisal Process Notice, Buyer and Sellers shall arrange to meet in person through their appointed agents and shall use their best efforts for a period of ten (10) days from the date of their first meeting ("Agreement Period") to agree upon a Fair Market Value for the parcel or parcels then being considered within the Property. If the parties can agree then such agreed upon sum shall be the Fair Market Value of the parcels then being considered. If the parties cannot agree then within ten (10) days of the end of the Agreement Period Buyer and Sellers shall each retain an MAI Appraiser and obtain at their own cost and expense (subject to paragraph (d) hereof) a certified appraisal with respect to the value of the parcels within the Property being considered. Each appraiser shall have forty-five (45) days after the last day of the Agreement Period to determine the value of the parcel(s) and provide copies of their appraisals to both Buyer and Sellers. The Fair Market Value shall be the average of these two appraisals, provided that the higher valuation is not more than one hundred and twenty percent (120%) of the lower valuation. In the event the valuations are more than twenty percent (20%) apart, then the appraisers within five (5) days after exchange of the appraisals shall jointly select a third MAI appraiser whose valuation shall be substituted for the average of the two appraisals and be the Fair Market Value, provided it falls between the two valuations selected by the other appraisers. The third appraiser shall have thirty (30) days from his or her selection to determine the value of the parcel(s) then under consideration. If the third appraiser selects a valuation that does not fall between the valuations determined by the other two appraisers, then the valuation of the appraiser that is closest to the valuation selected by the third appraiser shall be substituted for the average of the two appraisals as provided above and shall be the Fair Market Value. The expense of the third appraiser shall be divided equally between Buyer and Sellers (subject to paragraph 1(d) hereof). All appraisers appointed under this Agreement shall be independent MAI appraisers who have at least five (5) years experience in

appraising commercial real estate in Anne Arundel County, Maryland. Neither party shall be precluded from appointing an independent appraiser whom such party had previously employed as an independent appraiser, except that the third appraiser, if appointed, may not have been previously employed by either party.

(c) Seller's Book Value is defined and shall be the net dollar amount shown for any specific parcel within the Property as same appears as an asset on the balance sheet of the particular Seller on any particular date. Sellers shall maintain their books in accordance with generally accepted accounting principals, consistently applied, and will provide to Buyer such access to Seller's books and accounting records as shall be reasonably required for a determination of Seller's Book Value to be made. Seller represents that Seller's Book Value as of the date hereof for each parcel comprising the Property is approximately as listed on Exhibit "A" attached hereto. Sellers shall give Buyer written notice of Seller's Book Value for each parcel comprising the Property as of January 1 and July 1 of each year during the Option Period, and for each parcel specified in an Appraisal Process Notice as of the date of the Appraisal Process Notice, such notice to be given within ten (10) days after each of said dates.

(d) If Buyer gives the Appraisal Process Notice but does not thereafter proceed to exercise the option to purchase the designated parcels within the Property within thirty (30) days after the determination of the Purchase Price of the portion of the Property being considered, then, notwithstanding any contrary provisions of paragraph 1(b), all expenses incurred by either party in retaining appraisers including the third appraiser if required shall by paid by Buyer.

2. Right to Inspect.

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

3. Exercise of Option and Settlement.

(a) Buyer may from time to time exercise its option to purchase the Property or any parcel or parcels within same by sending to Sellers a written notice of such exercise at any time after the date hereof and on or before the expiration of the Option Period (as herein defined); provided, however, that any such exercise(s) must occur, if at all, within thirty (30) days after the date on which the Purchase Price of the subject parcel(s) is determined pursuant to paragraph 1. The term of this Option shall commence on the date hereof and automatically terminate and expire on that date which is five (5) calendar years following the date hereof ("Option Period").

(b) Settlement and closing of title on the parcel or parcels which are the subject of any Appraisal Process Notice ("Settlement") shall be held at a location selected by the Buyer, and shall occur on the date which shall be the first to occur of (i) ninety (90) days after the receipt by Sellers of notice of the exercise of the Option as to any parcel or (ii) such earlier date as Buyer, upon at least ten (10) days prior written notice to Sellers, shall select, provided that, on such earlier date the Purchase Price for the Property has been determined.

(c) At Settlement, the Buyer shall pay Sellers, in cash or by certified, cashier's, treasurer or title company check, or by wire transfer, the Purchase Price determined for each separate parcel.

(d) At Settlement, title to the portions of the Property being sold shall be good and marketable, free of all liens, encumbrances,

encroachments and easements other than the Permitted Encumbrances (as hereinafter defined), and possession of the portions of Property then

being transferred shall be given to Buyer free of all tenancies or other rights of use or occupancy. A deed containing covenants of special warranty and further assurances shall be executed by Sellers (as appropriate between them), at Buyer's expense, which shall convey fee simple title to the portions of the Property being conveyed together with all improvements, rights, alleys, ways, waters, privileges, easements, appurtenances, and advantages benefiting such portions of the Property, and shall be delivered to Buyer at Settlement.

(e) Within thirty (30) days after receipt by Sellers of notice of any exercise of the Option, the Buyer, at Buyer's expense, shall have the title to the portion of the Property which is the subject of the exercise examined by a reputable title insurance company and have such title insurance company issue a title insurance commitment (the "Title Commitment") to assure Buyer that, as of the examination date, title to the particular portion of the Property is good and marketable and insurable at ordinary prevailing title insurance rates and that any exceptions to title contained in the Title Commitment are acceptable to Buyer. By the thirtieth (30th) day after receipt by Sellers of notice of any exercise of the Option, Buyer shall provide to Sellers a copy of the Title Commitment and either advise Sellers in writing that all exceptions to title contained in the Title Commitment are acceptable to Buyer or advise Sellers in writing of those exceptions to title contained in the Title Commitment that are unacceptable to Buyer; provided, however, that Buyer shall be required to accept all matters shown on the Subdivision Plats and any amendments thereto pursuant to paragraph 7 hereof. Failure of Buyer to examine title or to advise Sellers of the acceptability of title within the time periods required hereunder shall be deemed an acceptance of all title matters. Within fifteen (15) days after receipt of a notice from Buyer advising Sellers that certain title exceptions are unacceptable to Buyer, Sellers shall notify Buyer whether Sellers will cure any of the unacceptable title exceptions. Failure of Sellers to provide notice within such time period shall be deemed an election by Sellers not to cure the unacceptable title exceptions. If Buyer has timely notified Sellers of unacceptable title matters then, unless Sellers have timely elected to cure such title exceptions as provided hereunder, Buyer, by written notice to Sellers, may, within fifteen (15) days after expiration of the time period for Sellers to elect to cure, either waive such unacceptable title exceptions (in which case such exceptions shall be deemed acceptable to Buyer) or terminate the Option as to those portions of the Property which are then the subject of an Appraisal Process Notice. Failure of Buyer to notify Sellers in such fifteen (15) day period shall be deemed an election by Buyer to waive the unacceptable title exceptions. If Sellers notify Buyer that Sellers will cure any unacceptable title exception, then Sellers shall be obligated to promptly and, in all events, prior to Settlement, proceed to cure such title exception in such manner that the defect or objection to the title will not appear in the Buyer's title insurance policy. All exceptions to title accepted by Buyer or deemed to be accepted by Buyer under the provisions of this paragraph (other than mortgages, deeds of trust and other liens [excluding liens for current taxes and assessments to be adjusted under paragraph 3(f)], all of which shall be discharged by Sellers at or prior to Settlement) shall constitute "Permitted Encumbrances." Notwithstanding the foregoing, from and after the date hereof and continuing until the expiration of the Option Period, except as otherwise permitted hereunder, Sellers shall not change or permit to be changed title to the Property or any portion thereof in a manner which would materially prevent or interfere with the development of the separate parcels comprising the Property. Nothing herein shall preclude Sellers from placing liens on the Property in connection with financings or refinancings, it being

understood that it is the obligation of Sellers to remove such liens with respect to Property being purchased by Buyer hereunder at the time of Settlement.

(f) All costs, including taxes, insurance and any and all costs relating to the ownership of the Property and each portion of same shall be borne by Sellers until time of any Settlement hereunder. All taxes, general or special, and all other public, governmental or other assessments against each parcel comprising the Property payable on an annual basis are to be adjusted and apportioned as of the date of Settlement as to each parcel then being transferred and are to be assumed and paid after Settlement by Buyer. The costs of all recordation taxes and transfer taxes shall be split and paid equally by Buyer and Sellers. All agricultural transfer tax or taxes, if any, shall be paid by Sellers. All other closing costs incurred by Buyer, including, without limitation, recording charges, document preparation charges, notary fees and title insurance premiums shall be paid by Buyer. Sellers and Buyer shall each pay their respective legal costs.

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

(h) At Settlement hereunder the Sellers shall execute and deliver reasonable and customary title affidavits as required by Buyer's title company.

4. Risk of Loss. The Property and each parcel comprising same is to be held at the risk of the Sellers until legal title has passed.

5. Seller's Warranties and Representations. Sellers warrant, represent and covenant to Buyer the following items which are true in all material respect and shall be deemed to have been restated at the time of each Settlement hereunder:

(a) As of the date hereof and as of each Settlement, Sellers will be the owner of 100 percent fee simple interest in the Property and or the portion of same then being sold, and will not have entered into any contract of sale, option agreement, right of first refusal or other agreement for the sale of any part of the Property then subject to the Option.

(b) The Sellers have full power and authority to execute, deliver and perform this Agreement in accordance with its terms.

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

(d) To Sellers' knowledge, there are no underground storage tanks on the Property.

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

The foregoing warranties shall terminate as to a specific parcel twelve (12) months after Settlement hereunder as to each such parcel.

6. Right of First Refusal; Termination of Option As To Certain Parcels.

Notwithstanding any other provision herein set forth it is agreed and specifically understood by Buyer that at all times while this Option shall be in effect Sellers shall be permitted to actively market the Property and each parcel comprising same; and further that if Sellers receive a bona fide third-party expression of intent to purchase the Property or any portion of same or any partnership interest in Sellers which Sellers desire to accept, Sellers shall first offer Buyer the opportunity to purchase the Property or portion of same (the "Right of First Refusal") at the same price and upon the same terms and conditions as are provided in the expression of intent in accordance with the following procedure:

(a) Sellers shall cause the expression of intent to be reduced to writing, which writing may take the form of a letter of understanding, term sheet or other expression of interest which includes price and, in the opinion of counsel for the Sellers, sufficient other terms and conditions to describe the proposed transaction (the "Offer"). Sellers shall notify Buyer, in writing, of its desire to accept the Offer (the "Initial Notice"). The Initial Notice shall set forth the parcel or portion of the Property subject to the Offer and such other material terms and conditions of the Offer as are reasonable for Buyer to analyze the Offer, and shall be accompanied by a copy of the Offer.

(b) Buyer shall have the right, exercisable upon written notice to Sellers within fifteen (15) days after Buyer's receipt of the Initial Notice, to accept or reject the Offer contained in the Initial Notice. If by its reply Buyer accepts the Offer of Sellers, such reply notice shall be accompanied by the deposit specified in the Offer, if any, and shall constitute an agreement binding on Sellers and Buyer to sell and purchase the particular portion of the Property which is the subject of the Offer, at the price and upon the terms and conditions stated in the Initial Notice.

(c) If Buyer does not unconditionally accept the Offer of Sellers contained in the Initial Notice within such fifteen (15) day period or does not respond to the Initial Notice within such fifteen (15) day period, time being of the essence, then the Option herein granted to Buyer as to the portion of the Property which is the subject of the Offer shall terminate and

expire and Seller shall have the right to sell that portion of Property on the terms and conditions specified in the Offer and free and clear of Buyer's rights hereunder. If the contemplated sale is not completed by the date set forth in the Offer, in accordance with the terms of the Offer, Buyer's purchase option and Right of First Refusal for the pertinent portion of the Property shall be reinstated and Owner shall again be required to comply with the terms of this Agreement.

Buyer and Sellers acknowledge and agree that (i) a Sellers' Development (as defined below) in accordance with paragraph 8 shall not be subject to the Right of First Refusal, but (ii) any intent to develop all or any portion of the Property which is not a Sellers' Development shall be deemed an offer to purchase (a "ROFR Development"), shall be subject to the Right of First Refusal, and shall be presented to Buyer in accordance with subparagraph 6(a) above as an Offer to participate in the development as Sellers' co-developer. If an Offer for a ROFR Development is presented to Buyer, then notwithstanding anything to the contrary set forth above, within fifteen (15) days after the Initial Notice, Buyer shall be entitled either to exercise the Option pursuant to paragraph 3, or to accept or reject (in accordance with subparagraph (b)) the Offer. If Buyer accepts an Offer for a ROFR Development, then Buyer shall be deemed to have waived any due diligence period, whether set forth in the Offer or in any expression of intent by the third-party co-developer(s), during which Buyer would otherwise be entitled to conduct inspection activities on the pertinent portions of the Property.

7. Resubdivision. The Property currently consists of a number of separate subdivided parcels as shown on certain Subdivision Plats recorded among the Land Records of Anne Arundel County, Maryland. Nothing herein shall be deemed to prohibit Sellers from modifying the lot lines and/or sizes of the various parcels as long as such changes are processed diligently through the governmental subdivision process and written notice of such proposed changes is given to Buyer. In addition Sellers shall notify Buyer when any resubdivision has occurred and provide Buyer with a copy of the revised final resubdivision plat.

8. Termination of Option - Construction of Buildings.

(a) Notwithstanding any other provision herein set forth, but subject to the terms and conditions set forth in this paragraph, it is agreed between the parties that nothing herein shall be deemed to prohibit or restrict Sellers' rights to proceed with the development and construction of buildings on any or all of the parcels comprising the Property by Sellers alone, or together with others so long as none of the agreements between Sellers and its co-developers in existence on the Extinguishment Date (as defined below) provide for the aggregate interest of any such other co-developers to exceed a fifty percent (50%) equity interest in the Sellers' Development project when completed (a "Sellers' Development"). To that end it is agreed that if at any time while the Option herein granted shall be effective Sellers elect to proceed with Sellers' Development of any parcel comprising the Property, Sellers shall give written notice (a "Development Notice") to Buyer that they or either of them as the case may be have elected to proceed with Sellers' Development. If any co-developers are to participate in a Sellers' Development, the Development Notice shall identify all such co-developers and Sellers shall certify, and provide such information and pertinent documentation as shall be reasonably required to demonstrate, that the equity interest test set forth above has been satisfied. Upon

receipt of a Development Notice which meets all of the foregoing requirements, Buyer's rights to give an Appraisal Process Notice or exercise the Option with respect to any parcel which is the subject of the Development Notice shall be suspended until the earlier to occur of (i) the date of issuance of the building permit for Sellers' Development or (ii) the date which is eighteen (18) months after Buyer's receipt of a Development Notice (the "Suspension Period"). If Sellers receive a building permit for Sellers' Development within the Suspension Period, the Suspension Period shall be extended for a period of twelve (12) months from the date of issuance of the building permit for Sellers' Development (the "Extended Suspension Period"). During the Suspension Period and any Extended Suspension Period, Sellers agree to proceed with Sellers' Development with due diligence and in good faith. If a building permit for Sellers' Development is not received during the Suspension Period, or if Sellers fail to

commence construction of Sellers' Development prior to the end of an Extended Suspension Period, Buyer's rights under this Agreement shall revive. If Sellers receive a building permit within the Suspension Period and commence construction of Sellers' Development prior to the end of the Extended Suspension Period, then with respect to any parcel which is the subject of that Sellers' Development, Buyer's rights to give an Appraisal Process Notice, exercise the Option and all other rights Buyer may have hereunder with respect to any parcel which is the subject of the Sellers' Development shall terminate, expire and be extinguished on the date such construction is commenced (the "Extinguishment Date").

(b) So long as Sellers comply with all of the provisions of subparagraph 8(a), nothing herein shall preclude Sellers, either alone or with co-developers, from entering into an agreement (a "Pre-Sell Agreement") at any time to sell the parcel which is the subject of Sellers' Development, or the building constructed on such parcel, to a third-party upon completion of Sellers' Development, provided that any such Pre-Sell Agreement entered into prior to the Extinguishment Date is conditioned on the Extinguishment Date occurring. The purchaser under a Pre-Sell Agreement, as such, shall not be considered a co-developer for purposes of the definition of a Sellers' Development.

9. Miscellaneous.

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

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

To Buyer:

Corporate Office Properties L.P.
401 City Avenue, Suite 615
Bala Cynwyd, PA 19004
Attention: Clay W. Hamlin, III

with copies to:

F. Michael Wysocki, Esquire
Saul, Ewing, Remick & Saul LLP
Centre Square West
1500 Market Street - 38th Floor
Philadelphia, PA 19102

To Sellers:

Jolly Acres Limited Partnership
Arbitrage Land Limited Partnership
c/o Constellation Properties, Inc.
250 West Pratt Street, 23rd Floor
Baltimore, MD 21201
Attention: Secretary

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

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

(d) If the last day of the Option Period or the date on which Settlement is to occur, or the last day of any time period specified herein, falls on a Saturday, Sunday or holiday, the period for the required action shall be extended until 5:00 PM on the next business day.

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

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

(g) Upon any expiration or termination of this Agreement, the Option to purchase the Property or any parcel thereof, or the Right of First Refusal to the Property or any parcel thereof, each party hereto, or any other party to whom the Buyer's rights have been collaterally assigned, shall promptly execute such instruments in recordable form as any party hereto may reasonably require to confirm such expiration or termination. This Agreement may be recorded by either party hereto.

10. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Buyer shall have the right to assign this Agreement in whole or in part without the consent of Sellers (i) to any entity controlled by, controlling, or under common control with Buyer or Corporate Office Properties Trust (where control shall mean owning directly or indirectly fifty percent (50%) or more of the voting stock or voting interest of such entity), (ii) to any person or entity designated by Buyer as purchaser of the Property or any portion thereof (with respect to such portion only) after Buyer has exercised the Option or the Right of First Refusal with respect thereto, but provided that Buyer shall remain liable hereunder, or (iii) to any successor entity of Buyer resulting from the acquisition of Buyer by such entity or a merger of Buyer where such successor entity is the surviving entity. Buyer shall not have any other right to assign this Agreement in whole or in part without the prior written consent of Sellers, which consent shall not be unreasonably withheld or delayed.

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

JOLLY ACRES LIMITED PARTNERSHIP

By: Constellation Properties, Inc.,
General Partner

By:_____
Dan R. Skowronski, Secretary

ARBITRAGE LAND LIMITED
PARTNERSHIP

By: Constellation Properties, Inc.,
General Partner

By:_____
Dan R. Skowronski, Secretary

CORPORATE OFFICE PROPERTIES, L.P.

By: Corporate Office Properties Trust,
Its sole general partner

By:_____
Clay W. Hamlin, III
President and Chief Executive Officer

EXHIBIT "A"
Description of Parcels Constituting the Property
Entities Which Own the Property
Current Book Values

<TABLE>
<CAPTION>

Parcel	Seller	Current Book Value
<S>	<C>	<C>

Lot 1	Jolly Acres Limited Partnership	$ 1,882,652
Lot 3A	Jolly Acres Limited Partnership	$ 3,188,875
Lot 4-R	Arbitrage Land Limited Partnership	$ 368,816
Lot 5-R	Arbitrage Land Limited Partnership	$ 368,816
Lot 9	Jolly Acres Limited Partnership	$ 1,300,000
Lot 10	Jolly Acres Limited Partnership	$ 1,300,000
Lot 12	Jolly Acres Limited Partnership	$ 1,115,976
Lot 13	Jolly Acres Limited Partnership	$ 1,437,307
Lot 14	Jolly Acres Limited Partnership	$ 1,626,325
Lot 15	Jolly Acres Limited Partnership	$ 2,117,772
Lot 16	Jolly Acres Limited Partnership	$ 2,117,772
Lot 17	Jolly Acres Limited Partnership	$ 416,608
Lot 18	Jolly Acres Limited Partnership	$ 2,367,276
Lot 19	Jolly Acres Limited Partnership	$ 5,457,094
Lot 20	Jolly Acres Limited Partnership	$ 1,046,668
	Total:	$ 26,111,958

</TABLE>

EXHIBIT 10.20

RIGHT OF FIRST REFUSAL AGREEMENT

THIS RIGHT OF FIRST REFUSAL AGREEMENT ("Agreement") is made and executed this 28th day of September, 1998, by and between CONSTELLATION PROPERTIES, INC., ("CPI") and CORPORATE OFFICE PROPERTIES, L.P., its permitted successor and assigns ("COPLP").

RECITALS

CPI is the owner of real property ("Property") described more specifically in Exhibit "A" attached hereto and by this reference made a part hereof. CPI is desirous of selling the Property and will be engaged in marketing same. COPLP may at some time be interested in purchasing the Property and is accordingly desirous of obtaining a first refusal right with regard to the Property.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the adequacy of which is acknowledged, CPI grants to COPLP for the term as herein described a right of first refusal on the Property on the terms and conditions as set forth and provided for herein, namely:

1. Term. The term of this Agreement shall commence as of the date hereof and shall expire on that date which is two (2) years following ("Term").

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

3. Right of First Refusal. CPI hereby agrees that during the Term of this Agreement, if it receives a bona fide third-party expression of intent to purchase the Property which CPI desires to accept, CPI shall first offer COPLP the opportunity to purchase the

Property at the same price and upon the same terms and conditions as are provided in the expression of intent in accordance with the following procedure:

(a) CPI shall cause the expression of intent to be reduced to writing, which writing may take the form of a letter of understanding, term sheet or other expression of interest which includes price and, in the opinion of counsel for the CPI, sufficient other terms and conditions to describe the proposed transaction (the "Offer"). CPI shall notify COPLP, in writing, of its desire to accept the Offer (the "Initial Notice"). The Initial Notice shall set forth the parcel or portion of the Property subject to the Offer and such other material terms and conditions of the Offer as are reasonable for COPLP to analyze the Offer, and shall be accompanied by a copy of the Offer.

(b) COPLP shall have the right, exercisable upon written notice to CPI within fifteen (15) days after COPLP's receipt of the Initial Notice, to accept or reject the offer contained in the Initial Notice. If by its reply COPLP accepts the Offer of CPI, such reply notice shall be accompanied by the deposit specified in the Offer, if any, and shall constitute an agreement binding on CPI and COPLP to sell and purchase the Property or portion thereof or LLC interest, at the price and upon the terms and conditions stated in the Initial Notice.

(c) If COPLP does not unconditionally accept the Offer of CPI contained in the Initial Notice within such fifteen (15) day period or does not respond to the Initial Notice within such fifteen (15) day period, time being of the essence, then CPI shall have the right to sell the Property in accordance with

the terms and conditions specified in the Offer free and clear of COPLP's rights hereunder. If the contemplated sale is not completed by the date set forth in the Offer, in accordance with the terms of the Offer COPLP's right of first refusal shall be reinstated and CPI shall be required to again comply with the terms of this Agreement.

(d) In the event CPI does not consummate the sale of the Property or any portion thereof or LLC interest subject to an Offer for any reason, after COPLP shall have not exercised its right of first refusal on same, then in that event the right of first refusal shall be reinstituted and CPI shall for the continuing Term not sell the Property or portion thereof or LLC interest without first reoffering same to COPLP pursuant to subparagraph (a), (b) and (c) above.

(e) COPLP shall have the right to assign this Agreement in whole or in part without the consent of CPI (i) to any entity controlled by, controlling, or under common control with COPLP or Corporate Office Properties Trust (where control shall mean owning directly or indirectly fifty percent (50%) or more of the voting stock or voting interest of such entity), (ii) to any person or entity designated by COPLP as purchaser of the Property or any portion thereof (with respect to such portion only) after COPLP has exercised its right of first refusal with respect thereto, but provided that Buyer shall remain liable hereunder, or (iii) to any successor entity of Buyer resulting from the acquisition of Buyer by such entity or a merger of Buyer where such successor entity is the surviving entity. COPLP shall not have any other right to assign this Agreement in whole or in part without the prior written consent of CPI, which consent shall not be unreasonably withheld or delayed.

(f) The right of first refusal as herein granted and described shall apply to the Property as a whole. CPI may, at any time, however, at CPI's sole cost and expense, subdivide the Property, but upon doing so, the right of first refusal and all of the terms and conditions of this Agreement shall thereafter apply separately to each subdivided portion of the Property. If the right of first refusal shall be exercised on only a subdivided portion of the Property, same shall remain in effect as to the balance of the Property for the Term hereof.

4. CPI's Warranties and Representations. CPI warrants, represents and covenants to COPLP that the following items are true in all material respects and shall be deemed to have been restated at the time(s) of COPLP's exercise of its rights hereunder and at the time of closing on the sale of the Property, namely:

(a) CPI is the fee simple owner of the Property, and has not entered into any contract of sale, option agreement, right of first refusal or other agreement for the sale of any part of the Property; and

(b) CPI has full power and authority to execute, deliver and perform this Agreement in accordance with its terms; and

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

(d) To CPI's knowledge, there are no underground storage tanks on the Property.

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

5. Miscellaneous.

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

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

To CPI: Constellation Properties, Inc.
250 West Pratt Street, 23rd Floor
Baltimore, MD 21201
Attention: Secretary
and
8815 Centre Park Drive, Suite 100
Columbia, MD 21045
Attention: Managing Director, CREI

To COPLP: Corporate Office Properties, L.P.
401 City Avenue, Suite 615
Bala Cynwyd, PA 19004
Attention: Clay W. Hamlin, III

with copies to: F. Michael Wysocki, Esquire
Saul, Ewing, Remick & Saul LLP
Center Square West
1500 Market Street - 38th Floor
Philadelphia, PA 19102

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

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

(d) If the last day of any time period specified herein, falls on a Saturday, Sunday or holiday, the period for the required action shall be extended until 5:00 PM on the next business day.

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

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

(g) Upon any expiration or termination of this Agreement and the right of first refusal contained herein, each party hereto shall promptly execute such instruments in recordable form as any party hereto may reasonably require to confirm such expiration or termination. This Agreement may be recorded by either party hereto.

(h) This Agreement shall be binding on and inure to the benefit of the parties hereto and their respective successors and assigns.

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

CONSTELLATION PROPERTIES, INC.

By: _____
Dan R. Skowronski, Secretary

CORPORATE OFFICE PROPERTIES, L.P.

By: Corporate Office Properties Trust, General Partner

By: _____
Clay W. Hamlin, III, President and Chief Executive Officer

EXHIBIT "A"

Description of the Property

(Bond Street Property)

EXHIBIT 10.21

RIGHT OF FIRST REFUSAL AGREEMENT

THIS RIGHT OF FIRST REFUSAL AGREEMENT ("Agreement") is made and executed this 28th day of September, 1998, by and between 257 OXON, LLC ("Oxon") and CORPORATE OFFICE PROPERTIES, L.P., its permitted successor and assigns ("COPLP").

RECITALS

Oxon is the owner of those two condominium units ("Property") described more specifically in Exhibit "A" attached hereto and by this reference made a part hereof. These condominium units are located in the Constellation Centre Condominium in Prince George's County, Maryland. Oxon is desirous of selling the Property and/or either of the units comprising same and will be engaged in marketing same. COPLP may at some time be interested in purchasing the Property or either of the units comprising same and is accordingly desirous of obtaining first refusal rights with regard to the Property.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the adequacy of which is acknowledged, Oxon grants to COPLP for the term as herein described a right of first refusal on the Property on the terms and conditions as set forth and provided for herein, namely:

1. Term. The term of this Agreement shall commence as of the date hereof and shall expire on that date which is two (2) years following ("Term").

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

3. Right of First Refusal. Oxon hereby agrees that during the Term of this Agreement, if it receives a bona fide third-party expression of intent to purchase the Property and/or either unit within same or if it receives an offer to purchase the limited liability company interests of Oxon which Oxon desires to accept, Oxon shall first offer COPLP the opportunity to purchase the Property or portion thereof or LLC interest at the same price and upon the same terms and conditions as are provided in the expression of intent in accordance with the following procedure:

(a) Oxon shall cause the expression of intent to be reduced to writing, which writing may take the form of a letter of understanding, term sheet or other expression of interest which includes price and, in the opinion of counsel for the Oxon, sufficient other terms and conditions to describe the proposed transaction (the "Offer"). Oxon shall notify COPLP, in writing, of its desire to accept the Offer (the "Initial Notice"). The Initial Notice shall set forth the parcel or portion of the Property subject to the Offer and such other material terms and conditions of the Offer as are reasonable for COPLP to analyze the Offer, and shall be accompanied by a copy of the Offer.

(b) COPLP shall have the right, exercisable upon written notice to Oxon within fifteen (15) days after COPLP's receipt of the Initial Notice, to accept or reject the offer contained in the Initial Notice. If by its reply COPLP accepts the Offer of Oxon, such reply notice shall be accompanied by the deposit specified in the Offer, if any, and shall constitute an agreement binding on Oxon and COPLP to sell and purchase the Property or portion thereof or LLC interest, at the price and upon the terms and conditions stated in the Initial Notice.

(c) If COPLP does not unconditionally accept the Offer of Oxon

contained in the Initial Notice within such fifteen (15) day period or does not respond to the Initial Notice within such fifteen (15) day period, time being of the essence, then Oxon shall have the right to sell the Property or portion of same or LLC interest in accordance with the terms and conditions specified in the Offer free and clear of COPLP's rights hereunder. If the contemplated sale is not completed by the date set forth in the Offer, in accordance with the terms of the Offer COPLP's right of first refusal shall be reinstated and Oxon shall be required to again comply with the terms of this Agreement.

(d) The Property consists of two separate condominium units. The right of first refusal as herein granted and described shall apply to the Property as a whole and each unit within same as Oxon may desire to sell and on which it receives an expression of intent to purchase. If the right of first refusal shall be exercised on only a portion of the Property, same shall remain in effect as to the balance of the Property for the Term hereof.

(e) In the event Oxon does not consummate the sale of the Property or any portion thereof or LLC interest subject to an Offer for any reason, after COPLP shall have not exercised its right of first refusal on same, then in that event the right of first refusal shall be reinstituted and Oxon shall for the continuing Term not sell the Property or portion thereof or LLC interest without first reoffering same to COPLP pursuant to subparagraph (a), (b) and (c) above.

(f) COPLP shall have the right to assign this Agreement in whole or in part without the consent of Oxon (i) to any entity controlled by, controlling, or under common control with COPLP or Corporate Office Properties Trust (where control shall mean owning directly or indirectly fifty percent (50%) or more of the voting stock or voting interest of such entity), (ii) to any person or entity designated by COPLP as purchaser of the Property or any portion thereof (with respect to such portion only) after COPLP has exercised its right of first refusal with respect thereto, but provided that Buyer shall remain liable hereunder, or (iii) to any successor entity of Buyer resulting from the acquisition of Buyer by such entity or a merger of Buyer where such successor entity is the surviving entity. COPLP shall not have any other right to assign this Agreement in whole or in part without the prior written consent of Oxon, which consent shall not be unreasonably withheld or delayed.

4. Oxon's Warranties and Representations. Oxon warrants, represents and covenants to COPLP that the following items are true in all material respects and shall be deemed to have been restated at the time(s) of COPLP's exercise of its rights hereunder and at the time(s) of closing(s) on the sale of the Property or either unit comprising same, namely:

(a) Oxon is the fee simple owner of the entire Property and each legally separate unit of same, and has not entered into any contract of sale, option agreement, right of first refusal or other agreement for the sale of any part of the Property; and

(b) Oxon has full power and authority to execute, deliver and perform this Agreement in accordance with its terms; and

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

(d) To Oxon's knowledge, there are no underground storage tanks on the Property.

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

5. Miscellaneous.

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

reasonable attorneys' fees, that the other may incur as a result of the

violation of this warranty, which warranty and indemnification shall survive settlement and any termination of this Agreement.

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

To Oxon:

257 Oxon LLC
c/o Constellation Properties, Inc.
250 West Pratt Street, 23rd Floor
Baltimore, MD 21201
Attention: Secretary

and

8815 Centre Park Drive, Suite 100
Columbia, MD 21045
Attention: Managing Director, CREI

To COPLP:

Corporate Office Properties, L.P.
401 City Avenue, Suite 615
Bala Cynwyd, PA 19004
Attention: Clay W. Hamlin, III

with copies to:

F. Michael Wysocki, Esquire
Saul, Ewing, Remick & Saul LLP
Center Square West
1500 Market Street - 38th Floor
Philadelphia, PA 19102

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

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

(d) If the last day of any time period specified herein, falls on a Saturday, Sunday or holiday, the period for the required action shall be extended until 5:00 PM on the next business day.

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

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

(f) Upon any expiration or termination of this Agreement and the right of first refusal contained herein, each party hereto shall promptly execute such instruments in recordable form as any party hereto may reasonably require to confirm such expiration or termination. This Agreement may be recorded by either party hereto.

(g) This Agreement shall be binding on and inure to the benefit of the parties hereto and their respective successors and assigns.

[Remainder of Page Intentionally Left Blank]

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

257 OXON, LLC

By: Constellation Properties, Inc., General Partner

By:_____
Dan R. Skowronski, Secretary

CORPORATE OFFICE PROPERTIES, L.P.

By: Corporate Office Properties Trust,
Its sole general partner

By:_____
Clay W. Hamlin, III
President and Chief Executive Officer

EXHIBIT "A"

Description of the Property

Unit 2 and Unit 7 in the Constellation Centre Condominium, as shown on the plat entitled "Amended Plat of Constellation Centre Condominium, 12th Election District, Prince George's County, Maryland", prepared by Greenman-Pedersen Inc. and recorded among the Land Records of Prince George's County in Plat Book V.J. 174, Plat No. 5.

Exhibit 99.2

Corporate Office Properties Trust
One Logan Square, Suite 1105
Philadelphia, Pennsylvania 19103

FOR IMMEDIATE RELEASE

At Corporate Office Properties
Janet M. Point
Vice President, Investor Relations
(215) 567-1800

For Immediate Release

JULY 22, 1998

CORPORATE OFFICE PROPERTIES SETS DATE FOR
SPECIAL MEETING TO CONSIDER CONSTELLATION TRANSACTION
Corporate Office Properties' Portfolio to Increase by
60% -- The Combined Company to be
One of the Largest Commercial Real Estate Operators in the Mid-Atlantic Region

Philadelphia, PA, July 22, 1998 - Corporate Office Properties Trust (NYSE: OFC) announced today that a Special Meeting of Shareholders has been set for Friday, August 21, 1998. The Meeting will be held at 2:30 p.m. in the Adams Room of the Four Seasons Hotel, One Logan Square, Philadelphia, Pennsylvania. At this Meeting, shareholders will be asked to consider and vote to approve a transaction pursuant to which affiliates of Constellation Real Estate Group, Inc. (collectively "Constellation") will contribute certain real property and other assets to Corporate Office Properties (the "Company") in exchange for Company shares, cash and assumption of debt (the "Transaction"). The close of business July 20, 1998 has been set as the record date for shareholders entitled to vote at the meeting.

On May 15, 1998 the Company and Constellation announced the signing of a definitive agreement. Constellation is part of Constellation Enterprises, Inc. which is a wholly-owned subsidiary of Baltimore Gas and Electric Company (NYSE: BGE). The Company believes that the Transaction will significantly expand the Company's management, property, tenant and capital base. In addition, the Constellation management team will add property development and third party property management functions that the Company believes will enhance its resources and long-term performance.

Upon completion, the Company's portfolio will increase by 60% to 49 properties primarily located in Pennsylvania, New Jersey, Maryland and suburban Washington, D.C. -- totaling 4.8 million square feet of leaseable space. The transaction will expand the

Company's organization by approximately 37 professionals and support staff. Randall M. Griffin, 53, currently President of Constellation, will assume the role of President and Chief Operating Officer reporting to Clay W. Hamlin, III, Corporate Office Properties' Chief Executive Officer.

The Company will also acquire Constellation's 75% ownership of Constellation Realty Management, LLC ("CRM"), Baltimore's largest commercial property/asset management organization. CRM provides property and asset management services to major institutional real estate investors and provides corporate facility services to major owner occupied corporate properties. With a staff of approximately 66, CRM currently manages a 146-building, 14.8 million square foot portfolio with offices in the Baltimore, Northern Virginia and Philadelphia areas.

Clay W. Hamlin, III, President and Chief Executive Officer of the Company commented, "Combining the talents and resources of our two organizations creates a new dynamic force in the Mid-Atlantic real estate market. With 17 million square feet under management and a large development pipeline, we expect to achieve a dominant position in the Baltimore/Washington corridor suburban office market."

Highlights:

- Under terms of the agreement, the Company will pay consideration valued at up to approximately $204.6 million comprised of $107.6 million in either cash or debt assumption and the remainder in Company securities comprised of approximately 6,928,000 Common Shares and approximately 969,900 Series A Convertible Preferred Shares.

- Constellation will contribute up to 18 properties totaling 1.4 million

square feet of office properties (including two properties totaling 196,000 square feet under construction) and approximately 400,000 square feet of retail properties.

- The Company will receive certain options and first refusal rights to acquire 91 acres of identified properties at any time over the next two to five years. The acreage, contiguous to the Constellation office properties being acquired, will permit approximately 1.7 million square feet of office development to be built.

- Constellation will become the Company's single largest shareholder, with a 41.5% common stock ownership interest.

- Upon completion of the combination, Constellation will gain two seats on the Company's nine member board, which will be held by Edward A. Crooke, 59, Chairman of Constellation Enterprises, Inc., and Vice Chairman of BGE, and Steven D. Kesler, 46, President of Constellation Investments, Inc. and Vice President of Constellation Real Estate Group, Inc..

"Constellation looks forward to sharing in the growth of Corporate Office Properties," added Ed Crooke, Chairman of Constellation Enterprises, Inc. and Vice Chairman of BGE.

Corporate Office Properties Trust is a real estate investment trust which focuses on the ownership, acquisition, development and management of suburban office properties in high-growth submarkets in the United States.

To receive Corporate Office Properties' latest news release and other corporate documents via FAX at no cost dial 1-800-PRO-INFO. Use the Company's ticker, OFC.

This press release contains forward-looking information based upon the Company's current best judgement and expectations. Actual results could vary materially from those presented herein. The risks and uncertainties associated with the forward-looking information include the strength of the commercial office real estate markets in which the Company operates competitive market conditions, general economic growth, interest rates, capital market conditions, and the ability of the Company to access funding sources. For further information, please refer to the Company's filings with the Securities and Exchange Commission.

Exhibit 99.3

SHAREHOLDERS OF CORPORATE OFFICE PROPERTIES TRUST
APPROVE CONSTELLATION TRANSACTION

Combined Company to be one of the Largest Commercial Real Estate Operators in the Mid-Atlantic Region

PHILADELPHIA, PA, August 21, 1998 -- The shareholders of Corporate Office Properties Trust (NYSE: OFC) in a Special Meeting today voted overwhelmingly to approve a transaction with affiliates of Constellation Real Estate Group, Inc. (collectively "Constellation"). In this transaction Constellation will contribute certain real property and other assets to Corporate Office Properties (the "Company") in exchange for Company common shares, cumulative preferred stock, cash and assumption of debt (the "Transaction"). Approximately 99 percent of the proxies cast voted to approve the Transaction. The Company expects that the Transaction will close in the next six weeks. Constellation is part of Constellation Enterprises, Inc., which is a wholly-owned subsidiary of Baltimore Gas and Electric Company (NYSE: BGE).

On May 15, 1998 the Company and Constellation announced the signing of a definitive agreement. The Company believes that the Transaction will be immediately accretive to earnings and will significantly expand the Company's management, property, tenant and capital base. In addition, the Constellation management team will add property development and third party property management functions that the Company believes will enhance its resources and long-term performance.

Upon completion, the Company's portfolio will increase by 60% to 49 properties primarily located in Pennsylvania, New Jersey, Maryland and suburban Washington, D.C. -- totaling 4.8 million square feet of leaseable space. The transaction will expand the Company's organization by approximately 37 professionals and support staff. Randall M. Griffin, 53, currently President of Constellation, will assume the role of President and Chief Operating Officer reporting to Clay W. Hamlin, III, Corporate Office Properties' Chief Executive Officer.

The Company will also acquire Constellation's 75% ownership of Constellation Realty Management, LLC ("CRM"), Baltimore's largest commercial property/asset management organization. CRM provides property and asset management services to major institutional real estate investors and corporate facility services in the area extending from Virginia to New Jersey. With a staff of approximately 72, CRM currently manages a 153-building, 16.2 million square foot portfolio with offices in the Baltimore, Northern Virginia, New Jersey and Philadelphia areas.

"This transaction represents a defining event for our Company. I am pleased to welcome BGE/Constellation as a major investor in Corporate Office Properties and its representatives to our Board," commented Clay W. Hamlin, III, President and Chief Executive Officer of the Company. "We will now be a Company managing about 20 million square feet of institutional quality properties in the Mid-Atlantic. We gain the addition of Constellation's acquisition and development pipeline. We will become the largest owner and developer of suburban office properties in the northern Baltimore/Washington corridor, with a focus in the area's best suburban office submarkets. The transitioning and merging of our two organizations is almost complete. Upon closing we will have the systems and a seasoned management team in place necessary to achieve our growth objectives."

Highlights:

- Under terms of the agreement, the Company will pay consideration valued at up to approximately $204.6 million comprised of $107.6 million in either cash or debt assumption and the remainder in Company securities comprised of approximately 6,928,000 Common Shares and approximately 969,900 Series A Convertible Preferred Shares.

- Constellation will contribute up to 18 properties totaling 1.4 million square feet of office properties (including two properties totaling 196,000 square feet under construction) and approximately 400,000 square feet of retail properties.

- The Company will receive certain options and first refusal rights to acquire 91 acres of identified properties at any time over the next two to five years. The acreage, contiguous to the Constellation office properties being acquired, will permit approximately 1.7 million square feet of additional office development to be built.

- Constellation will become the Company's single largest shareholder, with a 41.5% common stock ownership interest.

Upon completion of the combination, Constellation will gain two seats on the Company's nine member board, which will be held by Edward A. Crooke, 59,

Chairman of Constellation Enterprises, Inc., and Vice Chairman of BGE, and Steven D. Kesler, 46, President of Constellation Investments, Inc. and Vice President of Constellation Real Estate Group, Inc.

"Constellation looks forward to sharing in the growth of Corporate Office Properties," added Ed Crooke, Chairman of Constellation Enterprises, Inc. and Vice Chairman of BGE.

Company Information

Corporate Office Properties Trust is a real estate investment trust which focuses on the ownership, acquisition, development and management of suburban office properties in high-growth submarkets in the United States. As of June 30, 1998 the Company owned 31 properties totaling 2.9 million square feet.

Forward-looking Information

This press release contains forward-looking information based upon the Company's current best judgment and expectations. Actual results could vary from those presented herein. The risks and uncertainties associated with the forward-looking information include the strength of the commercial office real estate market in which the Company operates, competitive market conditions, general economic growth, interest rates and capital market conditions. For further information, please refer to the Company's filings with the Securities and Exchange Commission.

Exhibit 99.4

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

Filed by the Registrant /X/

Filed by a Party other than the Registrant / /

Check the appropriate box:
/ / Preliminary Proxy Statement
/ / Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
/X/ Definitive Proxy Statement
/ / Definitive Additional Materials
/ / Soliciting Material Pursuant to Section240.14a-11(c) or Section240.14a-12

CORPORATE OFFICE PROPERTIES TRUST

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

/ / No fee required.
/ / Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
(1) Title of each class of securities to which transaction applies:
---
(2) Aggregate number of securities to which transaction applies:
---
(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
---
(4) Proposed maximum aggregate value of transaction:
---
(5) Total fee paid:

/X/ Fee paid previously with preliminary materials.

/ / Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:
---
(2) Form, Schedule or Registration Statement No.:
---
(3) Filing Party:
---
(4) Date Filed:

[LOGO]

July 22, 1998

Dear Shareholder:

You are cordially invited to attend a Special Meeting of Shareholders (the "Special Meeting") of Corporate Office Properties Trust (the "Company") to be held on August 21, 1998, at 2:30 p.m. in The Adams Room at The Four Seasons Hotel, One Logan Square, Philadelphia, Pennsylvania 19103.

At the Special Meeting, you will be asked to consider and vote to approve a transaction (the "Transaction") pursuant to which certain affiliates of Constellation Real Estate Group, Inc. (collectively, "Constellation") will contribute certain real property, interests in entities which own certain real property and a mortgage, and certain other assets to the Company in exchange for cash, the assumption of certain debt, and Common Shares of Beneficial Interest and non-voting Series A Convertible Preferred Shares of Beneficial Interest to be issued by the Company. The Transaction is more fully described in the

accompanying Proxy Statement.

The scale of the Transaction will significantly expand the Company's management, property, tenant and capital base. In addition, the Constellation management team will add property development and third party property management functions that management believes will enhance the Company's resources and long term performance. As a result, the Board of Trustees believes the Transaction will create shareholder value; and therefore it is in the economic interest of all shareholders to approve the Transaction.

We urge you to review and consider carefully the accompanying Notice of Special Meeting of Shareholders and Proxy Statement, which contain information about the Transaction to be voted upon and certain other matters. The Board of Trustees has unanimously approved, and recommends a vote FOR the Transaction.

The approval of the Transaction requires the affirmative vote of a majority of the votes cast at the Special Meeting. Your vote is important to the Company. Please complete, date and sign the enclosed proxy card and return it in the accompanying postage-paid envelope. You are, of course, welcome to attend the Special Meeting and vote in person, even if you have previously returned your proxy card. Regardless of your attendance, you may revoke your proxy at any time before it is exercised.

Thank you for your consideration of this important matter.

Sincerely,

/s/ Jay H. Shidler

Jay H. Shidler
Chairman of the Board

/s/ Clay W. Hamlin, III

Clay W. Hamlin, III
Chief Executive Officer

CORPORATE OFFICE PROPERTIES TRUST
ONE LOGAN SQUARE, SUITE 1105
PHILADELPHIA, PENNSYLVANIA 19103

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON AUGUST 21, 1998

Notice is hereby given that a Special Meeting of Shareholders (the "Special Meeting") of Corporate Office Properties Trust (the "Company") will be held on August 21, 1998, at 2:30 p.m. in The Adams Room at The Four Seasons Hotel, One Logan Square, Philadelphia, Pennsylvania 19103, to consider and vote upon the following matters more fully described in the accompanying Proxy Statement:

1. A proposal to approve a transaction evidenced by various agreements by and among the Company, Corporate Office Properties, L.P. and certain partnerships and other entities affiliated with Constellation Real Estate Group, Inc. (collectively, "Constellation"), pursuant to which Constellation will contribute interests in entities which own certain real property and a mortgage, certain real property owned by Constellation, and certain other assets owned by Constellation to the Company in exchange for a combination of cash, the assumption of debt by the Company, and Common Shares and non-voting Series A Convertible Preferred Shares of Beneficial Interest to be issued by the Company; and

2. Such other business as may properly be brought before the Special Meeting or any adjournment or postponement thereof.

The Board of Trustees has fixed the close of business on July 20, 1998 as the record date for the determination of shareholders entitled to notice of and to vote at the Special Meeting and any adjournment or postponement thereof. A list of such shareholders will be available for inspection at the offices of the Company, at One Logan Square, Suite 1105, Philadelphia, Pennsylvania 19103, at least ten days prior to the Special Meeting.

By order of the Board of Trustees,

/s/ John D. Parsinen

John D. Parsinen
Secretary

July 22, 1998

Philadelphia, Pennsylvania

THE BOARD OF TRUSTEES APPRECIATES AND ENCOURAGES YOUR PARTICIPATION IN THE COMPANY'S SPECIAL MEETING. WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING, IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED. ACCORDINGLY, PLEASE SIGN, DATE AND PROMPTLY RETURN THE ENCLOSED PROXY IN THE POSTAGE-PAID ENVELOPE PROVIDED. IF YOU ATTEND THE SPECIAL MEETING, YOU MAY WITHDRAW YOUR PROXY, IF YOU WISH, AND VOTE IN PERSON. YOUR PROXY IS REVOCABLE IN ACCORDANCE WITH THE PROCEDURES SET FORTH IN THE PROXY STATEMENT.

CORPORATE OFFICE PROPERTIES TRUST

SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD AUGUST 21, 1998

PROXY STATEMENT

This Proxy Statement (the "Proxy Statement") is being furnished to holders of Common Shares of Beneficial Interest, par value $0.01 per share, (the "Common Shares") of Corporate Office Properties Trust, a Maryland real estate investment trust (the "Company"), in connection with a special meeting of shareholders of the Company (the "Special Meeting") and the solicitation of proxies in connection therewith. The approximate date on which this Proxy Statement and form of proxy solicited on behalf of the Board of Trustees will first be sent to the Company's shareholders is on or about July 22, 1998. At the Special Meeting, shareholders will be asked to consider and vote upon: (A) a transaction (the "Transaction") in which certain affiliates of Constellation Real Estate Group, Inc. (collectively, "Constellation") will contribute to the Company (i) Constellation's interests in entities which own certain real property and a mortgage, (ii) certain real property, and (iii) certain other assets owned by Constellation, in exchange for a combination of cash, assumption of debt, and Common Shares and non-voting Series A Convertible Preferred Shares of Beneficial Interest to be issued by the Company; and (B) such other business as may properly come before the Special Meeting or any adjournment thereof. Constellation is an indirect wholly-owned subsidiary of Baltimore Gas and Electric Company.

The close of business on July 20, 1998 has been fixed by the Board of Trustees as the record date for the determination of shareholders entitled to notice of and to vote at the Special Meeting and any adjournments or postponements thereof (the "Record Date"). On the Record Date, the Company had outstanding 9,771,083 Common Shares. The Common Shares is the Company's only class of voting securities and each Common Share entitles the holder thereof to one vote on all matters to come before the meeting. Approval of the Transaction requires the affirmative vote of a majority of the votes cast at the Special Meeting, assuming a quorum is present. There is no cumulative voting.

All of the shareholders represented at the Special Meeting by properly executed proxies received prior to or at the Special Meeting, and not revoked, will be voted at the Special Meeting in accordance with the instructions thereon. If no instructions are indicated, proxies will be voted in favor of the Transaction. Abstentions will have the effect of a vote against the Transaction.

The Company does not know of any matters, other than as described in the Notice of Meeting, which are to come before the Special Meeting. If any other matters are properly presented at the Special Meeting for action, the persons named in the enclosed form of proxy and acting thereunder will have the discretion to vote on such matters in accordance with their best judgment.

A proxy given pursuant to this solicitation may be revoked at any time before it is voted. Proxies may be revoked (i) by filing with the Board of Trustees of the Company at or before the Special Meeting a written notice of revocation bearing a later date than the proxy, (ii) by duly executing a subsequent proxy relating to the same Common Shares and delivering it to the Board of Trustees of the Company at or before the Special Meeting or (iii) by attending the Special Meeting and voting in person (attendance at the Special Meeting will not in and of itself constitute revocation of a proxy). Any written notice revoking a proxy should be delivered to the Board of Trustees, Corporate Office Properties Trust, One Logan Square, Suite 1105, Philadelphia, Pennsylvania 19103.

Votes cast by proxy or in person at the Special Meeting will be tabulated by the election inspector appointed for the meeting. The election inspector will treat abstentions as shares that are present and entitled to vote for purposes of determining the presence of a quorum, but as unvoted for purposes of determining the approval of any matter upon which the shareholder has abstained. If a broker indicates on the proxy that it does not have discretionary authority as to certain shares to vote on a particular matter, those shares will not be considered as present and entitled to vote with respect to that matter.

If the Special Meeting is postponed or adjourned for any reason, at any subsequent reconvening of the Special Meeting all proxies will be voted in the same manner as such proxies would have been voted at the original convening of the Special Meeting (except for any proxies that have theretofore effectively

been revoked or withdrawn).

The cost of preparing, assembling and mailing the Notice of Special Meeting, this Proxy Statement and the form of proxy, including the reimbursement of banks, brokers and other nominees for forwarding proxy materials to beneficial owners, will be borne by the Company. Proxies may also be solicited personally or by telephone by Trustees and officers of the Company, who will receive no additional compensation.

The Company's Common Shares are listed for trading on the New York Stock Exchange ("NYSE") under the symbol OFC. On July 17, 1998, the last sale price for the Company's Common Shares as reported on the NYSE was $9 3/4 per share. The high and low sales price for the Company's Common Shares as reported on the NYSE on May 14, 1998, the date preceding the public announcement of the Transaction, was $10 15/16 and $10 1/2, respectively.

No persons have been authorized to give any information or to make any representation other than those contained in this Proxy Statement in connection with the solicitation of proxies hereby and, if given or made, such information or representation must not be relied upon as having been authorized by the Company or any other person.

This Proxy Statement is solicited on behalf of the Board of Trustees of the Company. The date of this Proxy Statement is July 22, 1998.

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SUMMARY

THE FOLLOWING SUMMARY IS QUALIFIED IN ITS ENTIRETY BY THE MORE DETAILED INFORMATION AND FINANCIAL STATEMENTS CONTAINED ELSEWHERE IN THIS PROXY STATEMENT AND INCORPORATED BY REFERENCE. UNLESS THE CONTEXT OTHERWISE REQUIRES, THE "COMPANY" REFERS TO CORPORATE OFFICE PROPERTIES TRUST, AND ITS PREDECESSORS AND, WHERE APPLICABLE, CORPORATE OFFICE PROPERTIES, L.P., A DELAWARE LIMITED PARTNERSHIP ("COPLP" OR THE "OPERATING PARTNERSHIP") AND ITS SUBSIDIARIES. THE ACTUAL AMOUNTS OF CASH TO BE PAID, DEBT TO BE ASSUMED OR REPAID AND COMMON AND PREFERRED SHARES TO BE ISSUED BY THE COMPANY CANNOT BE DETERMINED UNTIL CLOSING, AS THEY WILL BE A FUNCTION OF CERTAIN CALCULATIONS AND ADJUSTMENTS TO BE MADE AT THAT TIME. ACCORDINGLY, SUCH AMOUNTS INCLUDED IN THIS PROXY STATEMENT ARE ESTIMATES, NOT EXPECTED TO VARY MATERIALLY FROM THE ACTUAL AMOUNTS.

THE COMPANY.....	The Company is a self-administered real estate investment trust ("REIT") which focuses principally on the ownership, acquisition and management of suburban office properties in strong and growing suburban submarkets in the United States. The Company currently owns interests in 24 suburban office properties in Maryland, Pennsylvania and New Jersey containing approximately 2.6 million rentable square feet and seven retail properties located in the Midwest containing approximately 370,000 rentable square feet. As of June 1, 1998, the properties owned by the Company were over 97% leased. In addition, the Company has options to purchase 44.3 acres of land contiguous to certain of its properties owned by related parties. See "The Company."
CONSTELLATION.....	Constellation Real Estate Group, Inc. (together with its affiliates that will be party to the Transaction, "Constellation") is a wholly owned indirect subsidiary of Baltimore Gas and Electric Company ("BGE"), through which BGE has engaged in the acquisition, ownership, development, construction and management of office, retail and other commercial properties since 1981. The Company is acquiring from Constellation title to, or ownership of entities that own title to, all the office and retail operating properties owned by Constellation, and options to purchase 91 acres of land held by Constellation for future office and retail development. The Company is also

	acquiring Constellation's 75% interest in Constellation Realty Management, LLC ("CRM"), a real estate management services entity, and will employ the approximately 37 employees of Constellation Real Estate, Inc. ("CRE") who are engaged in the development, construction and asset management of Constellation's operating properties. Constellation will continue to be actively engaged in the real estate business, as it is retaining substantially all its interests in its commercial and residential land and will continue to employ its personnel engaged in the development and management of those properties. See "Constellation."
DATE, PLACE & TIME OF MEETING...	The Special Meeting of Shareholders of the Company is scheduled to be held in The Adams Room at The Four Seasons Hotel, One Logan Square, Philadelphia, Pennsylvania 19103 on August 21, 1998 at 2:30 p.m.
PURPOSE OF MEETING.....	To consider and vote upon: (i) a transaction, pursuant to which Constellation will contribute to the Company certain real property,

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	its interests in entities which own certain real property and a mortgage, and certain other assets owned by Constellation in exchange for a combination of cash, assumption of debt by the Company, and Common Shares and non-voting Series A Convertible Preferred Shares of Beneficial Interest to be issued by the Company (the "Transaction"); and (ii) such other business as may properly come before the Special Meeting.
RECORD DATE, QUORUM AND VOTE REQUIRED.....	Approval of the Transaction requires the affirmative vote of a majority of the votes cast at the Special Meeting, assuming a quorum is present. A majority of the Common Shares outstanding, represented in person or by proxy, will constitute a quorum for the transaction of business at the Special Meeting. The Record Date for the Special Meeting is July 20, 1998. See "The Special Meeting--Record Date; Voting at the Meeting."
SOLICITATION AND REVOCATION OF PROXIES.....	All expenses of the solicitation of the shareholders of the Company in connection with this Proxy Statement will be borne by the Company. Any proxy given pursuant to this solicitation may be revoked at any time prior to its exercise by the execution of a proxy signed at a later date or by the giving of written notice of revocation to the Secretary of the Company at any time before the taking of the vote at the Special Meeting. A shareholder may also revoke a proxy by attending the Special Meeting and voting in person. See "The Special Meeting--Proxies."
ASSETS TO BE CONTRIBUTED TO THE COMPANY BY CONSTELLATION.....	Constellation will contribute to the Company: (i) title to, or 100% of the ownership interests in, entities which own a total of 14 office properties and two retail properties; (ii) controlling interests in two entities, one of which holds a mortgage on a retail property, the other of which owns a retail property under development; (iii) a 75% ownership interest in CRM, a real estate management company (the 25% minority interest is owned by an unaffiliated third party), and (iv) certain equipment, office furniture and other assets related to CRE. In addition, approximately 37 employees of CRE will become Company employees. See "The Transaction-- Terms of the Transaction." The real property, mortgage interest and interests in entities owning real property being contributed by Constellation are referred to herein collectively as the "Constellation Properties," and the 75% interest in CRM and the furniture and other CRE assets to be contributed to the Company by Constellation are referred to herein as the "Constellation Service Companies."
	Upon completion of the Transaction, the Company will own interests in a total of 38 suburban office properties (as compared to 24 currently), containing approximately 4.0 million rentable square feet (as compared to 2.6 million

currently), and 11 retail properties (as compared to seven currently) containing 783,000 rentable square feet (as compared to 370,000 square feet currently). The

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Company will have approximately 49 full time employees (as compared to 12 currently).

Constellation is also granting to the Company options to purchase up to 91 acres of land zoned for office development, and an option to purchase a 50% interest in a 206,000 square foot office property.

CONSIDERATION TO BE EXCHANGED WITH CONSTELLATION BY THE COMPANY..... In exchange for the Constellation Properties and Constellation Service Companies, the Company will (i) issue to Constellation an aggregate of approximately 6,928,000 Common Shares; (ii) issue to Constellation an aggregate of approximately 969,900 non-voting Series A Convertible Preferred Shares of Beneficial Interest, $0.01 par value, with a liquidation preference of $25.00 per share ("Preferred Shares"); and (iii) pay cash to Constellation and assume or repay indebtedness outstanding against the Constellation Properties. Such cash payments and indebtedness are estimated to total $107.6 million, including $4.2 million of cash payments to Constellation, $64.8 million of debt repayment and $13.0 million of assumed indebtedness. The $25.6 million balance of the foregoing $107.6 million cash requirement reflects the purchase price to be paid to Constellation for two retail properties (the "Development Properties"). The Company's obligation to close on each of the Development Properties is contingent on the occurrence of certain events. For purposes of the Transaction, the Common Shares are valued at $10.50 per share and the Preferred Shares are valued at $25.00 per share, for a total of approximately $97.0 million. The Preferred Shares are convertible, beginning two years after the closing of the Transaction, at the rate of 1.8748 Common Shares for each Preferred Share into an aggregate of approximately 1,818,300 Common Shares. See "The Transaction-- Terms of the Transaction." Common Shares and Preferred Shares are collectively referred to herein as the "Shares."

CLOSING OF THE TRANSACTION..... The Transaction will be consummated at several closings, each comprising a closing with respect to one or more of the Constellation Properties and Constellation Service Companies, as follows. At the initial closing (expected to occur no sooner than September 14, 1998 or later than 45 days following the date of the Special Meeting), the Company will acquire the Constellation Service Companies and 12 of the Constellation Properties. The total consideration payable at the initial closing will be approximately $145.0 million, including approximately $59.9 million of indebtedness assumed or repaid and approximately $85.1 million in value of Common and Preferred Shares. Subsequent closings will be held with respect to six Constellation Properties currently under construction or development. The closing on two of those properties is to occur within 45 days after the initial closing (total consideration of approximately $4.2 million in cash); closing on two of those properties is to occur on the earlier of December 31, 1998 or the date on which certain occupancy levels are met (total consideration of approximately $29.8 million, including

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approximately $17.9 million debt repayment and $11.9 million in Shares), and closing on the Development Properties is to occur on the earlier of the date on which certain net operating income levels are achieved or July 1, 1999 (total purchase price of approximately $25.6 million in cash). Neither the Company nor Constellation is obligated to close on the Development Properties unless certain minimum net operating income levels have been

	achieved by July 1, 1999.
SOURCE OF FUNDS REQUIRED BY THE COMPANY.....	To complete the Transaction, the Company will require a total of approximately $98.7 million in cash, of which approximately $64.8 million will be used to repay indebtedness currently outstanding with respect to certain Constellation Properties, approximately $4.2 million will be the purchase price payable for two of the Constellation Properties, approximately $25.6 million will be the purchase price of the two Development Properties and approximately $4.1 million will be required for brokerage fees and other out of pocket expenses related to the Transaction. The cash required to complete the Transaction, not including the Development Properties, is available from the Company's existing acquisition credit facility; however, the Company and Constellation are currently seeking to refinance certain of the Constellation Properties at or prior to the closing of the Transaction to fund a significant portion of the cash requirements of the Transaction. The Company expects to be able to obtain financing commitments sufficient to enable it to close on each of the Development Properties prior to the time any such closing may occur. See "The Transaction--Certain Effects of the Transaction."
CHANGES IN OPERATIONS, MANAGEMENT AND BOARD OF TRUSTEES.....	Upon closing of the Transaction, certain of Constellation's senior management personnel will be employed by the Company in senior management positions, and the Board of Trustees will be increased by two members, to a total of nine, by the addition of two Trustees designated by Constellation. The Company's property management, development, construction and accounting activities will be conducted from Constellation's offices in Columbia (one of the Constellation Properties), Maryland, and the Company's acquisition, capital markets and financing activities will continue to be conducted from the Company's headquarters in Philadelphia, Pennsylvania. See "The Transaction--Changes in Operations and Additions to Management."
CERTAIN EFFECTS OF THE TRANSACTION.....	As a result of the Transaction: (i) Constellation will have the right, so long as it maintains certain levels of share ownership in the Company, to designate up to two members of the Board of Trustees; (ii) Constellation will own approximately 41.5% of the Company's Common Shares outstanding upon closing of the Transaction, and as such will have the power to prevent certain actions that require the approval of the holders of two thirds of the Common Shares; and (iii) Constellation, as holder of the Preferred

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	Shares, will be entitled to receive an annual preferred, cumulative dividend payment of $1.375 per Preferred Share, equal to a rate of 5.5% based on the $25.00 per share liquidation preference attributable to the Preferred Shares. Additionally, in order to fulfill its obligation to close on the Development Properties, the Company must obtain financing commitments prior to the date of any such closing in amounts up to approximately $25.6 million. See "The Transaction--Certain Effects of the Transaction."
CONDITIONS TO THE CLOSING OF THE TRANSACTION.....	Closing of the Transaction is conditioned, among other things, upon (i) approval of the Transaction by the Company's shareholders, (ii) the representations and warranties of the parties contained in the agreements related to the Transaction (the "Transaction Agreements") being true and correct in all material respects as of the closing of the Transaction, (iii) performance by each of the parties of their respective obligations required to be performed under the Transaction Agreements on or prior to the closing of the Transaction, and (iv) receipt of the requisite consents, opinions and approvals from certain third parties. For a discussion of certain important issues related, inter alia, to the Company's continued

	qualification as a REIT, see "The Transaction--Conditions to the Transaction."
FEDERAL INCOME TAX CONSEQUENCES.....	No gain or loss will be recognized by the Company or the holders of Common Shares upon the consummation of the Transaction. Subsequent to the Transaction, the Company will continue to operate as a REIT. See "The Transaction--Federal Income Tax Matters."
SHARES OUTSTANDING AFTER CLOSING.....	Upon closing of the Transaction, there will be approximately 16,699,083 Common Shares outstanding. The entities comprising Constellation, all of which are directly or indirectly owned by BGE, will own an aggregate of approximately 6,928,000 Common Shares, or approximately 41.5% of the Common Shares to be outstanding after the Transaction. They will also own approximately 969,900 Preferred Shares, convertible on a basis of 1.8748 Common Shares for each Preferred Share beginning two years following the closing of the Transaction into a total of approximately 1,818,300 Common Shares. The Preferred Shares may not be converted into Common Shares if at the time of such conversion Constellation and its affiliates would own 45% or more of the Company's outstanding Common Shares. See "The Transaction--Terms of the Transaction."
OWNERSHIP OF UNITS IN COPLP.....	As of the date of this Proxy Statement, there are 10,399,310 Partnership Units and 1,913,545 Preferred Units (with a preferred distribution rate of 6.5%) of COPLP outstanding. In addition, 282,508 Partnership Units and 186,455 Preferred Units (with a preferred distribution rate of 6.5%) are issuable in November 2000. The Company owns 8,100,000 Partnership Units, or 75.8% of all Partnership Units outstanding and to be issued as aforesaid. The ownership of substantially all the Constellation Properties and

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	Constellation Service Companies will be contributed by the Company to COPLP and its subsidiaries, in exchange for which COPLP will issue to the Company 6,928,000 Partnership Units and 969,900 Preferred Units (with a preferred distribution rate of 5.5%). Upon completion of the Transaction, the Company will own 85.3% of all Partnership Units outstanding and to be issued as aforesaid. The Preferred Units currently held by outside parties are convertible to Partnership Units on a basis of 3.5714 Partnership Units for each Preferred Unit beginning October 1, 1999. The 969,900 Preferred Units to be issued to the Company are convertible to 1,818,300 Partnership Units on a basis of 1.8748 Partnership Units for each Preferred Unit beginning two years after the closing of the Transaction. The Company's Preferred Units will be so converted automatically upon the conversion of Preferred Shares into Common Shares--the conversion of each Preferred Share will automatically trigger the conversion of a Preferred Unit.
RECOMMENDATION OF THE BOARD OF TRUSTEES.....	The Board of Trustees, including the independent Trustees, has unanimously approved the Transaction and the terms of the Transaction Agreements, and UNANIMOUSLY RECOMMENDS THAT THE SHAREHOLDERS VOTE FOR APPROVAL OF THE TRANSACTION. The Board of Trustees believes that the terms of the Transaction are fair to, and in the best interests of, the Company, the Operating Partnership and the Company's shareholders. For a discussion of factors considered by the Board of Trustees in reaching its decision, see "The Transaction--Reasons for the Transaction and Recommendation of the Board of Trustees."

This Proxy Statement contains "forward-looking statements" relating to, without limitation, future economic performance, plans and objectives of management for future operations and projections of revenue and other financial items. The Company's actual results may differ significantly from the results discussed in such "forward-looking statements." Factors that could cause such differences include, but are not limited to, continued occupancy of certain major tenants, supply and demand of office properties in the Company's market

area, prevailing economic conditions in the Mid-Atlantic region of the United States, significant expansion of the properties owned and managed by the Company, interest rates, availability of capital, expansion of the Company's personnel, future capital expenditure requirements, and distributions available from the Operating Partnership.

THE SPECIAL MEETING

At the Special Meeting, the Company's shareholders will be asked to: (i) consider and vote upon the approval of the Transaction, and (ii) transact such other business relating thereto as may properly come before the Special Meeting.

The Board of Trustees has determined the Transaction to be fair to, and in the best interests of, the Company's shareholders, has unanimously approved the Transaction and the terms of the Transaction Agreements, and unanimously recommends that the shareholders vote "FOR" approval of the Transaction.

RECORD DATE; VOTING AT THE MEETING

On the Record Date, there were 9,771,083 Common Shares outstanding. Each holder of record of Common Shares on the Record Date is entitled to cast one vote per Common Share, exercisable in person or by a properly executed proxy, upon each matter properly submitted for the vote of the shareholders at the Special Meeting. A majority of the Common Shares outstanding, represented in person or by proxy, will constitute a quorum for the transaction of business at the Special Meeting. Abstentions will be treated as shares that are present and entitled to vote for the purpose of determining a quorum.

The approval and adoption of the Transaction requires the affirmative vote of a majority of the votes cast at the Special Meeting, assuming a quorum is present.

Approval of postponement or adjournment of the Special Meeting requires the affirmative vote of a majority of the Common Shares voting at the Special Meeting. For purposes of satisfying this vote requirement, failure to vote or an abstention from voting will have the effect of votes against postponement or adjournment. If shareholders approve such an adjournment or postponement, the Special Meeting could be postponed or adjourned in order to permit further solicitation of proxies if there are not sufficient votes at the time of the Special Meeting to approve the Transaction.

PROXIES

Common Shares represented by properly executed proxies received at or prior to the Special Meeting that have not been revoked will be voted at the Special Meeting in accordance with the instructions contained therein. Common Shares represented by properly executed proxies for which no instruction is given will be voted "FOR" approval of the Transaction. The Company's shareholders are requested to complete, sign, date and promptly return the enclosed proxy card in the postage prepaid envelope provided for this purpose to ensure that their shares are voted. A shareholder may revoke a proxy any time before it is voted by submitting at any time prior to the Special Meeting a later-dated proxy with respect to the same shares, by delivering a written notice of revocation to the Secretary of the Company at any time prior to such Special Meeting or by attending the Special Meeting and voting in person. Mere attendance at the Special Meeting will not in and of itself revoke a proxy.

If the Special Meeting is postponed or adjourned for any reason, including further solicitation of proxies, at any subsequent reconvening of the Special Meeting all proxies will be voted in the same manner as such proxies would have been voted at the original convening of the Special Meeting (except for any proxies that have theretofore effectively been revoked or withdrawn).

The Company has retained Corporate Investor Communications, Inc. (the "Solicitation Agent") to solicit proxies. The Solicitation Agent may contact the Company's shareholders. The Solicitation Agent will receive a fee of approximately $5,500 for such services, plus reimbursement of out-of-pocket expenses. The Trustees and officers of the Company and their affiliates may also solicit proxies by telephone, telegram or personal contact, and such persons will receive no additional compensation for such services. Copies of solicitation materials will be furnished to fiduciaries, custodians and brokerage houses for forwarding to beneficial owners of the Company shares held in their name. The Company will bear the cost of preparing and mailing proxy materials in connection with the Special Meeting, solicitation of proxies, exchange fees, filing fees and printing costs in connection with this Proxy Statement.

THE TRANSACTION

REASONS FOR THE TRANSACTION AND RECOMMENDATION OF THE BOARD OF TRUSTEES

In reaching its conclusion, the Board of Trustees considered, without assigning relative weight to, the following factors:

(i) The Transaction will provide the Company with additional experienced management personnel and significant property management, development and construction infrastructure, all of which will expand its business and development capabilities in the Mid-Atlantic region of the United States. In addition, the Company will have the option to acquire 91 acres, adjacent to certain of the properties being acquired, suitable for development of office properties.

(ii) The Transaction will increase the Company's asset and capital base and diversify its sources of revenue. While increased profitability does not necessarily result from increased size, the Board of Trustees believes the Company's increased size should enhance its access to capital and reduce its costs of capital.

(iii) The Transaction will give the Company a major presence in the Baltimore/Washington market, enhancing the geographic diversity of the Company's ownership interests and operations and the Company's goal of becoming a significant participant in key markets in the Mid-Atlantic region of the United States.

(iv) The Transaction is expected to be accretive, and therefore economically advantageous to the Company's current shareholders.

(v) In addition to adding up to 18 properties to the Company's portfolio, the Transaction will add more than 130 tenants to the Company's tenant base, for a combined total of more than 215 tenants. This adds to the diversity and stability of the Company's portfolio.

(vi) The addition of the CRE employees and CRM will make the Company one of the largest property managers in its market area, and will increase the square footage of the office properties managed by the Company to more than 17 million (including approximately four million square feet in properties owned, or to be owned by the Company).

The terms of the Transaction were negotiated by the respective managements of the Company and Constellation. The Company did not obtain independent appraisals of the specific Constellation Properties or Constellation Service Companies, nor did the Company obtain an independent appraisal, valuation or fairness opinion with respect to the Transaction as a whole. Constellation did obtain a fairness opinion from an independent party, solely for the benefit of Constellation.

The Board of Trustees has unanimously agreed that the Transaction is in the best interests of the shareholders of the Company, and has unanimously recommended that the shareholders approve the Transaction.

THE BOARD OF TRUSTEES RECOMMENDS A VOTE
FOR APPROVAL OF THE TRANSACTION.

TERMS OF THE TRANSACTION

The following summary of the material provisions of the Transaction Agreements is qualified in its entirety by reference to the Transaction Agreements, copies of which have been filed with the Securities and Exchange Commission as Exhibits to this Proxy Statement.

PROPERTIES AND ASSETS TO BE CONTRIBUTED BY CONSTELLATION

Constellation will contribute to the Company:

(i) Title to one operating office property;

(ii) 100% of the ownership interests in entities which own a total of ten operating properties (nine office properties and one retail property);

(iii) 100% of the ownership interests in entities which own two office properties currently under construction;

(iv) 75% of the ownership interest in one entity which holds a mortgage on a retail property owned by persons not affiliated with either the Company or Constellation;

(v) 100% and 60%, respectively, of the ownership interests in two entities which own two retail properties currently under development (the "Development Properties");

(vi) Either title to, or 100% of the ownership interests in entities which own, two office properties on which construction recently commenced;

(vii) A 75% ownership interest in CRM; and

(viii) Certain equipment, furniture and other assets related to CRE.

Items (i)-(vi) above are referred to herein as the "Constellation Properties," and items (vii) and (viii) are referred to herein as the "Constellation Service Companies." The Constellation Properties comprise, in the aggregate, approximately 1.4 million rentable square feet of office space and approximately 400,000 rentable square feet of retail space in a total of 14 office properties and four retail properties. The terms of the mortgage referred to in (iv) above are such that the mortgagee has virtually the same economic risks and rewards as if it owned the land and improvements directly.

The Company will acquire from CRE the furniture, equipment, computer software, etc. used by CRE in connection with the operation of the Constellation Properties. In addition, those persons employed by CRE engaged in the operation of the Constellation Properties will become Company employees. Of the 37 CRE employees expected to join the Company, ten are currently involved in construction, nine in finance/ accounting, four in legal, four in development, three in information technology, two in asset management, and five in various corporate and administrative functions. CRM is one of the largest property management organizations in the Baltimore/Washington market. Approximately 47% of its revenues for the year ended December 31, 1997 were derived from Constellation Properties and other Constellation affiliates (including BGE). The balance of its revenues for the year were derived from unaffiliated third parties. CRM employs 66 people, 30 of whom are building engineers and maintenance personnel, 19 are engaged in property management and support, five are lease administrators, nine are engaged in accounting and three are involved in corporate activities.

In addition to the foregoing, Constellation will grant the Company an option to purchase for cash its 50% interest in a planned suburban office development project in Annapolis, Maryland, as well as certain options and rights of first refusal to purchase undeveloped land totaling 91 acres in three locations adjacent to certain of the Constellation Properties with aggregate office development potential of approximately 1.7 million square feet.

Following closing of the Transaction, a subsidiary of the Operating Partnership will perform certain consulting and project management services for Constellation pursuant to an agreement that calls for Constellation to pay the Company $250,000 per month for the first three months following the closing, $150,000 per month for the next three months, $100,000 per month for the four months thereafter, and $50,000 per month for the eight months thereafter.

For a more complete description of the foregoing, see "The Constellation Properties and Constellation Service Companies."

CONSIDERATION TO BE PAID BY THE COMPANY

Pursuant to the Transaction Documents, the Company agreed to acquire the Constellation Service Companies for Common Shares and Preferred Shares valued at a total of $2.5 million, and the Constellation Properties for a payment of cash, the issuance of Common Shares and Preferred Shares and the assumption of debt valued at a total of approximately $202.1 million. The mix of cash, shares and debt assumption cannot be determined precisely until closing on all aspects of the Transaction have occurred. The closing on certain of the retail Constellation Properties may be deferred until after the first quarter of 1999, closing on the Development Properties is contingent upon the occurrence of certain events, and it is possible that certain of the Constellation Properties may be disposed of to third parties with the consent of both the Company and Constellation prior to closing of the Transaction. For purposes of the Transaction, the Company and Constellation agreed to value the Common Shares at $10.50 per share and the Preferred Shares at $25.00 per share.

At the date of this Proxy Statement, the Company's best estimate is that in exchange for the Constellation Properties and Constellation Service Companies, the Company will:

(i) Pay approximately $29.8 million in cash to Constellation. Approximately $25.6 million of this amount will be payable for the purchase of the two Development Properties, the closings for which are not expected to occur prior to the first quarter of 1999, and approximately $4.2 million will be payable for two properties (134 National Business Parkway and Woodlands Two) on which construction recently commenced, the closings for which are expected to occur within 45 days after the initial closing of the Transaction;

(ii) Repay a total of approximately $64.8 million of indebtedness currently outstanding against certain of the Constellation Properties;

(iii) Assume two loans reflecting a total of approximately $13.0 million of indebtedness outstanding against certain of the Constellation Properties. One such obligation is approximately $9.6 million of fixed rate debt bearing interest at 7.5% per annum. Annual principal payments for the year ended December 31, 1998 will approximate $165,000. This debt matures in October 2020, unless the lender exercises a termination right in October 2005 and every five years thereafter. The remaining $3.4 million of debt to be

assumed matures in September 2000 and bears interest, payable monthly, based upon London Interbank Offered Rate (LIBOR) plus 250 basis points. LIBOR as of June 1, 1998 was 5.69%. Scheduled annual principal payments of $82,440 are required, with the remaining balance due upon maturity in September 2000;

(iv) Issue to Constellation approximately 6,928,000 Common Shares; and

(v) Issue to Constellation approximately 969,900 Preferred Shares.

The Company has deposited with an independent Escrowee a non-transferable, irrevocable standby letter of credit in the amount of $5 million (the "Letter of Credit") to collateralize its obligations under the Transaction Agreements, other than the Company's obligation to acquire the Development Properties. In the event of a final determination that the Company has defaulted under the terms of such Transaction Agreements, the proceeds of the Letter of Credit are to be paid to Constellation as liquidated damages. Upon closing of the Transaction, the Letter of Credit shall be returned to the Company.

The Transaction will be consummated at several closings, each comprising a closing with respect to one or more of the Constellation Properties and Constellation Service Companies, as follows. At the initial closing (expected to occur within 30 days following the date of the Special Meeting), the Company will

acquire the Constellation Service Companies and 12 of the Constellation Properties. The total consideration payable at the initial closing will be approximately $145.0 million, including approximately $59.9 million of indebtedness assumed or repaid and approximately $85.1 million in value of Common and Preferred Shares. Subsequent closings will be held with respect to six Constellation Properties currently under construction or development. The closing on two of those properties is to occur within 45 days after the initial closing (total consideration approximately $4.2 million in cash); closing on two of those properties is to occur on the earlier of December 31, 1998 or the date on which certain occupancy levels are met (total consideration approximately $29.8 million, including approximately $17.9 million debt repayment and $11.9 million in Shares), and closing on the Development Properties is to occur on the earlier of the date on which certain net operating income levels are achieved or July 1, 1999 (total purchase price approximately $25.6 million in cash). Neither the Company nor Constellation is obligated to close on the Development Properties unless certain minimum net operating income levels have been achieved by July 1, 1999.

DESCRIPTION OF COMMON AND PREFERRED SHARES

GENERAL. The Declaration of Trust provides that the Company may issue up to 45,000,000 Common Shares and 5,000,000 Preferred Shares. As of June 1, 1998, there were 9,771,083 Common Shares and no Preferred Shares issued and outstanding. As permitted by Title 8 of the Corporations and Associations Article of the Annotated Code of Maryland, as amended (the "Maryland REIT Law"), the Declaration of Trust contains a provision permitting the Board of Trustees, without any action by the shareholders of the Company, to amend the Declaration of Trust to increase or decrease the aggregate number of shares of beneficial interest or the number of shares of any class of shares of beneficial interest that the Company has authority to issue. The NYSE requires that the Company obtain shareholder approval of the Transaction, since it calls for the issuance of voting securities constituting more than 20% of the Company's outstanding voting securities. For a discussion of certain limitations on Share ownership, see "--Federal Tax Matters" below.

COMMON SHARES. Subject to the preferential rights of any other shares or series of beneficial interest and to the provisions of the Declaration of Trust regarding the restriction on transfer of Common Shares, holders of Common Shares are entitled to receive dividends on such shares if, as and when authorized and declared by the Board of Trustees out of assets legally available therefor and to share ratably in the assets of the Company legally available for distribution to its shareholders in the event of its liquidation, dissolution or winding-up after payment of, or adequate provision for, all known debts and liabilities of the Company.

Subject to the provisions of the Declaration of Trust regarding restrictions on transfer of shares of beneficial interest, each outstanding Common Share entitles the holder thereof to one vote on all matters submitted to a vote of shareholders, including the election of Trustees, and, except as provided with respect to any other class or series of shares of beneficial interest, the holders of such Common Shares possess the exclusive voting power. There is no cumulative voting in the election of Trustees, which means that the holders of a majority of the outstanding Common Shares can elect all of the Trustees then standing for election and the holders of the remaining shares will not be able to elect any Trustees.

Holders of Common Shares have no preference, conversion, sinking fund, redemption or appraisal rights and have no preemptive rights to subscribe for any securities of the Company. Subject to the provisions of the Declaration of

Trust regarding the restriction on transfer of Common Shares, the Common Shares have equal dividend, distribution, liquidation and other rights.

PREFERRED SHARES. In connection with the Transaction, the Board of Trustees has authorized the Series A Convertible Preferred Shares which will constitute the non-voting convertible preferred shares to be issued to Constellation in the Transaction, as follows:

VOTING RIGHTS. Except as set forth below and as required by applicable law, the Preferred Shares do not entitle the holder thereof to any vote. If an amendment to the Company's Declaration of Trust or a reclassification of Preferred Shares would amend, alter or repeal any of the rights, preferences or powers of the Preferred Shares, then the affirmative vote of holders of two-thirds of the outstanding Preferred Shares, voting as a separate class, would be required for its adoption. As discussed under "The Transaction--Changes in Operation and Additions to Management," Constellation has the right to designate up to two members of the Board of Trustees depending on Constellation's ownership percentage of outstanding Shares. This right is set forth as a term of the Preferred Shares, such that so long as Constellation holds any Preferred Shares (and it owns the requisite amount of Common Shares), Constellation will have the right to designate up to two Trustees.

DIVIDENDS. Holders of Preferred Shares will be entitled to cumulative dividends, payable quarterly and in preference to dividends payable on Common Shares, accruing from the date of issue, when, as and if declared by the Board of Trustees out of funds legally available therefor, at the annual rate of $1.375 per share, which is 5.5% of the $25.00 liquidation preference of the Preferred Shares.

LIQUIDATION. In the event of any liquidation, dissolution or winding up of the Company's affairs, voluntary or otherwise, holders of Preferred Shares will be entitled to receive, out of the assets of the Company legally available for distribution to its shareholders, the sum of $25.00 for each Preferred Share, plus an amount equal to all dividends accrued and unpaid on each such Preferred Share up to the date fixed for distribution, before any distribution may be made to holders of the Company's Common Shares.

CONVERSION. The Preferred Shares are convertible, beginning two years after the closing of the Transaction, into Common Shares on the basis of 1.8748 Common Shares for each Preferred Share (subject to adjustment upon certain events, such as dividends paid in Common Shares). Notwithstanding the foregoing, Preferred Shares held by Constellation may not be converted into Common Shares if after such conversion Constellation and its affiliates would own 45% or more of the Company's outstanding Common Shares.

CONDITIONS TO THE TRANSACTION

Constellation's obligation to consummate the Transaction is subject to the fulfillment of certain conditions (in most cases subject to waiver by Constellation) by the Company including, but not limited to, the following: (i) the Transaction shall have been approved by the Company shareholders; (ii) the resolutions contemplated by the Transaction Agreements shall have been approved and implemented by the Board of Trustees of the Company; (iii) the representations and warranties of the Company contained in the Transaction Agreements will be true and correct in all material respects as of the closing of the Transaction; (iv) the Company will have performed all obligations required to be performed by it under the Transaction Agreements on or prior to the closing of the Transaction; (v) the Company shall not have taken any action or have failed to take any action which would reasonably be expected to result in the loss of its status as a REIT for federal income tax purposes; and (vi) the Company shall have delivered, on or before the closing of the Transaction, certain documents detailed in the Transaction Agreements.

The Company's obligation to consummate the Transaction is subject to the fulfillment of certain conditions (in most cases subject to waiver by the Company) by Constellation including, but not limited to, the following: (i) the representations and warranties of Constellation contained in the Transaction Agreements will be true and correct in all material respects as of the closing of the Transaction; (ii) Constellation will have performed all obligations required to be performed by it under the Transaction Agreements on or prior to the closing of the Transaction; (iii) certain options to purchase and all rights of first refusals and rights of first offer with respect to the Constellation Properties which are held by unaffiliated third parties shall have been waived; (iv) Constellation and the Company shall have received all requisite consents and approvals from unaffiliated third parties; and (v) Constellation shall have

delivered, on or before the closing of the Transaction, certain documents detailed in the Transaction Agreements.

In addition, Constellation has agreed that, among other things, prior to the consummation of the Transaction, it will (i) operate and maintain the Constellation Service Companies and Constellation Properties in the ordinary course of business and use reasonable efforts to preserve for the Company its

relationships with its tenants, suppliers and others having on-going business relationships with the Constellation Service Companies and Constellation Properties; (ii) maintain and keep in full force the insurance policies it currently maintains on the Constellation Service Companies and Constellation Properties; (iii) provide to the Company and its authorized representatives all information concerning, and reasonable access to, all its books, records, tenant and leasing data and materials, tax returns, market studies and any other materials of any kind owned by or in the possession of Constellation which are or may be used in the operation of the Constellation Service Companies and Constellation Properties at all reasonable times and upon reasonable notice; (iv) promptly notify the Company of any notice it may have received from any Governmental Authority concerning a violation of any environmental laws or a discharge of contaminants; (v) complete all required construction work at the Constellation Properties; (vi) take all commercially reasonable action to obtain the requisite consents and approvals from its partners to consummate the Transaction; (vii) make all required payments, and comply with all other material conditions under any mortgage affecting the Constellation Service Companies and Constellation Properties; (viii) not modify its ownership structure; and (ix) enter into new leases or modification of leases or new contracts without the consent of the Company.

REGISTRATION RIGHTS

The Company has granted certain registration rights to the entities which are contributing the Constellation Properties and Constellation Service Companies to the Company in exchange for Common Shares and Preferred Shares. Within six months of the initial closing the Transaction, the Company is obligated to file a shelf registration statement with respect to the Common Shares issued in the Transaction, as well as those issuable upon conversion of the Preferred Shares (the "Registrable Securities"). The Company is also required, at the demand of holders of 10% or more of the Registrable Securities, to register such holders' Registrable Securities, subject to the right to defer the filing of the necessary registration statement for a period not to exceed 90 days under certain limited circumstances. This right to demand registration may be exercised not more than three times. In addition, the Company has granted to holders of Registrable Securities certain "piggy-back" rights. The Company has agreed to indemnify the holders of Registrable Securities against certain liabilities, including liabilities under the Securities Act of 1933, as amended. The Company will pay all fees associated with these registrations, other than underwriting discounts and commissions.

TRANSACTION COSTS

Each of the Company and Constellation has agreed to pay its own costs and expenses incidental to the Transaction, including brokerage, legal, accounting and other fees and expenses payable to third parties. Except as set forth in the following paragraph, all the Company's out-of-pocket expenses are payable to unaffiliated third parties, and no current or former officer, director, trustee or employee of the Company is entitled to receive any payment or other consideration in connection with the Transaction.

The Company estimates its out-of-pocket expenses in connection with the Transaction will be approximately $4.1 million, including investigation, brokerage, legal, accounting, printing and title insurance fees. Among the fees to be paid by the Company is a fee to Corporate Office Services, Inc. ("OSI"), an entity of which Antony P. Bernheim is the principal employee, for acquisition-related services with respect to the Transaction. Mr. Bernheim resigned his position as Vice President and Chief Investment Officer of the Company effective April 27, 1998. OSI and other third party service providers will perform for the Company in the future those services previously performed by Mr. Bernheim. The fee payable to

OSI pursuant to the terms of a Consulting Services Agreement between the Company and OSI will be approximately $745,000 in cash, and could be increased by up to approximately $150,000 if the Company does not dispose of the retail Constellation Properties within one year following the initial closing of the Transaction. In addition, the Company has agreed to pay an additional fee to OSI in an amount to be determined based principally upon the market value of the Company's Common Shares 30 months after the closing of the Transaction.

CHANGES IN OPERATIONS AND ADDITIONS TO MANAGEMENT

Upon closing of the Transaction, the Company's Board of Trustees will be expanded from its present composition of seven, to nine Trustees. The two new Trustees, designated by Constellation pursuant to its right as the holder of Preferred Shares, will be Edward A. Crooke, Chairman of Constellation Enterprises, Inc. and Vice Chairman of BGE and Steven D. Kesler, President of Constellation Investments, Inc. Mr. Crooke will be a Class III Trustee whose term expires in 2001, and Mr. Kesler will be a Class II Trustee whose term expires in 2000. If any member of the Board of Trustees designated by Constellation shall withdraw for any reason, Constellation shall have the right to designate such withdrawing Trustee's replacement. Thereafter, Constellation shall be entitled to designate two Trustees as long as it owns any Preferred

Shares and at least 30% of the Company's outstanding Common Shares, and shall be entitled to designate one Trustee as long as it owns any Preferred Shares and less than 30% but more than 15% of the outstanding Common Shares. The foregoing calculations are to include as outstanding the Common Shares owned by Constellation as well as the Common Shares issuable upon conversion of Preferred Shares owned by Constellation.

Upon closing of the Transaction, Jay H. Shidler will remain as Chairman and Clay W. Hamlin, III will remain as Chief Executive Officer of the Company. Randall M. Griffin, President of Constellation Real Estate Group, Inc. ("CREG"), will become President and Chief Operating Officer of the Company. In addition, Roger A. Waesche, Jr., Senior Vice President of Finance of CRE and John H. Gurley, Vice President and General Counsel of CRE, as well as certain other officers of Constellation, are expected to assume positions with the Company similar to those held by them with Constellation.

Mr. Griffin has served as President of CREG since May 24, 1993. From 1990 through March 1993, Mr. Griffin worked as Vice President-Development for EuroDisney Development in Paris, France. During the period 1976 to 1990, Mr. Griffin progressed to Executive Vice President and Chief Operating Officer with Linclay Corporation, a St. Louis based real estate development, management and investment company. Mr. Griffin holds a Master of Business Administration from Harvard Graduate School of Business Administration and a Bachelor of Arts from Ohio Wesleyan University. Mr. Griffin remains active in several civic organizations, including serving on the Board of Trustees of The National Aquarium as its Vice Chairman and Columbia Festival of the Arts. He is a member of the Maryland Economic Development Commission, and serves on its Executive Committee. In addition, Mr. Griffin obtained the rank of 1st Lieutenant Infantry in the United States Army during his service from 1966 through 1969.

Edward A. Crooke is currently Vice Chairman of BGE. Prior to May 1998, he held the position of President and Chief Operating Officer of BGE from 1992 to 1998. Mr. Crooke presently serves as Chairman of the Board, President and Chief Executive Officer of Constellation Enterprises, Inc., a wholly owned direct subsidiary of BGE. Throughout his thirty-year career with BGE, Mr. Crooke advanced through the utility from Vice-President-Finance & Accounting and Secretary during the period 1978 through 1987 to President-Utility Operations from 1988 to 1992. Mr. Crooke is a member of BGE's Board of Directors, a role he has performed since 1988. Active in various civic and professional organizations, Mr. Crooke serves as a director on First Maryland Bancorp, First National Bank of Maryland, Goucher College and Baltimore Equitable Insurance. Mr. Crooke possesses a Master of Business Administration in Finance from Loyola College and a Bachelor's degree in Economics from the University of Maryland. Prior to his employment with BGE, Mr. Crooke participated in the United States Army Reserve from 1954 through 1964.

Steven D. Kesler is the Chief Executive Officer and President of Constellation Investments, Inc., and a Vice President of CREG, both wholly owned indirect subsidiaries of BGE. In these roles, Mr. Kesler manages a corporate investment entity, BGE's pension plan, BGE's nuclear decommissioning trust and a portfolio of real estate assets. Mr. Kesler is currently a Director of publicly traded insurance company and had previously served on the Board of another insurance company. During his thirteen years with Constellation, Mr. Kesler had also served as Treasurer and Assistant Secretary of Constellation Holdings, Inc., the wholly owned indirect subsidiary of BGE. Prior to employment with Constellation, Mr. Kesler was Controller of Westinghouse-Hittman Nuclear, Inc. and Manager of budgets, planning and analysis with Maryland National Corporation. Mr. Kesler participates in several civic and professional organizations. He possesses a Master of Business Administration from the Wharton Graduate School, University of Pennsylvania, a Bachelor of Science from New York University and is a Certified Public Accountant in Maryland.

Roger A. Waesche, Jr. has been responsible for all financial operations of CRE including treasury, accounting, budgeting and financial planning. Mr. Waesche also has had primary responsibility for CRE's asset investment and disposition activities. Since 1984, Mr. Waesche has managed the financial relationships of the CRE and has sourced over $500 million of project debt. Prior to joining CRE, Mr. Waesche was a practicing Certified Public Accountant with Coopers & Lybrand L.L.P. Mr. Waesche has an undergraduate degree in Accounting and a Master of Business Administration in Finance from Loyola College.

John H. Gurley has served as Vice President and General Counsel of CRE with responsibility for all legal matters. In this role, Mr. Gurley has managed lease negotiations for more that 2.0 million square feet of office and retail space and has handled all land purchases and sales, as well as financing and related matters. Prior to his employment with CRE, Mr. Gurley spent 17 years with The Rouse Company in which he worked eight years as Assistant General Counsel. Before that he worked in a private practice for five years with Semmes, Bowen & Semmes where he provided a broad spectrum of real estate related services to various clients. He graduated from Georgetown University with honors and earned his Juris Doctorate from University of Maryland School of Law also with honors. He was an editor of the Maryland Law Review and clerked for the Chief Judge of the Maryland Court of Appeals for one year after graduation. He participates in

the American Bar Association, the Maryland Bar Association and the Baltimore City Bar Association.

Following closing of the Transaction, the Company's headquarters will remain in Philadelphia, and acquisition, capital markets and financing activities will be conducted out of the Philadelphia office. The Company will occupy a portion of the space currently occupied by Constellation in Columbia, Maryland (in a building which is one of the Constellation Properties), where the CRE personnel who are to become Company employees will perform the Company's property management, development, construction and accounting functions.

CERTAIN EFFECTS OF THE TRANSACTION

SHARE OWNERSHIP

As the holder of approximately 41.5% of the outstanding Common Shares, Constellation will have significant influence on the Company. Under the Maryland REIT Law, a Maryland real estate investment trust generally cannot amend its declaration of trust or merge unless approved by the affirmative vote of shareholders holding at least two-thirds of the shares entitled to vote on the matter unless a lesser percentage (but not less than a majority of all the votes entitled to be cast on the matter) is set forth in the real estate investment trust's declaration of trust. The Company's Declaration of Trust provides for approval by a majority of the votes cast by holders of Common Shares entitled to vote on the matter in all situations permitting or requiring action by the shareholders, except with respect to: (i) the election of Trustees (which requires a plurality of all the votes cast at a meeting of shareholders of the Company at

which a quorum is present), (ii) the removal of Trustees (which requires the affirmative vote of the holders of two-thirds of the outstanding shares of beneficial interest of the Company entitled to vote generally in the election of Trustees, which action can only be taken for cause by vote at a shareholder meeting), (iii) the merger or sale (or other disposition) of all or substantially all of the assets of the Company (which requires the affirmative vote of the holders of two-thirds of the outstanding shares of beneficial interest entitled to vote on the matter), (iv) the amendment of the Declaration of Trust by shareholders (which requires the affirmative vote of two-thirds of all the votes entitled to be cast on the matter) and (v) the termination of the Company (which requires the affirmative vote of two-thirds of the outstanding shares of beneficial interest entitled to be cast on the matter). As allowed under the Maryland REIT Law, the Declaration of Trust permits (a) the Trustees by a two-thirds vote to amend the Declaration of Trust from time to time to qualify as a real estate investment trust under the Code or the Maryland REIT Law without the approval of the shareholders and (b) the Trustees by a majority vote, without any action by the shareholders of the Company, to amend the Declaration of Trust to increase or decrease the aggregate number of shares of beneficial interest or the number of shares of any class of shares of beneficial interest that the Company has authority to issue.

MAJOR TENANTS

As of June 1, 1998, one major tenant accounted for approximately 23.2% of the Company's total annualized revenue. Two major tenants accounted for approximately 42.4% of the total annualized revenue derived from the Constellation Properties as of June 1, 1998. One of those tenants is the federal government which leases space for the Department of Defense and the Department of Treasury in two of the Constellation Properties pursuant to two leases. The Department of Defense lease, which accounts for approximately 24.4% of the total annualized revenue of the operating Constellation Properties, is for an entire 240,336 square foot building, and extends through 2007, but may be terminated by the tenant with one year's notice and payment of a penalty. Following the acquisition of the Constellation Properties, two major tenants will account for approximately 32.5% of the Company's total annualized revenue as of June 1, 1998 on a pro forma basis, one of which is the federal government as described above. In the event one or more of these tenants experience financial difficulties, or default on their obligation to make rental payments to the Company, or if the Department of Defense elects to terminate its lease and the space cannot be re-let on satisfactory terms, the Company's financial performance and ability to make expected distributions to shareholders would be materially adversely affected. For a tabular presentation of the Company's pro forma significant tenants, see "The Constellation Properties and Constellation Service Companies--The Constellation Properties."

FINANCING OF TRANSACTION

The Transaction will be consummated at several closings, as detailed elsewhere in this Proxy Statement. The closings for substantially all the properties and assets to be acquired other than the Development Properties are expected to be completed within 45 to 90 days after the Special Meeting. The closing for each of the Development Properties is contingent upon the achievement of certain net operating income levels by July 1, 1999, and neither closing is expected to occur in any event prior to the first quarter of 1999. As

of the date of this Proxy Statement, the Company has borrowed $23.8 million under its recently obtained $100 million revolving credit facility. To complete the Transaction, exclusive of the Development Properties, the Company will require a total of approximately $73.1 million in cash, which, if other financing is not obtained, is expected to be funded from the revolving credit facility. The aggregate purchase price for the Development Properties is approximately $25.6 million. Assuming that closings occur as to both Development Properties, the Company will require financing commitments in addition to those currently available. Management is confident it will be able to obtain such financing, on reasonable terms, as may be necessary to close on the Development Properties. The Company and Constellation are currently seeking to finance certain of the Constellation Properties simultaneous with the initial closing of the Transaction. Although management believes appropriate financing will be available to

the Company to complete the Transaction, there can be no assurance that such financing will be available on acceptable terms, if at all.

OTHER

For a discussion of certain issues regarding the qualification of the Company as a REIT, see "The Company--Federal Income Tax Matters" below.

ACCOUNTING TREATMENT OF THE TRANSACTION

The Transaction will be accounted for as a purchase. See the Company's pro forma financial statements included elsewhere in this Proxy Statement.

FEDERAL INCOME TAX MATTERS

The Company was organized in 1988 and elected to be taxed as a REIT commencing with its taxable year ended on December 31, 1992. The Company believes that it was organized and has operated in a manner that permits it to satisfy the requirements for taxation as a REIT under the applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code") and intends to continue to operate in such a manner. No assurance can be given, however, that such requirements have been or will continue to be met. The following is a summary of certain federal income tax considerations that may be relevant to the Company and its shareholders in connection with the Transaction, including the continued treatment of the Company as a REIT for federal income tax purposes. For purposes of this discussion of "FEDERAL INCOME TAX MATTERS" the term "Company" refers only to Corporate Office Properties Trust and not to any other affiliated entities.

The following discussion is based on the law existing and in effect on the date hereof and the Company's qualification and taxation as a REIT will depend on compliance with such law and with any future amendments or modifications to such law. The qualification and taxation as a REIT will further depend upon the ability to meet, on a continuing basis through actual operating results, the various qualification tests imposed under the Code discussed below. No assurance can be given that the Company will satisfy such tests on a continuing basis.

In brief, a corporation that invests primarily in real estate can, if it meets the REIT provisions of the Code described below, claim a tax deduction for the dividends it pays to its shareholders. Such a corporation generally is not taxed on its "REIT taxable income" to the extent such income is currently distributed to shareholders, thereby substantially eliminating the "double taxation" (i.e., at both the corporate and shareholder levels) that generally results from an investment in a corporation. However, as discussed in greater detail below, such an entity remains subject to tax in certain circumstances even if it qualifies as a REIT. Further, if the entity were to fail to qualify as a REIT in any year, it would not be able to deduct any portion of the dividends it paid to its shareholders and would be subject to full federal income taxation on its earnings, thereby significantly reducing or eliminating the cash available for distribution to its shareholders.

TREATMENT OF THE TRANSACTION

In general, the Transaction will be treated as a taxable purchase of assets from Constellation, but will not cause the Company to recognize taxable gain or loss. The Company will have an initial tax basis in the assets acquired from Constellation equal to the sum of (i) the fair market value of the Common and Preferred Shares issued to Constellation, (ii) the amount of any cash paid to Constellation, and (iii) the principal amount of any indebtedness assumed by the Company. This aggregate initial tax basis will be allocated among the assets acquired from Constellation in accordance with their relative fair market values, as determined by the Company. There can be no assurance that the Internal Revenue Service (the "Service") will accept the allocation of basis made by the Company.

The Company will immediately contribute the assets and interests acquired from Constellation, subject to indebtedness, to the Operating Partnership in exchange for Partnership Units and Preferred Units equivalent to the Common and Preferred Shares issued to Constellation. This contribution will be tax-free to the Company, and the Company's tax basis in the assets will carry over to the Operating Partnership.

TAXATION OF THE COMPANY

GENERAL. In any year in which the Company qualifies as a REIT, in general it will not be subject to federal income tax on that portion of its REIT taxable income or capital gain which is distributed to shareholders. The Company may, however, be subject to tax at normal corporate rates upon any taxable income or capital gains not distributed. Under recently enacted legislation, shareholders are required to include their proportionate share of the REIT's undistributed long-term capital gain in income but receive a credit for their share of any taxes paid on such gain by the REIT.

Notwithstanding its qualification as a REIT, the Company also may be subject to taxation in certain other circumstances. If the Company should fail to satisfy either the 75% or the 95% gross income test (each as discussed below), and nonetheless maintains its qualification as a REIT because certain other requirements are met, it will be subject to a 100% tax on the greater of the amount by which the Company fails either the 75% or the 95% test, multiplied by a fraction intended to reflect the Company's profitability. The Company will also be subject to a tax of 100% on net income from any "prohibited transaction" (as described below), and if the Company has (i) net income from the sale or other disposition of "foreclosure property" which is held primarily for sale to customers in the ordinary course of business or (ii) other non-qualifying income from foreclosure property, it will be subject to tax on such income from foreclosure property at the highest corporate rate. In addition, if the Company should fail to distribute during each calendar year at least the sum of (i) 85% of its REIT ordinary income for such year, (ii) 95% of its REIT capital gain net income for such year and (iii) any undistributed taxable income from prior years, the Company would be subject to a 4% excise tax on the excess of such required distribution over the amounts actually distributed. The Company also may be subject to the corporate alternative minimum tax, as well as to tax in certain situations not presently contemplated. The Company will use the calendar year both for federal income tax purposes, as is required of a REIT, and for financial reporting purposes.

FAILURE TO QUALIFY. If the Company fails to qualify for taxation as a REIT in any taxable year and the relief provisions do not apply, the Company will be subject to tax (including any applicable alternative minimum tax) on its taxable income at regular corporate rates. Distributions to shareholders in any year in which the Company fails to qualify as a REIT will not be deductible by the Company, nor generally will they be required to be made under the Code. In such event, to the extent of current and accumulated earnings and profits, all distributions to shareholders will be taxable as ordinary income, and subject to certain limitations in the Code, corporate distributees may be eligible for the dividends received deduction. Unless entitled to relief under specific statutory provisions, the Company also will be disqualified from re-electing taxation as a REIT for the four taxable years following the year during which qualification was lost.

REIT QUALIFICATION REQUIREMENTS

In order to qualify as a REIT, the Company must meet the following requirements, among others:

SHARE OWNERSHIP TESTS. The Company's shares of beneficial interest (which term, in the case of the Company, currently means the Common Shares) must be held by a minimum of 100 persons for at least 335 days in each taxable year (or a proportionate number of days in any short taxable year). In addition, at all times during the second half of each taxable year, no more than 50% in value of the outstanding shares of beneficial interest of the Company may be owned, directly or indirectly and taking into account the effects of certain constructive ownership rules, by five or fewer individuals, which for this purpose includes

certain tax-exempt entities (the "50% Limitation"). However, for purposes of this test, any shares of beneficial interest held by a qualified domestic pension or other retirement trust will be treated as held directly by its beneficiaries in proportion to their actuarial interest in such trust rather than by such trust. In addition, for purposes of the 50% Limitation, shares of beneficial interest owned, directly or indirectly, by a corporation will be considered as being owned proportionately by its shareholders.

In order to attempt to ensure compliance with the foregoing share ownership tests, the Company's Declaration of Trust places certain restrictions on the transfer of its shares of beneficial interest to prevent additional concentration of stock ownership. Moreover, to evidence compliance with these requirements, Treasury Regulations require the Company to maintain records which

disclose the actual ownership of its outstanding shares of beneficial interest. In fulfilling its obligations to maintain records, the Company must and will demand written statements each year from the record holders of designated percentages of its shares of beneficial interest disclosing the actual owners of such shares of beneficial interest (as prescribed by Treasury Regulations). A list of those persons failing or refusing to comply with such demand must be maintained as part of the Company's records. A shareholder failing or refusing to comply with the Company's written demand must submit with his tax return a similar statement disclosing the actual ownership of Company shares of beneficial interest and certain other information.

As a result of the Transaction, BGE will directly or through its wholly owned subsidiaries own approximately 41.5% of the Common Shares to be outstanding, and will own approximately 969,900 Preferred Shares convertible, two years after closing of the Transaction, into approximately 1,818,300 Common Shares. Under the Company's Declaration of Trust a person is generally prohibited from owning more than 9.8% of the aggregate outstanding Common Shares or more than 9.8% in value of the aggregate outstanding shares of beneficial interest unless such person makes certain representations to the Board of Trustees and the Board of Trustees ascertains that ownership of a greater percentage of shares will not cause the Company to violate either the 50% Limitation or the gross income tests described below. The Board of Trustees has exempted BGE from the 9.8% limitation set forth in the Declaration of Trust and has determined that BGE may hold up to that number of Common Shares and Preferred Shares to be issued in the Transaction. The Board of Trustees has determined, based upon representations made by BGE, that this will not result in a violation of the 50% Limitation or otherwise adversely affect the Company's ability to qualify as a REIT for federal income tax purposes.

ASSET TESTS. At the close of each quarter of the Company's taxable year, the Company must satisfy two tests relating to the nature of its assets (determined in accordance with generally accepted accounting principles). First, at least 75% of the value of the Company's total assets must be represented by interests in real property, interests in mortgages on real property, shares in other REITs, cash, cash items, government securities and qualified temporary investments. Second, although the remaining 25% of the Company's assets generally may be invested without restriction, securities in this class may not exceed (i) in the case of securities of any one non-government issuer, 5% of the value of the Company's total assets (the "Value Test") or (ii) 10% of the outstanding voting securities of any one such issuer (the "Voting Stock Test"). Where the Company invests in a partnership (such as the Operating Partnership), it will be deemed to own a proportionate share of the partnership's assets, and the partnership interest will not constitute a security for purposes of these tests. Accordingly, the Company's investment in real properties through its interests in the Operating Partnership (which itself holds real properties through other partnerships) will constitute an investment in qualified assets for purposes of the 75% asset test.

Certain of the assets to be acquired from Constellation as part of the Transaction, such as the interest in CRM, will not constitute qualified assets for purposes of the 75% asset test. The Company intends to transfer the interest in CRM, as well as other management assets acquired from Constellation, to the Operating Partnership in exchange for Partnership Units and Preferred Units. The Operating Partnership will, in turn, transfer the interest in CRM and all or a portion of the other management assets to a newly formed corporation to be named Corporate Office Management, Inc. ("COMI") in exchange for indebtedness and 95% of the capital stock to be issued by COMI. Although the Operating Partnership will acquire

all of the non-voting common stock to be issued by COMI, it will only acquire 1% of the voting common stock to be issued by COMI. The Company has determined that the acquisition of management assets from Constellation, the transfer of such assets to COMI and the acquisition of indebtedness and common stock in COMI will not cause the Company to violate the Voting Stock Test, the Value Test or the 75% asset test.

GROSS INCOME TESTS. There are two separate percentage tests relating to the sources of the Company's gross income which must be satisfied for each taxable year. For purposes of these tests, where the Company invests in a partnership, the Company will be treated as receiving its share of the income and loss of the partnership, and the gross income of the partnership will retain the same character in the hands of the Company as it has in the hands of the partnership. The two tests are described below.

THE 75% TEST. At least 75% of the Company's gross income for the taxable year must be "qualifying income." Qualifying income generally includes: (i) rents from real property (except as modified below); (ii) interest on obligations secured by mortgages on, or interests in, real property; (iii) gains from the sale or other disposition of interests in real property and real estate mortgages, other than gain from property held primarily for sale to customers in the ordinary course of the Company's trade or business ("dealer property"); (iv) dividends or other distributions on shares in other REITs, as well as gain from the sale of such shares; (v) abatements and refunds of real property taxes; (vi)

income from the operation, and gain from the sale, of property acquired at or in lieu of a foreclosure of the mortgage secured by such property ("foreclosure property"); and (vii) commitment fees received for agreeing to make loans secured by mortgages on real property or to purchase or lease real property.

Rents received from a tenant will not, however, qualify as rents from real property in satisfying the 75% gross income test (or the 95% gross income test described below) if the Company, or an owner of 10% or more of the Company, directly or constructively owns 10% or more of such tenant. In addition, if rent attributable to personal property leased in connection with a lease of real property is greater than 15% of the total rent received under the lease, then the portion of rent attributable to such personal property will not qualify as rents from real property. Moreover, an amount received or accrued will not qualify as rents from real property (or as interest income) for purposes of the 75% and 95% gross income tests if it is based in whole or in part on the income or profits of any person, although an amount received or accrued generally will not be excluded from "rents from real property" solely by reason of being based on a fixed percentage or percentages of receipts or sales. Finally, for rents received to qualify as rents from real property for purposes of the 75% and 95% gross income tests, the Company generally must not operate or manage the property or furnish or render services to customers, other than through an "independent contractor" from whom the Company derives no income, except that the "independent contractor" requirement does not apply to the extent that the services provided by the Company are "usually or customarily rendered" in connection with the rental of space for occupancy only, and are not otherwise considered "rendered to the occupant for his convenience." In addition, under recently enacted legislation, beginning with its taxable year ending December 31, 1998, the Company may directly perform a DE MINIMIS amount of non-customary services.

THE 95% TEST. In addition to deriving 75% of its gross income from the sources listed above, at least 95% of the Trust's gross income for the taxable year must be derived from the above-described qualifying income or from dividends, interest, or gains from the sale or other disposition of stock or other securities that are not dealer property. Dividends and interest on any obligations not collateralized by an interest in real property are included for purposes of the 95% test, but not for purposes of the 75% test. The Company intends to monitor closely its non-qualifying income and anticipates that non-qualifying income from its other activities will not result in the Company failing to satisfy either the 75% or 95% gross income test.

For purposes of determining whether the Company complies with the 75% and the 95% gross income tests, gross income does not include income from prohibited transactions. A "prohibited transaction" is a

sale of dealer property (excluding foreclosure property); however, a sale of property will not be a prohibited transaction if such property is held for at least four years and certain other requirements (relating to the number of properties sold in a year, their tax bases and the cost of improvements made thereto) are satisfied.

Even if the Company fails to satisfy one or both of the 75% and 95% gross income tests for any taxable year, it may still qualify as a REIT for such year if it is entitled to relief under certain provisions of the Code. These relief provisions will generally be available if: (i) the Company's failure to comply is due to reasonable cause and not to willful neglect; (ii) the Company reports the nature and amount of each item of its income included in the tests on a schedule attached to its tax return; and (iii) any incorrect information on this schedule is not due to fraud with intent to evade tax. If these relief provisions apply, however, the Company will nonetheless be subject to a 100% tax on the greater of the amount by which it fails either the 75% or 95% gross income test, multiplied by a fraction intended to reflect the Company's profitability.

COMPLIANCE WITH INCOME TESTS. For the year following the closing of the Transaction, BGE or affiliates in which BGE has a 10% or greater interest are obligated as tenants to pay rent of approximately $1,020,000 with respect to properties held by the Company through the Operating Partnership. Rental income paid by such affiliates will not constitute qualifying rental income for purposes of the 75% and 95% gross income tests. Constellation has represented to the Company that the remainder of the rental income payable under the existing leases on the properties it is transferring to the Company will constitute qualifying income for purposes of the 75% and 95% gross income tests.

The Company expects, based on current rent levels, as per the Pro Forma Schedule of Lease Expirations, that its annual gross income following the Transaction will be at least $52,500,000. Accordingly, the Company estimates that it can earn up to $2,625,000 of non-qualifying income per year without violating the 95% gross income test. Aside from the rental income to be paid by affiliates of BGE, the Company does not expect that it will earn material amounts of non-qualifying income from either the Constellation Properties or its existing properties. Based on the foregoing, the Company has determined that it will continue to satisfy the 75% and 95% gross income tests following the

Transaction. The fact that affiliates of BGE will be paying substantial amounts of non-qualifying income may, however, restrict the ability of the Company and the Operating Partnership to acquire additional properties that generate non-qualifying income.

As described above under "The Transaction--Terms of the Transaction," Constellation has agreed to pay fees to the Company (or its affiliates) aggregating $2,000,000 for certain consulting and project management services to be rendered over the 18 month period following closing of the Transaction. Constellation is also selling the Company its 75% interest in CRM, a limited liability company which earns management fees. To avoid a violation of the 95% gross income test as a result of the fees paid by BGE or earned through CRM, the 75% interest in CRM and all or a portion of the other management assets to be acquired from Constellation will be transferred to COMI, a new corporation to be formed by the Operating Partnership and certain officers of the Company and COMI. The Operating Partnership will hold indebtedness issued by COMI and 95% of the aggregate amount of voting and non-voting common stock to be issued by COMI, but will only hold 1% of the aggregate amount of voting common stock to be issued by COMI. As discussed above, to satisfy the Voting Stock Test the Company may not directly or indirectly hold 10% or more of the voting stock of COMI. In addition to holding the 75% interest in CRM, COMI will, either directly or through subsidiaries, provide management and development services to BGE, the Operating Partnership and potentially unrelated parties.

The management fee income earned by COMI as a result of its ownership interest in CRM, or as a result of management or development services performed by COMI or its subsidiaries, will not be treated as non-qualifying income earned by the Company for purposes of the 95% or 75% gross income tests. Any interest or dividends paid or distributed by COMI to the Operating Partnership will be considered as

qualifying income for purposes of the 95% test, but will not be considered qualifying income for purposes of the 75% gross income test. To the extent that COMI earns net taxable income from its activities, it will be required to pay federal and state income taxes, which will reduce the amount of dividends it is able to pay to the Operating Partnership and its other shareholders.

The Company intends to monitor its operations in the context of these standards so as to continue to satisfy the 75% and 95% gross income tests. The Operating Partnership or its affiliate will provide certain services at the properties in which the Company owns interests and possibly at any newly acquired properties. The Company believes that for purposes of the 75% and 95% gross income tests the services provided at such properties and any other services and amenities provided by the Operating Partnership or its agents with respect to such properties will be of the type usually or customarily rendered in connection with the rental of space for occupancy only and not rendered to the occupants of such properties. The Company intends that services that cannot be provided directly by the Operating Partnership or other agents will be performed by independent contractors.

ANNUAL DISTRIBUTION REQUIREMENTS. In order to qualify as a REIT, the Company is required to distribute dividends to its shareholders each year in an amount at least equal to (A) the sum of (i) 95% of the Company's REIT taxable income (computed without regard to the dividends received deduction and the Company's net capital gain) and (ii) 95% of the net income (after tax), if any, for foreclosure property, minus (B) the sum of certain items of non-cash income. Such distributions must be paid in the taxable year to which they relate, or in the following taxable year if declared before the Company timely files its tax return for such year and if paid on or before the first regular dividend payment after the declaration. To the extent that the Company does not distribute all of its net capital gain or distributes at least 95%, but less than 100%, of its REIT taxable income, as adjusted, it will be subject to tax on the undistributed amount at regular capital gain or ordinary corporate tax rates, as the case may be.

The Company intends to make timely distributions sufficient to satisfy the annual distribution requirements described in the first sentence of the preceding paragraph. In this regard, the Operating Partnership Agreement authorizes the Company in its capacity as General Partner to take such steps as may be necessary to cause the Operating Partnership to distribute to its partners an amount sufficient to permit the Company to meet the distribution requirements. It is possible that the Company may not have sufficient cash or other liquid assets to meet the 95% distribution requirement, due to timing differences between the actual receipt of income and actual payment of expenses on the one hand, and the inclusion of such income and deduction of such expense in computing the Company's REIT taxable income on the other hand; or for other reasons. The Company will monitor closely the relationship between its REIT taxable income and cash flow and, if necessary, intends to borrow funds (or cause the Operating Partnership or other affiliates to borrow funds) in order to satisfy the distribution requirement. However, there can be no assurance that such borrowing would be available at such time.

If the Company fails to meet the 95% distribution requirement as a result of

an adjustment to the Company's tax return by the Service, the Company may retroactively cure the failure by paying a "deficiency dividend" (plus applicable penalties and interest) within a specified period.

THE COMPANY

GENERAL

The Company is a self-administered REIT, headquartered in Philadelphia, Pennsylvania, which focuses principally on the ownership, acquisition and management of suburban office properties in high growth submarkets in the United States. The Company owns interests in 24 suburban office buildings in Maryland, Pennsylvania and New Jersey containing approximately 2.6 million rentable square feet and seven retail properties located in the Midwest containing approximately 370,000 rentable square feet. As of June 1, 1998, the Company's properties were over 97% leased. In addition, the Company has options to purchase 44.27 acres of land owned by related parties contiguous to certain of the office properties.

The Company was formed in 1988 as Royale Investments, Inc. to own and acquire net lease retail properties and subsequently became an externally advised REIT. On October 14, 1997, the Company, as part of a series of transactions, acquired the Mid-Atlantic suburban office operations of The Shidler Group, a national real estate firm, relocated its headquarters from Minneapolis to Philadelphia and became self-administered. At that time, Jay H. Shidler became the Company's Chairman of the Board and Clay W. Hamlin, III became the Company's President and Chief Executive Officer.

On January 1, 1998, the Company changed its name to Corporate Office Properties Trust, Inc. On March 16, 1998, the Company was reformed as a Maryland real estate investment trust and changed its name to Corporate Office Properties Trust. The Company has operated and will continue to operate as a REIT under Sections 856 through 860 of the Code. Under such provisions, the Company must distribute at least 95% of its taxable income to its shareholders and meet certain other asset and income tests. As a REIT, the Company generally is not subject to federal income tax.

RECENT DEVELOPMENTS

On April 27, 1998, the Company completed a public offering which generated $74.4 million of net proceeds from the issuance of 7,500,000 Common Shares (the "1998 Offering"). The Company contributed all of the net proceeds to the Operating Partnership in exchange for additional Partnership Units. These 7,500,000 additional Partnership Units increased the Company's interest in the Operating Partnership to approximately 75.8%.

On April 30, 1998, the Company acquired nine multistory office buildings and three office/flex buildings known as Airport Square, for approximately $72 million of the proceeds from the 1998 Offering. The properties, totaling approximately 813,000 square feet, are located in the Baltimore/Washington corridor in Anne Arundel County, Maryland. Acquisition of the Airport Square properties was accounted for as a purchase. This purchase was accomplished through a combination of (i) the purchase of the debt encumbering these properties from the former mortgage lender, and (ii) the purchase of all the partnership interests in the partnership that previously owned the Airport Square properties. The Airport Square properties were 97% leased as of June 1, 1998.

On May 28, 1998, COPLP acquired two properties in Fairfield, New Jersey for a total purchase price of $28.8 million, including the assumption of approximately $6.47 million in existing debt collateralized by one of the properties. The properties consist of two multistory office buildings totaling approximately 263,000 square feet. The properties were 84% leased as of June 1, 1998.

In May 1998, the Company obtained a $100 million Senior Secured Revolving Credit Facility (the "Revolving Credit Facility") from lenders led by Bankers Trust Company ("BT"). BT is also the lead lender of the Company's $100 million Senior Secured Term Credit Facility (the "Term Credit Facility") obtained in October 1997.

The Revolving Credit Facility is a two year facility to be used to refinance existing indebtedness, to fund acquisitions and new development projects and for general working capital purposes, including

capital expenditures and tenant improvements. Maximum borrowings under the Revolving Credit Facility are the lesser of $100 million or 65% of the appraised values of the office properties in the borrowing base. COPLP is the borrower and the Company is the guarantor of all advances under the Revolving Credit Facility, and borrowings will be cross-collateralized with the Term Credit Facility. The Revolving Credit Facility bears interest at LIBOR plus 175 basis points, payable interest only on a monthly basis. A 25 basis point fee per annum on the unused portion of the Revolving Credit Facility is payable quarterly in

arrears. As of the date of this Proxy Statement, borrowings outstanding under the Revolving Credit Facility were approximately $23.8 million.

The Company is engaged in an active acquisition program, and is presently identifying, negotiating and seeking to consummate acquisitions of entities, portfolios and individual properties.

Additional information concerning the Company is included in the documents incorporated by reference in this Proxy Statement. See "Incorporation of Certain Documents by Reference."

CAPITALIZATION

The following table sets forth the capitalization of the Company on a historical basis and a pro forma basis assuming the following as of March 31, 1998: (i) the issuance of 7.5 million Common Shares in a public offering completed on April 27, 1998, including the application of the net proceeds thereof, (ii) the acquisition of the Airport Square properties in Maryland, (iii) the acquisition of two properties in Fairfield, New Jersey, (iv) the consummation of the Company's $100 million Revolving Credit Facility, and (v) the closing of the Transaction. For further information about each of items (i)-(v), see "The Company-- Recent Developments." The information set forth in the following table should be read in conjunction with the following: (i) the consolidated financial statements of the Company and the notes thereto incorporated by reference in this Proxy Statement, (ii) the consolidated financial statements and the notes thereto of the Constellation Service Companies included elsewhere in this Proxy Statement, (iii) the combined statement of revenue and certain expenses for the year ended December 31, 1997 and the notes thereto for the real property being acquired by the Company in the Transaction (the "Constellation Properties") included elsewhere in this Proxy Statement, (iv) the pro forma financial information of the Company and the notes and management assumptions thereto which appear elsewhere in this Proxy Statement, and (v) other financial information included elsewhere in this Proxy Statement.

<TABLE>
<CAPTION>

	AS OF MARCH 31, 1998 (IN THOUSANDS)	
<S>	<C> PRO FORMA	<C> HISTORICAL
Debt:		
Mortgage notes payable	$ 230,649	$ 114,301
Minority Interest--Preferred Units (1)	52,500	52,500
Minority Interest--Partnership Units (1)	12,111	12,111
Shareholders' equity:		
Preferred Shares, $0.01 par value per share, 5,000,000 shares authorized.No shares issued and outstanding on an historical basis. 969,900 shares of Series A Convertible Preferred Shares, $25.00 liquidation preference per share, 5.5% annual dividend issued and outstanding as of March 31, 1998, on a pro forma basis	10	--
Common Shares, $0.01 par value per share, 45,000,000 shares authorized, 2,271,083 issued and outstanding on an historical basis as of March 31, 1998 and 16,699,083 shares issued and outstanding on a pro forma basis as of March 31, 1998 (1)	167	23
Additional paid-in capital	185,656	16,647
Accumulated deficit	(5,819)	(5,819)
Total shareholders' equity	180,014	10,851
Total capitalization	$ 475,274	$ 189,763

</TABLE>

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(1) Does not include the effects of 10,196,758 Common Shares that may be issued upon conversion or redemption of certain Partnership Units and certain Preferred Units of COPLP partnership interest or upon exercise of options under the Company's Option Plan. Such conversion will also eliminate Minority Interest.

Constellation has been an active participant in the real estate industry since 1981. Based in Columbia, Maryland, the Constellation entities comprise a full-service diversified real estate company. In addition to property management, Constellation specializes in the planning and development of multi-use business parks and the construction, leasing and sale of office buildings and retail centers. Through investment, development and acquisition/disposition, Constellation has assembled a real estate portfolio of approximately 1.8 million square feet, consisting of high quality suburban office (77%) and retail (23%) properties located in an area spanning from Baltimore to Northern Virginia.

THE CONSTELLATION PROPERTIES

The Constellation Properties comprise 18 properties: ten operating office properties, two operating retail properties, one of which is based on an interest in a mortgage (Tred Avon), two office properties under construction which are expected to be completed by the end of 1998 (135 National Business Parkway and Woodlands One), two office properties on which construction has recently commenced (134 National Business Parkway and Woodlands Two), and two retail properties under construction which are expected to be completed early in 1999 (Piney Orchard Marketplace and Springfield Commons), if certain conditions are met. The total square footage of the Constellation Properties is approximately 1.8 million square feet.

The operating office properties comprise a total of approximately one million rentable square feet, ranging from approximately 38,513 to 240,336 rentable square feet. The two operating retail properties contain approximately 241,749 rentable square feet. As of June 1, 1998, the operating Constellation Properties had a weighted average occupancy rate of approximately 92% and were leased to 126 tenants. As of June 1, 1998, only one tenant, occupying 100% of one operating property with approximately 240,336 net rentable square feet, represented more than 10% of the aggregate contractual annualized base rent of the operating Constellation Properties. The two office properties which have been under construction since September 1997 comprise approximately 193,110 rentable square feet. A tenant is committed to occupy 100% of one of the office properties under construction, with approximately 106,278 net rentable square feet, and will likely represent more than 10% of the aggregate contractual annual base rent of the Constellation Properties.

The Constellation Properties are located in Maryland and Northern Virginia, with a concentration of properties in Anne Arundel County (five operating properties comprising approximately 524,000 square feet and two properties under construction consisting of approximately 177,000 square feet and one development property comprising 53,000 square feet); Prince George's County (three operating properties comprising approximately 322,000 square feet); and Howard County (one operating property comprising approximately 54,000 square feet and two properties under construction comprising approximately 212,000 square feet). Generally, each property has landscaped sites, common areas, and on-site parking. The Constellation Properties are managed by CRM.

The Constellation Properties are leased to a variety of U.S. government entities, service sector employers, high tech firms as well as a large number of professional firms and national and international firms. Major office tenants include, among others, the U.S. Department of Defense, e.spire Communications, U.S. Department of Treasury, Stanford Telecommunications, Lockheed Martin Technical, TASC, Inc. and JHPIEGO Corporation. Major retail tenants include Giant Food, Staples, Inc., Acme Markets and Rite-Aid.

Leases for the operating properties are typically structured with terms ranging from one to five years, with the major exception of one lease representing 24.4% of the aggregate contractual annualized rent which contains automatic annual renewal options for the remaining ten years of its fifteen year term, unless terminated at the option of the tenant, the U.S. Department of Defense, upon 12 months notice and payment of a penalty. Generally all leases provide for annual contractual rent escalations over the lease

term. A typical lease requires (i) payment of base rent, (ii) payment of the tenant's proportionate share of real estate taxes, utilities and common area and other operating expense escalations over a base year, and (iii) payment of overtime HVAC and electrical use. Under these leases, the landlord is typically responsible for certain structural repairs. A few properties are leased to one or more tenants on a triple net basis. Under these leases, the respective tenant(s) are responsible for paying all or a proportionate share of all real estate taxes, utilities and operating expenses; under some leases, the tenant directly contracts and pays for such costs. Additionally, some of the leases provide renewal options or provisions of varying durations which extend the original lease terms, typically at either market rents or negotiated rental rates set forth in the leases.

THE OFFICE PROPERTIES

ANALYSIS OF THE BALTIMORE METROPOLITAN AREA: Comprised of both the Washington, D.C. and Baltimore communities, the Baltimore metropolitan region

contained approximately 36.6 million square feet of office property as of December 1997. The office property market in the Baltimore metropolitan region realized improvements in 1997 as space began to tighten after a five year lull. In 1997, suburban office construction activity commenced on or completed 1.2 million square feet of property in the region. As of December 1997, Class A space comprised 41% and Class B space contained 59% of the 530 office buildings in the area. The overall region's vacancy rate decreased from 13.9% in 1996 to 12.1% in 1997 with 4.4 million square feet of available space. This vacancy statistic is a mixture of the 16.9% vacancy rate in the downtown market with the 9.3% vacancy rate in the suburban markets.

The reduction in the overall vacancy rate is attributed to an 8.87% increase in employment experienced by the region during the period from 1992 to 1997. Job growth has been forecasted as steady with employment opportunities in financial services, telecommunications, data processing, engineering and architectural services as well as research and development companies in the region. Management believes that the Baltimore metropolitan region will continue to improve as businesses continue to migrate from the urban to the suburban markets, the latter of which is experiencing 900,000 square feet of new construction, 78% of which is located in submarkets with Class A vacancy rates below 5%.

BALTIMORE METROPOLITAN AREA / JANUARY 1, 1997--DECEMBER 31, 1997
OFFICE MARKET STATISTICAL OVERVIEW

<TABLE>
<CAPTION>

	TOTAL BUILDINGS 12/97	TOTAL SIZE 12/97	TOTAL AVAILABLE 12/97	TOTAL ABSORBED YTD 1997	VACANCY RATE 12/97	FUTURE AVAILABLE* 12/97	UNDER CONSTRUCTION
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
			SUBMARKET TOTALS				
DOWNTOWN							
"A" Tier	10	3,602,293	310,229	108,711	8.61%	42,710	--
"A-2" Tier	15	3,527,010	489,587	55,740	13.88%	--	--
Total "A" Tier	25	7,129,303	799,816	164,451	11.22%	42,710	--
"B" Tier	75	6,524,118	1,501,248	(95,184)	23.01%	300,038	177,130
TOTAL DOWNTOWN	100	13,653,421	2,301,064	69,267	16.85%	342,748	177,130
SUBURBAN NORTH							
"A" Tier	42	4,449,940	583,322	(143,066)	13.11%	162,642	--
"B" Tier	112	5,500,636	532,557	10,060	9.68%	181,564	22,000
TOTAL SUBURBAN NORTH	154	9,950,576	1,115,879	(133,006)	11.21%	344,206	22,000
SUBURBAN SOUTH							
"A" Tier	8	959,077	32,621	22,267	3.40%	--	--
"B" Tier	47	2,648,827	316,234	245,701	11.94%	130,800	130,800
TOTAL SUBURBAN SOUTH	55	3,607,904	348,855	267,968	9.67%	130,800	130,800
HOWARD COUNTY PERIMETER							
"A" Tier	8	703,893	24,516	--	3.48%	292,749	292,749
"B" Tier	90	2,839,736	152,583	36,509	5.37%	--	--
TOTAL HOWARD COUNTY PERIMETER	98	3,543,629	177,099	36,509	5.00%	292,749	292,749
HOWARD COUNTY TOWN CENTER							
"A" Tier	5	641,254	12,338	(3,570)	1.92%	--	--
"B" Tier	23	1,285,138	77,782	22,405	6.05%	--	--
TOTAL HOWARD COUNTY TOWN CENTER	28	1,926,392	90,120	18,835	4.68%	--	--
TOTAL HOWARD COUNTY	126	5,470,021	267,219	55,344	4.89%	292,749	292,749
SUBURBAN WEST							
"A" Tier	11	1,190,979	15,737	(2,723)	1.32%	158,100	111,416
"B" Tier	84	2,765,214	380,354	251,748	13.75%	65,000	180,000
TOTAL SUBURBAN WEST	95	3,956,193	396,091	249,025	10.01%	223,100	

291,416

MARKET TOTALS

DOWNTOWN.....	100	13,653,421	2,301,064	69,267	16.85%	342,748	
177,130							
"A" Tier.....	25	7,129,303	799,816	164,451	11.22%	42,710	--
"B" Tier.....	75	6,524,118	1,501,248	(95,184)	23.01%	300,038	
177,130							
SUBURBAN MARKETS.....	430	22,984,694	2,128,044	439,331	9.26%	990,855	
736,965							
"A" Tier.....	74	7,945,143	668,534	(127,092)	8.41%	613,491	
404,165							
"B" Tier.....	356	15,039,551	1,459,510	566,423	9.70%	377,364	
332,800							
METROPOLITAN AREA.....	530	36,638,115	4,429,108	508,598	12.09%	1,333,603	
914,095							
"A" Tier.....	99	15,074,446	1,468,350	37,359	9.74%	656,201	
404,165							
"B" Tier.....	431	21,563,669	2,960,758	471,239	13.73%	677,402	
509,930							

<CAPTION>

	COMPLETED CONSTRUCTION YTD 1997
<S>	<C>
DOWNTOWN	
"A" Tier.....	--
"A-2" Tier.....	--
Total "A" Tier.....	--
"B" Tier.....	--
TOTAL DOWNTOWN.....	--
SUBURBAN NORTH	
"A" Tier.....	--
"B" Tier.....	89,200
TOTAL SUBURBAN NORTH.....	89,200
SUBURBAN SOUTH	
"A" Tier.....	--
"B" Tier.....	--
TOTAL SUBURBAN SOUTH.....	--
HOWARD COUNTY PERIMETER	
"A" Tier.....	--
"B" Tier.....	40,000
TOTAL HOWARD COUNTY PERIMETER..	40,000
HOWARD COUNTY TOWN CENTER	
"A" Tier.....	--
"B" Tier.....	--
TOTAL HOWARD COUNTY TOWN CENTER.....	--
TOTAL HOWARD COUNTY.....	40,000
SUBURBAN WEST	
"A" Tier.....	300,000
"B" Tier.....	50,000
TOTAL SUBURBAN WEST.....	350,000
DOWNTOWN.....	--
"A" Tier.....	--
"B" Tier.....	--
SUBURBAN MARKETS.....	479,200
"A" Tier.....	300,000
"B" Tier.....	179,200
METROPOLITAN AREA.....	479,200
"A" Tier.....	300,000
"B" Tier.....	179,200

</TABLE>

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* Source: Colliers Pinkard, 1997 Office and Industrial Market Review.

* Future Available includes under Construction square footage and indicates space not currently vacant, but becoming available after December 31, 1997.

SUBURBAN SOUTH MARKET: As of December 1997, the Suburban South Market

contained approximately 3.6 million square feet of office space. The submarket stretches from the Baltimore/Washington International Airport ("BWI") to Maryland Route 32. Absorption of office space in this submarket in the last year was almost 268,000 square feet of space. Rental rates have increased by 10% to 20% over the last year and a half. Class A renewals are achieving $18.75 per square foot, full service, with new office space being offered at $21.00 per square foot. Office space greater than 10,000 square feet is limited. Speculative office development has commenced in the BWI/Anne Arundel section of this submarket. Seven of the Constellation Properties are located in this submarket, six of which are located in Annapolis Junction, Maryland.

<TABLE>
<CAPTION>

	YEARS ENDED DECEMBER 31,		
	1997	1996	1995
<S>	<C>	<C>	<C>
Total Buildings	55	56	57
Total Square Feet	3,607,904	3,595,699	3,802,845
A Tier Vacancy Rate	3.40%	5.72%	11.67%
B Tier Vacancy Rate	11.94%	17.90%	18.61%
Market Vacancy Rate	9.67%	14.65%	16.86%
Net Absorption	267,968	24,894	88,627
Under Construction	130,800	90,000	277,233

SOURCE: COLLIERS PINKARD, 1997 OFFICE AND INDUSTRIAL MARKET REVIEW, 1996 OFFICE AND INDUSTRIAL MARKET REVIEW, AND 1995 OFFICE AND INDUSTRIAL MARKET REVIEW.
</TABLE>

THE NATIONAL BUSINESS PARK: The National Business Park (the "Park"), a 175-acre business park, is located at the crossroads of the Baltimore/Washington Parkway and Maryland Route 32 at the mid-point of the Baltimore/Washington corridor. The Park is owned by affiliates of CREG, a Constellation entity, and contains a mixture of mid-rise office buildings with low-rise tech buildings. The Park also contains 85 acres of undeveloped land on which the Company will hold, after closing of the Transaction, purchase options and rights of first refusal. As of June 1, 1998, approximately 485,196 square feet of office space has been constructed in the Park:

<TABLE>
<CAPTION>

NAME	SQUARE FEET	NUMBER OF STORIES	DATE OF CONSTRUCTION
<S>	<C>	<C>	<C>
One National Business Park	240,336	12	1990
131 National Business Parkway	69,230	2	1990
141 National Business Parkway	86,964	2	1990
133 National Business Parkway	88,666	3	1997
135 National Business Parkway	86,832	3	Scheduled for completion by September 1998
134 National Business Parkway	90,000	4	Commenced Summer 1998
</TABLE>

One National Business Park is 100% leased by the U.S. Department of Defense through September 30, 2008. The tenant has the right to terminate this lease with one year's notice and payment of a penalty. 135 National Business Parkway is 81.75% pre-leased to Credit Management Solutions, Inc. ("CMSI") for 70,982 square feet. Other tenants in the Park include Lockheed Martin Technical, Electronic Data Systems Corporation ("E.D.S."), General Dynamics, Intel Corporation, Harris Data Services Corp., and TASC, Inc.

BRANDON I: Brandon I is a 38,513 square foot flex building located in Brandon Woods Business Park, in Riviera Beach, Maryland. It is multi-tenanted flex building with an office to warehouse ratio of

approximately one to one. This property is located near I-695 and adjacent to major parts of the Baltimore metropolitan region.

HOWARD COUNTY SUBURBAN MARKET: As of December 1997, the Howard County Suburban Market contained 5,470,000 square feet of office space with the lowest vacancy rate in the entire Baltimore metropolitan region equal to 4.89%. As the submarket has tightened, office rental rates have exceeded $20 per square foot for Class A space, supporting new construction. Three of the Constellation Properties are located in this submarket.

<TABLE>
<CAPTION>

	YEARS ENDED DECEMBER 31,

	YEARS ENDED DECEMBER 31,		
	1997	1996	1995
<S>	<C>	<C>	<C>
Total Buildings	98	96	90
Total Square Feet	3,543,629	3,467,049	3,324,586
A Tier Vacancy Rate	3.48%	3.45%	9.67%
B Tier Vacancy Rate	5.37%	7.29%	9.03%
Market Vacancy Rate	5.00%	6.51%	9.17%
Net Absorption	36,509	207,703	152,754
Under Construction	292,749	--	--

SOURCE: COLLIERS PINKARD, 1997 OFFICE AND INDUSTRIAL MARKET REVIEW, 1996 OFFICE AND INDUSTRIAL MARKET REVIEW, AND 1995 OFFICE AND INDUSTRIAL MARKET REVIEW.
</TABLE>

THREE CENTRE PARK: Three Centre Park is a four-story office building located in the Columbia North submarket between Maryland Routes 108 and 100, in Columbia, Maryland. Three Centre Park contains 53,669 square feet of office space and is Constellation's headquarters building.

WOODLANDS ONE: Woodlands One is a four-story, 106,278 square foot Class A office building, located Columbia Gateway Corporate Center at the intersection of Maryland Route 175 and Interstate 95 in Columbia, Maryland. Construction on Woodlands One began in September 1997 and is expected to be completed and occupied by August 1998. It has been 100% pre-leased to Green Spring Health Services, Inc. for its national headquarters.

WOODLANDS TWO: This property, to be located adjacent to Woodlands One, is planned as a four-story, 106,000 square foot office building. Construction commenced in June 1998.

NORTHERN PRINCE GEORGE'S COUNTY MARKET, LAUREL SUBMARKET: As of December 1997, the Laurel submarket within the Northern Prince George's County Market, contained 22 buildings and 1,450,000 square feet of office space and experienced an 11.18% vacancy rate which was lower than the 14.8% overall Northern Prince George's County Market. Rents are increasing, but at a slower rate than adjacent

market areas, with rental rates ranging from $15 to $22 per square foot. Two of the Constellation Properties are located in this market.

	YEARS ENDED DECEMBER 31,		
	1997	1996	1995
<S>	<C>	<C>	<C>
Total Buildings	22	22	21
Total Square Feet	1,450,600	1,448,473	1,418,116
A Tier Vacancy Rate	.57%	.46%	1.90%
B Tier Vacancy Rate	18.46%	22.61%	35.53%
Market Vacancy Rate	11.18%	13.58%	21.53%
Net Absorption	34,539	282,094	(137,445)
Under Construction	--	--	--

SOURCE: COLLIERS PINKARD, 1997 OFFICE AND INDUSTRIAL MARKET REVIEW, 1996 OFFICE AND INDUSTRIAL MARKET REVIEW, AND 1995 OFFICE AND INDUSTRIAL MARKET REVIEW.
</TABLE>

LAKEVIEW AT THE GREENS I & II: Lakeview at the Greens I & II are twin, five-story office buildings, with a total of 141,062 square feet, located minutes from the Baltimore/Washington Parkway in Laurel, Maryland.

SOUTHERN PRINCE GEORGE'S COUNTY SUBURBAN MARKET: The Southern Prince George's County Suburban Market contains approximately 2,530,000 square feet of office space within 45 buildings. The vacancy rate for the first quarter of 1998 was 15.2%. Options for office space over 10,000 square feet are limited. The overall market absorption during the first quarter of 1998 was a negative 2,300 square feet. Rental rates have been stable over the last 18 months despite the availability of space and a lack of net absorption in the market. Rental rates average $19 per square foot for Class A buildings and $15 per square foot for Class B buildings. One of the Constellation Properties is located in this submarket.

<TABLE>
<CAPTION>

	YEARS ENDED DECEMBER 31,		
	1997	1996	1995

Total Buildings	45	46	44
Total Square Feet	2,531,712	2,728,729	2,418,646
A Tier Vacancy Rate	10.2%	2.7%	1.8%
B Tier Vacancy Rate	8.8%	9.6%	11.0%
Market Vacancy Rate	15.1%	13.3%	15.3%
Net Absorption	(48,941)	41,851	8,378
Under Construction	--	--	--

SOURCE: GRUBB & ELLIS RESEARCH SERVICES, SUBURBAN MARYLAND OFFICE MARKET STATISTICS, FOURTH QUARTER 1997; FOURTH QUARTER 1996, AND FOURTH QUARTER 1995.

ONE CONSTELLATION CENTRE: One Constellation Centre is comprised of 178,198 square foot, Class A office building with a two-story atrium lobby and a three-story covered parking deck and a 3,038 square foot, free standing building occupied by a bank. The Centre is within view of the Potomac River at Exit 4 off of the Capital Beltway (Maryland Route 495) in Prince George's County, Maryland.

FELLS POINT, BALTIMORE, MARYLAND: Although statistically part of the downtown Baltimore market, the Brown's Wharf property is located near the Inner Harbor in the historic Fells Point section of Baltimore,

Maryland which has a reputation for its entertainment and amenities. The following table presents information relating to the downtown Baltimore market.

	YEARS ENDED DECEMBER 31,		
	1997	1996	1995
Total Buildings	100	98	100
Total Square Feet	13,653,421	13,545,785	13,892,017
A Tier Vacancy Rate	11.22%	13.80%	17.49%
B Tier Vacancy Rate	23.01%	27.32%	24.10%
Market Vacancy Rate	16.85%	20.24%	20.78%
Net Absorption	69,267	145,284	(157,337)
Under Construction	177,130	--	--

SOURCE: COLLIERS PINKARD, 1997 OFFICE AND INDUSTRIAL MARKET REVIEW, 1996 OFFICE AND INDUSTRIAL MARKET REVIEW, AND 1995 OFFICE AND INDUSTRIAL MARKET REVIEW.

BROWN'S WHARF: Brown's Wharf combines 75,998 square feet of office space with 27,672 square feet of retail space. The lead office tenant is JHPIEGO Corporation, an affiliate of The Johns Hopkins University. The property had an occupancy rate of 100% as of June 1, 1998.

THE RETAIL PROPERTIES

WESTMINSTER, MARYLAND RETAIL MARKET: An upward trend in housing starts and economic growth has caused the Westminster, Maryland Retail Market to demand additional retail development while simultaneously keeping overall market vacancy rates below 5% with steadily increasing rental rates. Estimates of the county's population will exceed 200,000 by the year 2000. This represents an annual 12% growth rate. One of the Constellation Properties is located in this market.

CRANBERRY SQUARE: Cranberry Square contains 112,609 square feet of retail space, comprised of a 56,139 square foot Giant Food store, a Staples store, Toy Works and small shops, and 27,000 square feet of retail space under construction which will allow for the expansion of the Staples store and the addition of Factory Card Outlet and Pier One Imports. Regionally located contiguous to Cranberry Mall at Maryland Routes 27 and 140 in Westminster, Cranberry Square is 100% leased and serves more than 93,000 people located within a ten mile radius of the square. In 1997, the number of households within a ten mile radius of this property totaled 33,917 with an average household income of $60,499.

EASTON, MARYLAND RETAIL MARKET: Growth in the Easton, Maryland Retail Market remains stable in all sectors of commercial development. Residential growth continues to occur at a steady 3% annual rate. Vacancy rates are 3-4% with gradually increasing rental rates. Easton includes major employers such as Black and Decker, Cadmus, Journal Services, Allen Family Foods and The Memorial Hospital, all of which provide basic employment to this market. One of the Constellation Properties is located in this market.

TRED AVON: Tred Avon is a 129,140 square foot shopping center, located at the heart of the Central Shopping District at Maryland Route 322 and Marlboro Road in Easton, Maryland. This shopping center contains four anchor stores,

consisting of Acme Markets, Peebles, Rite-Aid and JoAnn Fabrics, and 19 other tenants. An extensive refurbishment of the exterior has recently been completed to update the design of the shopping center. In addition, Acme Markets is planning a 21,000 square foot expansion. Constellation holds an interest in the mortgage on this property. In 1996, the number of households within a ten mile radius of this property totaled 15,324 with an average household income of $55,838.

THE DEVELOPMENT PROPERTIES

The Company has agreed to acquire the Development Properties for cash, as to each such property upon the earlier of the achievement of certain net operating income levels or July 1, 1999. Notwithstanding the foregoing, if certain minimum net operating income levels are not achieved by July 1, 1999, either the Company or Constellation has the right to terminate the agreement to purchase such property.

PINEY ORCHARD MARKETPLACE: Located within the 2,000-acre planned unit development of Piney Orchard in Odenton, Maryland, Piney Orchard Marketplace will be a 52,781 square foot retail center. Construction on this property commenced in April 1998 and is expected to be completed by November 1998. Piney Orchard Marketplace will contain a mixture of convenience retail stores, anchored by Food Lion, Inc. service retail, and restaurants on 8.77 acres. As of June 1, 1998, 42,781 square feet, or approximately 81%, was pre-leased, the primary amount of which has been pre-leased to Food Lion, Inc. In 1996, the number of households within a five mile radius of this property totaled 22,387 with an average household income of $60,385.

SPRINGFIELD COMMONS: Springfield Commons will be a 119,099 square foot regional shopping center located at Fairfax County Parkway and Frontier Drive in Springfield, Virginia. Construction commenced on this retail center in April 1998 and is anticipated to be completed before the end of 1998. Springfield Commons was 66.85% pre-leased as of June 1, 1998 to Borders, Inc., Staples, Inc., Pier One Imports and other tenants. Constellation holds a 60% interest in this property with the remaining 40% held by Fried Companies, Inc., an unaffiliated entity. In 1997, the number of households within a five mile radius of this property totaled 122,308 with an average household income of $83,969.

THE CONSTELLATION PROPERTIES

The following tables set forth certain historical information relating to each of the Constellation Properties as of June 1, 1998.

<TABLE>
<CAPTION>

PROPERTY LOCATIONS	YEAR BUILT/ RENOVATED	RENTABLE SQ. FT.	PERCENTAGE LEASED OR PRE-LEASED AS OF JUNE 1, 1998(1)	TOTAL RENTAL REVENUE (2)
<S>	<C>	<C>	<C>	<C>
OFFICE PROPERTIES				
1. One National Business Park (5)	1990	240,336	100.00%	$ 4,523,256
2. 131 National Business Parkway	1990	69,230	99.52%	1,178,776
3. 133 National Business Parkway	1996	88,666	90.60%	1,683,725
4. 141 National Business Parkway	1990	86,964	98.42%	1,434,318
5. One Constellation Centre	1988-1989	181,236	69.27%	2,420,901
6. Lakeview at the Greens I	1986	69,192	73.40%	841,261
7. Lakeview at the Greens II	1988	71,870	95.94%	1,128,521
8. Three Centre Park	1987	53,669	95.65%	899,873
9. Brandon I	1982	38,513	94.49%	208,297
10. Brown's Wharf (7)	1989	103,670	100.00%	1,603,168
TOTAL OFFICE PROPERTIES		1,003,346	90.89%	$15,922,096

<CAPTION>

PROPERTY LOCATIONS	PERCENTAGE OF TOTAL RENTAL REVENUE OF OCCUPIED	TOTAL RENTAL REVENUE PER	MAJOR TENANTS

PROPERTY LOCATIONS	SPACE (3)	OCCUPIED SQ. FT. (4)	(10% OR MORE RENTAL SQ. FT.)
OFFICE PROPERTIES			
1. One National Business Park (5)	24.40%	$18.82	U.S. Department of Defense (100%)
2. 131 National Business Parkway	6.36%	17.11	e.spire Communications (35%)
			TASC, Inc. (28%)
			Lockheed Martin Technical (23%)
			Intel Corporation (13%)
3. 133 National Business Parkway	9.08%	20.96	e.spire Communications (67%)
			Applied Signal Technology (24%)
4. 141 National Business Parkway	7.74%	16.76	Stanford Telecommunications (35%)
			J.G. Van Dyke & Associates (20%)
			Harris Data Services Corp. (14%)(6)
			E.D.S. (10%)
5. One Constellation Centre	13.05%	19.28	U.S. Department of Treasury (47%)
			NRL Federal Credit Union (10%)
6. Lakeview at the Greens I	4.54%	16.56	Great West Life & Annuity (17%)
			Laurel Consulting Group (15%)
			Moore USA, Inc. (11%)
7. Lakeview at the Greens II	6.09%	16.37	Sky Alland Research, Inc. (22%)
			Greeman-Pedersen, Inc. (15%)
			Metcalf & Eddy (11%)
8. Three Centre Park	4.85%	17.53	CRE/CRM (34%)
			N.A.C.M. (20%)
			Reap/REMAX, Inc. (16%)
			H.C. Copeland Associates, Inc. (11%)
9. Brandon I	1.12%	5.72	Rapid Response (50%)
			BGE Environmental (19%)
10. Brown's Wharf (7)	8.65%	15.46	JHIEPGO Corporation (27%)
			Lista's (10%)
TOTAL OFFICE PROPERTIES	85.88%	$17.46	

</TABLE>

<TABLE>
<CAPTION>

PROPERTY LOCATIONS	YEAR BUILT/ RENOVATED	RENTABLE SQ. FT.	PERCENTAGE LEASED OR PRE-LEASED AS OF JUNE 1, 1998(1)	TOTAL RENTAL REVENUE (2)
RETAIL PROPERTIES				
11. Cranberry Square	1991	112,609	100.00%	$ 1,871,836
12. Tred Avon	1977/1997	129,140	92.09%	747,325

TOTAL RETAIL PROPERTIES		241,749	95.77%	$ 2,619,161
TOTAL OPERATING PROPERTIES (8)		1,245,095	91.83%	$18,541,257
PROPERTIES UNDER CONSTRUCTION				
13. 135 National Business Parkway	1998	86,832	81.75%	1,277,676
14. Woodlands One	1998	106,278	100.00%	2,168,071
15. 134 National Business Parkway (10)	N/A	90,000	0%	0
16. Woodlands Two (10)	N/A	106,000	0%	0
DEVELOPMENT PROPERTIES				
17. Piney Orchard Marketplace (11)	N/A	52,781	81.05%	265,000(12)
18. Springfield Commons (11)	N/A	119,099	66.85%	1,750,363(12)
TOTAL CONSTELLATION PROPERTIES		1,806,085	78.61%	$24,002,367

<CAPTION>

PROPERTY LOCATIONS	PERCENTAGE OF TOTAL RENTAL REVENUE OF OCCUPIED SPACE (3)	TOTAL RENTAL REVENUE PER OCCUPIED SQ. FT. (4)	MAJOR TENANTS (10% OR MORE RENTAL SQ. FT.)
<S>	<C>	<C>	<C>
RETAIL PROPERTIES			
11. Cranberry Square	10.10%	$16.62	Giant Food (50%) Staples, Inc. (15%) Toy Works (11%)
12. Tred Avon	4.02%	6.28	Peebles (27%) Acme Markets (22%)
TOTAL RETAIL PROPERTIES	14.12%	$11.31	
TOTAL OPERATING PROPERTIES (8)	100.00%	$16.22	
PROPERTIES UNDER CONSTRUCTION			
13. 135 National Business Parkway	N/A	18.00	CMSI (81.75%) (9)
14. Woodlands One	N/A	20.40	Green Spring Health Services, Inc. (100%) (9)
15. 134 National Business Parkway (10)	N/A	N/A	N/A
16. Woodlands Two (10)	N/A	N/A	N/A
DEVELOPMENT PROPERTIES			
17. Piney Orchard Marketplace (11)	N/A	6.19	Food Lion, Inc. (72%)
18. Springfield Commons (11)	N/A	21.99	Borders, Inc. (23%) and Staples, Inc. (20%)
TOTAL CONSTELLATION PROPERTIES	--	$16.91	

</TABLE>

- ------------------------

(1) The percentage is based upon all leases signed as of June 1, 1998.

(2) Total Rental Revenue is the monthly contractual base rent as of June 1, 1998 multiplied by 12 plus the estimated annualized expense reimbursements under existing leases.

(3) The percentage is based on the property's rental revenue to Constellation Properties' Total Rental Revenue excluding properties numbered 13-18 listed on the table above.

(4) This represents the property's annualized base rent divided by the respective property's leased square feet as of June 1, 1998.

(5) This property is triple net leased. The tenant reimburses Constellation for $1,090,452 of annualized operating expenses included in rental revenue noted.

(6) Harris Data Services Corp. is a subtenant for GTE Government Systems.

(7) This property contains 75,998 square feet of office space and 27,672 feet of retail space.

(8) Total Rental Revenue per rentable square foot excludes the Development Properties' square feet and the four properties under construction.

(9) CMSI has pre-leased 70,982 square feet for $18.00 per square foot (net of electric cost) upon occupancy. Green Springs Health Services, Inc. has pre-leased 106,278 square feet for $20.40 per square foot upon occupancy.

(10) The Company exercised its options for these two properties on May 28, 1998. These properties commenced in Summer 1998 and no pre-leasing activity has occurred. The Rentable Square Foot figures are estimates as of June 1, 1998 as a result of their development stages.

(11) The purchase commitment by the Company is the earlier of achievement of certain operating results or July 1, 1999. The Rentable Square Foot figures are estimates as of June 1, 1998 as a result of their development stages.

(12) Total Rental Revenue does not include pro rata operating expenses since these expense reimbursements have not yet been determined.

N/A Not applicable as property not operational as of June 1, 1998.

CONSTELLATION'S SIGNIFICANT TENANTS

The following table sets forth a schedule of Constellation's ten largest tenants, for the twelve operating properties, as of June 1, 1998, based upon annualized contractual base rents for the month of June 1998 plus annualized operating expense reimbursements. This schedule excludes $350,695 of rental revenue for 21,502 square feet in two different buildings which were occupied by CRE/CRM as of June 1, 1998.

<TABLE>
<CAPTION>

NAME	EXP. DATE	NUMBER OF LEASES	REMAINING LEASE TERM (MONTHS)	TOTAL RENT REVENUE (1)	PERCENTAGE OF TOTAL REVENUE	AGGREGATE LEASED SQ. FT.	PERCENTAGE OF AGGREGATE LEASED SQ. FT.
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
OFFICE TENANTS:							
U.S. Department of Defense (2)	September 2008	1	124	$4,523,256	24.40%	240,336	21.02%
e.spire Communications (3)	--	2	--	1,763,769	9.51%	83,800	7.33%
U.S. Department of Treasury	April 2003	1	58	1,564,362	8.44%	85,253	7.46%
Stanford Telecommunications	August 2003	1	63	640,690	3.46%	39,880	3.49%
JHPIEGO Corporation	October 2008	1	125	385,574	2.08%	27,541	2.41%
NRL Federal Credit Union	December 2003	1	67	343,305	1.85%	17,901	1.57%
Applied Signal Technology	May 2004	1	71	332,054	1.79%	20,783	1.82%

TASC, Inc.....	April 2001	1	35	327,188	1.76%	19,550	1.71%
Lockheed Martin Technical.....	July 1998	1	2	286,532	1.55%	15,807	1.38%
RETAIL TENANTS:							
Giant Food.....	April 2016	1	215	768,573	4.15%	56,139	4.91%
TOTALS:.....		11	--	$10,935,302	58.98%	606,990	53.09%

- ------------------------

(1) Total Rental Revenue is the monthly contractual base rent as of June 1, 1998 multiplied by 12 plus the estimated annualized expense reimbursements under existing leases.

(2) Property occupied under a triple net lease agreement, pursuant to which the tenant reimburses Constellation for all building operating expenses. Lease provides tenant with annual automatic renewal options which commenced in October 1994.

(3) e.spire Communications occupies space in two different buildings with 59,545 square feet expiring in March 2003 and 24,255 square feet expiring in January 2005.

Constellation has pre-leased properties under construction to the following significant tenants. Green Spring Health Services, Inc. has pre-leased 106,278 square feet of Woodlands One for a five-year term, which will generate $2,168,071 of annual rental revenue upon occupancy. In 135 National Business Parkway, CMSI has leased 70,982 square feet under a seven-year lease which will generate $1,277,676 of annual rental revenue upon occupancy. Food Lion, Inc. has leased 37,981 square feet for a twenty-year term, which will generate $184,000 of annual rental revenue upon occupancy for the Piney Orchard Marketplace property. Springfield Commons has been pre-leased to Borders, Inc. for 27,608 square feet for a twenty-year term and Staples, Inc. for 24,000 square feet for a fifteen-year term, which will generate $604,891 and $432,000 of annual rental revenue on occupancy, respectively.

CONSTELLATION PROPERTIES
SCHEDULE OF LEASE EXPIRATIONS

The following table sets forth a schedule of the lease expirations for the operating Constellation Properties beginning June 1, 1998 and annually thereafter, assuming that none of the tenants exercises renewal options:

<TABLE>
<CAPTION>

YEAR OF EXPIRATION	NUMBER OF LEASES EXPIRING	SQUARE FOOTAGE OF LEASES EXPIRING (1)	PERCENTAGE OF TOTAL LEASED SQUARE FEET	TOTAL RENTAL REVENUE OF EXPIRING LEASES (2)	TOTAL RENTAL REVENUE OF EXPIRING LEASES PER RENTABLE SQUARE FEET (2)	PERCENTAGE OF TOTAL RENTAL REVENUE EXPIRING (2)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
June 1, 1998- December 31, 1998.....	15	58,021	5.07%	$ 778,393	$ 13.42	4.20%
1999.....	29	75,222	6.58%	1,107,648	14.73	5.97%
2000.....	21	99,453	8.70%	1,418,525	14.26	7.65%
2001.....	19	152,959	13.38%	2,262,091	14.79	12.20%
2002.....	9	65,466	5.73%	684,858	10.46	3.70%
2003.....	20	267,031	23.35%	4,899,731	18.35	26.43%
2004.....	6	59,447	5.20%	928,196	15.61	

5.01%					
2005.....	1	24,255	2.12%	412,097	16.99
2.22%					
2006.....	1	12,330	1.08%	150,601	12.21
.81%					
2007.....	--	--	--%	--	--
--%					
2008.....	2	267,877(1)	23.43%	4,908,830	18.32
26.48%					
2009 and thereafter.....	3	61,311	5.36%	990,287	16.15
5.33%					
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TOTALS:.....	126	1,143,372	100.00%	$ 18,541,257	$ 16.22
100.00%					
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(1) One tenant occupying 240,336 square feet and remitting $4,523,256 of annualized June 1, 1998 total rental revenue leases space under a one year lease with 14 consecutive automatic one year renewals. The lease has been reflected as expiring in the year 2008 in the above table.

(2) Total Rental Revenue is the monthly contractual base rent as of June 1, 1998 multiplied by 12 plus the estimated annualized expense reimbursements under existing leases.

PRO FORMA SIGNIFICANT TENANTS

The following table sets forth a pro forma schedule of the Company's ten largest tenants, including the 12 operating Constellation Properties and the Company (including the Airport Square properties and the properties in Fairfield, New Jersey) based upon annualized contractual rents as of June 1, 1998 plus annualized operating expense reimbursements.

<TABLE>
<CAPTION>

NAME	EXP. DATE	NUMBER OF LEASES	REMAINING LEASE TERM (MONTHS)	TOTAL RENT REVENUE(1)	PERCENTAGE OF TOTAL REVENUE	AGGREGATE LEASED SQ. FT.
<S>	<C>	<C>	<C>	<C>	<C>	<C>
OFFICE TENANTS:						
Unisys(2).....	July 2009	4	133	$ 8,943,060	17.03%	954,937
U.S. Department of Defense(3).....	--	7	--	6,580,059	12.53%	450,041
IBM(4).....	March 2002	1	46	3,255,778	6.20%	170,000
Teleport Communications(5).....	--	2	--	2,603,324	4.96%	172,385
Ciena Corporation(6).....	--	3	--	1,987,569	3.78%	182,183
e.spire Communications(7).....	--	2	--	1,763,769	3.35%	83,800
U.S. Department of Treasury.....	April 2003	1	58	1,564,362	2.98%	85,253
First Annapolis Consulting.....	August 2005	1	74	766,413	1.46%	49,446
RETAIL TENANTS:						
Giant Food.....	April 2016	1	215	768,573	1.46%	56,139
Fleming Companies, Inc.(8).....	--	3	--	729,621	1.39%	128,320
		---	---	----------	-----	---------

TOTALS:.....		25		$28,962,528	55.14%	2,332,504
		---		----------	-----	---------

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<CAPTION>

NAME	PERCENTAGE OF AGGREGATE LEASED SQ. FT.
<S>	<C>
OFFICE TENANTS:	
Unisys(2).....	23.86%
U.S. Department of Defense(3).....	11.24%
IBM(4).....	4.25%
Teleport Communications(5).....	4.30%
Ciena Corporation(6).....	4.55%
e.spire Communications(7).....	2.09%

U.S. Department of Treasury.....	2.13%
First Annapolis Consulting.....	1.23%
RETAIL TENANTS:	
Giant Food.....	1.40%
Fleming Companies, Inc.(8).....	3.21%
TOTALS:.....	58.26%

</TABLE>

- ------------------------

(1) Total Rental Revenue is the monthly contractual base rent as of June 1, 1998 multiplied by 12 plus the estimated annualized expense reimbursements under existing leases.

(2) Merck subleases from Unisys 109,109 square feet and has exercised its option to lease an additional 109,109 square feet commencing January 1, 1999.

(3) U.S. Department of Defense occupies space in seven different buildings with 240,336 square feet expiring September 2008; 96,636 square feet expiring September 1998; 73,572 square feet expiring May 1999; 12,333 square feet expiring June 2005; 15,776 square feet expiring June 1999; 10,308 square feet expiring September 1998; and 1,080 square feet expiring October 1998.

(4) Teleport Communications recently agreed to lease 143,072 square feet at this location through March 31, 2009. Teleport Communications will sublease this space from IBM through March 31, 2002 and thereafter will lease this space directly from the Company.

(5) Teleport Communications leases 142,385 square feet which expires June 2008 and 30,000 square feet which expires December 2006. The 30,000 square feet space is subleased from IBM through March 2002.

(6) Ciena Corporation leases 57,140 square feet which expires August 2002; 67,903 square feet which expires February 2008; and 57,140 square feet which expires June 2002.

(7) e.spire Communications leases 59,545 square feet which expires March 2003 and 24,255 square feet which expires January 2005.

(8) Fleming Companies, Inc. has three leases consisting of 36,248 square feet expiring October 2010; 39,272 square feet expiring May 2014; and 52,800 square feet expiring November 2014.

PRO FORMA SCHEDULE OF LEASE EXPIRATIONS

The following table sets forth a pro forma schedule of the lease expirations for the 12 operating Constellation Properties and the Company (including the Airport Square properties and the properties in Fairfield, New Jersey) as of June 1, 1998:

<TABLE>
<CAPTION>

YEAR OF EXPIRATION	NUMBER OF LEASES EXPIRING	SQUARE FOOTAGE OF LEASES EXPIRING	PERCENTAGE OF TOTAL LEASED SQUARE FEET	TOTAL RENTAL REVENUE OF EXPIRING LEASES (2)	TOTAL RENTAL REVENUE OF EXPIRING LEASES PER RENTABLE SQUARE FEET (2)	PERCENTAGE OF TOTAL RENTAL REVENUE EXPIRING (2)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
June 1, 1998 - December 31, 1998.....	23	183,456	4.58%	$ 2,029,497	$ 11.06	3.86%
1999.....	39	307,219	7.68%	4,280,784	13.93	8.15%
2000.....	32	156,000	3.90%	2,310,740	14.81	4.40%
2001.....	35	384,304	9.60%	5,972,535	15.54	11.37%
2002.....	27	353,389	8.83%	4,441,873	12.57	8.46%
2003.....	24	284,368	7.10%	5,213,900	18.34	9.93%
2004.....	8	86,481	2.16%	1,407,075	16.27	2.68%
2005.....	3	86,034	2.15%	1,379,369	16.03	2.63%
2006.....	3	109,840	2.74%	1,256,281	11.44	2.39%
2007.....	3	53,812	1.34%	984,083	18.29	1.87%
2008.....	12	838,241(1)	20.94%	10,980,417	13.10	20.91%
2009 and thereafter.....	7	1,159,320	28.98%	12,262,390	10.58	23.35%
TOTALS:.....	216	4,002,464	100.00%	$ 52,518,944	$ 13.12	100.00%

</TABLE>

- ------------------------

(1) One tenant occupying 240,336 square feet and remitting $4,523,256 of annualized June 1, 1998 total rental revenue leases space under a one-year lease with 14 consecutive automatic one-year renewals. The lease has been reflected as expiring in the year 2008 in the above table.

(2) Total Rental Revenue is the monthly contractual base rent as of June 1, 1998 multiplied by 12 plus the estimated annualized expense reimbursements under existing leases.

THE CONSTELLATION SERVICE COMPANIES

The Constellation Service Companies consist of certain assets and personnel of CRE and a 75% interest in CRM.

CONSTELLATION REAL ESTATE, INC.

CRE provides comprehensive design/build, construction, development and asset management service to entities affiliated with Constellation. Most of Constellation's activities in the real estate business have been conducted on its behalf by CRE and its employees. CRE's strategy in the office property business has been to develop or acquire high quality office properties in suburban markets where it is, or can become, a prominent market force, or in markets where it identifies specific real estate investment opportunities

CRE management includes: Randall M. Griffin, President; Roger A. Waesche, Jr., Senior Vice President of Finance; John H. Gurley, Vice President and General Counsel; Stanley A. Link, Senior Vice President of Construction; and Dwight S. Taylor, Senior Vice President of Marketing and Leasing. These

individuals manage the operations including development, construction, leasing, asset management, acquisition and disposition of the company owned, and affiliated entities' properties. Each of them is expected to join the Company in a senior management position following closing of the Transaction.

CONSTELLATION REALTY MANAGEMENT, LLC

CRM is engaged in management of income producing real estate and corporate facilities management. Approximately 47% of CRM's revenues for the year ended December 31, 1997 were derived from Constellation Properties and other affiliates of Constellation, and the balance of its income was derived from unaffiliated third parties. As of June 1, 1998, CRM managed approximately 14.8 million square feet of real estate, comprising more than 146 properties. Of these totals, approximately 1.8 million square feet in 16 properties were owned by entities affiliated with Constellation, including BGE. The balance, 13.0 million square feet in over 130 properties, is owned by unaffiliated clients of CRM.

CRM is active in all facets of commercial real estate, including commercial, office, retail and corporate facilities projects. CRM's list of clients includes pension fund managers, Fortune 500 companies, financial institutions, partnerships and individuals. Its clients include:

<TABLE>
<S> <C>
- - LaSalle Advisors - ERE Yarmouth
- - Westmark Realty Advisers - AMB Institutional RealtyAdvisers
- - GE Capital Investment Advisers
</TABLE>

CRM maintains its headquarters at Three Centre Park in Columbia, Maryland, with offices in Towson, Maryland, Woodlawn, Maryland, Annapolis Junction, Maryland, Calverton, Maryland, Columbia, Maryland, Linthicum, Maryland, and Wilmington, Delaware. CRE owns 75% of the outstanding membership interests of CRM, which was formed on April 1, 1996. The remaining 25% interest is held by KLNB, Inc., an unaffiliated entity. CRM is operated under the direction of Michael D. Kaiser, President and Steven J. Willats, Vice President. CRM employs 66 people, 30 of whom are building engineers, 19 are property managers, five are lease administrators, nine are engaged in accounting and three are involved in corporate activities.

The 75% interest in CRM and other management assets to be acquired by the Company from Constellation will be transferred by the Company to the Operating Partnership, which will, in turn, transfer such assets to COMI. In exchange for such assets, the Operating Partnership will receive (i) indebtedness issued by COMI in the principal amount of $2,005,000, (ii) cash of approximately $24,750, (iii) 18,800 shares of non-voting common stock, representing all of the

non-voting common stock to be issued by COMI and (iv) 10 shares of voting common stock, representing 1% of the voting common stock to be issued by COMI. Individual shareholders, including Jay H. Shidler, Clay W. Hamlin, III, executive officers of COMI and perhaps others, will purchase 990 shares of voting common stock (representing 99% of the outstanding voting stock and 5% of the aggregate outstanding stock) in exchange for a cash capital contribution of $24,750. Due to federal income tax requirements, the REIT may not directly or indirectly own 10% or more of the outstanding voting securities of COMI.

LEGAL PROCEEDINGS RELATED TO CONSTELLATION

To the Company's knowledge, there are no material legal proceedings pending or threatened against Constellation, any of the Constellation Properties or the Constellation Service Companies, other than routine litigation arising out of the ordinary course of business, and which are covered by liability insurance.

SELECTED FINANCIAL DATA OF CONSTELLATION SERVICE COMPANIES

The following selected financial data of the Constellation Service Companies as of and for the three months ended March 31, 1998 and 1997; and as of December 31, 1995, 1994 and 1993 and for the years ended December 31, 1994 and 1993, have been derived from the Constellation Service Company's unaudited financial statements, which in the opinion of management, include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the unaudited periods. The selected financial data of Constellation Service Companies as of December 31, 1997 and 1996 and for the years ended December 31, 1997, 1996 and 1995 has been derived from and should be read in conjunction with the Constellation Service Companies' audited financial statements and notes thereto for those periods included elsewhere in this Proxy Statement. This information should also be read in conjunction with "Management's Discussion and Analysis of Constellation Service Companies' Financial Condition and Results of Operations" included elsewhere in this Proxy Statement.

SELECTED FINANCIAL DATA OF CONSTELLATION SERVICE COMPANIES
(Dollars in Thousands)

<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31,		YEARS ENDED DECEMBER 31,				
<S>	<C> 1998	<C> 1997	<C> 1997	<C> 1996	<C> 1995	<C> 1994	<C> 1993
OPERATING DATA:							
Total revenue	$ 3,717	$ 3,314	$ 11,226	$ 15,412	$ 7,096	$ 3,467	$ 3,308
Total expenses	3,755	3,043	10,485	14,708	7,088	3,401	3,769
Minority interest	26	47	117	96	--	--	--
Income tax expense (benefit)	(23)	91	256	251	14	26	(189)
Net Income (loss)	$ (41)	$ 133	$ 368	$ 357	$ (6)	$ 40	$ (272)
BALANCE SHEET DATA:							
Cash and cash equivalents	$ 5,944	$ 5,733	$ 4,732	$ 5,191	$ (554)	$ (423)	$ (1,113)
Due from affiliates	--	--	--	--	1,484	1,448	2,637
Other assets	4,151	5,886	3,378	5,341	3,284	1,395	992
Total assets	$ 10,095	$ 11,619	$ 8,110	$ 10,532	$ 4,214	$ 2,420	$ 2,516

Due to affiliates.....	$ 6,051	$ 7,529	$ 4,423	$ 4,925	$ --	$ --	$ -
Other liabilities.....	1,193	1,433	821	3,130	2,209	409	545
Total liabilities.....	$ 7,244	$ 8,962	5,244	$ 8,055	$ 2,209	$ 409	$ 545
Minority interest.....	$ 162	$ 162	$ 136	$ 115	--	--	-
Stockholder's equity.....	2,689	2,495	2,730	2,362	2,005	2,011	1,971
Total liabilities and stockholder's equity.....	$ 10,095	$ 11,619	$ 8,110	$ 10,532	$ 4,214	$ 2,420	$ 2,516
SQUARE FEET UNDER MANAGEMENT.....	13,576,000	11,278,000	14,203,000	10,863,000	2,245,000	1,594,000	1,372,000

</TABLE>

MANAGEMENT'S DISCUSSION AND ANALYSIS OF CONSTELLATION SERVICE COMPANIES' FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following should be read in conjunction with the consolidated financial statements of Constellation Service Companies and the notes thereto, appearing elsewhere in this Proxy Statement.

THREE MONTHS ENDED MARCH 31, 1998 COMPARED TO MARCH 31, 1997

NET INCOME: Net income decreased by $174,000 from $133,000 to a $41,000 loss for the three month period ended March 31, 1998 as compared to the same period in 1997. This change resulted from reduction in CRM's profit by 44.7% from $188,000 in 1997 to $104,000 in 1998 as expenses increased 12.5% from $827,000 to $930,000 but the property management fees only increased 1.9% from $1,015,000 in 1997 to $1,034,000 in 1998 for the three month period ended March 31, 1998 compared to the same period in 1997. The remaining decrease of $120,000 resulted from the reduction in profit recognized on the construction contract services due to the increase in related party transactions for which no profit was realized.

REVENUES: Total revenues increased by 12.3% or $.4 million from $3.3 million to $3.7 million for the three months ended March 31, 1998 compared to the same period in 1997. This increase resulted principally from commencement of certain construction contract services during the first quarter of 1998 which represented new services, causing a 12.9% or $.2 million increase from $1.7 million to $1.9 million for the first quarter of 1998 compared to 1997. The remaining $.2 million increase in revenues was generated from increased construction, development, marketing, asset management and finance fees.

OPERATING EXPENSES: Total operating expenses increased by $.7 million or 23.4% from $3.0 million to $3.7 million for the three months ended March 31, 1998 and 1997, respectively. Construction contract costs increased by $.3 million or 22.2% from $1.5 million to $1.8 million from 1997 to 1998 as a result of the commencement of new construction contract services. Another $.3 million or 27.0% increase from $1.0 million to $1.3 million in salaries and related expenses was caused by the hiring of new employees to service the growth in the property management business coupled with normal wage increases to the existing employees.

YEAR ENDED DECEMBER 31, 1997 COMPARED TO YEAR ENDED DECEMBER 31, 1996

NET INCOME: Net income was relatively unchanged level for the year ended December 31, 1997 compared to the same period in 1996 due to the offsetting effects of decreases in revenues and decreases in operating expenses.

REVENUES: Total revenues decreased by 27.6% or $4.2 million from $15.3 to $11.1 million for the years ended December 31, 1996 and 1997, respectively. This decrease resulted principally from reduced levels of certain construction contract services from 1996 to 1997, causing a $5.4 million decrease. Property management fees increased $.7 million or 21.0% due to higher volume of square feet managed. Construction, development, marketing, asset management fees and finance fees increased by 21.8% or $.5 million from $2.6 million in 1996 to $3.1

million in 1997, primarily due to increased marketing fees associated with new projects of $.4 million.

OPERATING EXPENSES: Total operating expenses decreased by $4.2 million or 15.2% from $14.7 to $10.5 million for the year ended December 31, 1997 compared to the same period in 1996. This decrease, similar to the decline in revenues, principally resulted from completion of certain construction contract services during 1996 which represented non-recurring services in 1997 or a $5.4 million decrease. An increase of $.7 million or 17.7% in salaries and related expenses resulted from the hiring of ten new employees due to CRM's growth coupled with wage increases for existing employees. Other expenses increased by $.5 million or 52.8% over the prior year and consist primarily of $.3 million in consulting advisory services and $.1 million of additional rental expense due to the overall growth in the business.

YEAR ENDED DECEMBER 31, 1996 COMPARED TO YEAR ENDED DECEMBER 31, 1995

NET INCOME: Net income increased by $.4 million from a breakeven in 1995 to a $.4 million profit in 1996 due to the $.3 million pre-tax improvement in construction contract profit. The growth of $1.3 million in property management fees due to additional square feet under management coupled with the $1.1 million increase in construction, development, marketing, asset management and finance fees offset the additional $1.5 million in salaried expenses required to service this growth.

REVENUES: Total revenues increased by $8.3 million or 119.3% from $7.0 million to $15.3 million for the year ended December 31, 1996 compared to the same period in 1995. This increase resulted principally from growth in certain construction contract services during 1996 which did not exist in 1995, causing a $5.9 million increase. Property management fees increased by 72.3% or $1.3 million from $1.8 million to $3.1 million as a result of the purchase of a 75% member interest in CRM by CRE, effective in April 1996. Construction, development, marketing, asset management fees and finance fees increased by 70.4% or $1.1 million from $1.5 million to $2.6 million in 1995 and 1996, respectively, due to the increased leasing commissions and increased fees associated with the growth in the construction contract services.

OPERATING EXPENSES: Total operating expenses increased by 107.0% or $7.6 million from $7.1 million to $14.7 million for the year ended December 31, 1996 compared to the same period in 1995. This increase, similar to the increased operating revenues, principally resulted from growth in certain construction contract services during 1996 which did not exist in 1995, causing a $5.6 million increase. An increase of 67.3% or $1.5 million in salaries and related expenses primarily resulted from the purchase of the 75% member interest in CRM in which approximately 19 new employees were hired. Overhead costs of related party increased 41.5% or $255,000 over the prior year because the total allocable costs from related party comprised a larger portion of the related party's business as compared to other lines of business in 1996. Other expenses increased 32.6% or $.2 million from $.7 million in 1995 to $.9 million in 1996 as rent and depreciation expense increased from new CRM satellite offices.

MINORITY INTEREST: Minority interest expense increased by $96,000 as a result of the formation of CRM in April 1996. KLNB, Inc., the minority interest holder, shares in 25% of the earnings from CRM.

LIQUIDITY AND CAPITAL RESOURCES

Generally, cash provided from operations represents the primary source of liquidity to fund operating expenses. To the extent necessary, borrowings from affiliates and lending institutions provide other sources of liquidity. The Constellation Service Companies have generated cash from operations to fund distributions to the minority interest holder, as required, and from all sources to satisfy its debt service obligations.

The Constellation Service Companies use a centralized cash management system for Constellation affiliates owned by CREG. As a result, if historical cash flows from operating activities were insufficient to fund operating expenses and costs, the Constellation Service Companies received advances from its affiliates. These advances are then repaid from available cash flow.

Working capital as of March 31, 1998 was $406,000 as compared to $1,460,000 as of March 31, 1997. This decrease of $1,054,000 was principally caused by a $2,954,000 reduction in accounts receivable offset by a $1,478,000 reduction in due to affiliates. Cash flows from operating activities increased by $1,591,000 from $650,000 for the three-month period March 31, 1997 to $2,241,000 for the three-month period March 31, 1998 principally as a result of a $2,208,000 increase in accounts payable and accrued expenses offset by the $976,000 reduction in borrowings from affiliates. Cash flows from investing activities decreased by $950,000 due to the $1,000,000 escrowed deposit related to a contract to acquire loans collaterialized by the Airport Square properties. Cash flows from (used in) financing activities increased by $29,000 from a $1,000

deficit for the three-month period March 31, 1998 to $28,000 for the three-month period March 31, 1997.

Working capital as of December 31, 1997 was $1,400,000 as compared to $1,300,000 as of December 31, 1996. The $100,000 increase was principally caused by the $2,464,000 reduction in the outstanding accounts receivable balances partially offset by the $2,164,000 reduction in accounts payable.

Cash flows from (used in) operating activities for the years ended December 31, 1997, 1996 and 1995 were $124,000, $6,290,000, and $(91,000), respectively. Although net income realized for the year ended December 31, 1997 remained level compared to 1996, cash flows from operating activities decreased by $6,166,000 from $6,290,000 in 1996 to $124,000 in 1997 principally as a result of the operating advances from affiliates. In 1997, the Constellation Service Companies repaid $502,000 of advances from affiliates as compared to the $6,409,000 borrowed from affiliates in 1996. In 1996, although net income improved by $363,000 as compared to 1995, cash flows from (used in) operating activities increased by $6,381,000 from $(91,000) in 1995 to $6,290,000 in 1996 principally as a result of $6,409,000 advanced from affiliates. This advance provided cash to fund operations as liquidity was strained by the $1,982,000 increase in accounts receivable from 1995 to 1996 coupled with a $2,182,000 increase in accounts payable from 1995 to 1996. Net cash used in operating activities for the year ended December 31, 1995 was $(91,000) caused primarily by the $(6,000) net loss combined with a net decrease of $200,000 in current assets and liabilities from 1994 to 1995.

Cash flows used in investing activities, which primarily relate to investment in fixed assets, for the years ended December 31, 1997, 1996 and 1995 were $(445,000), $(731,000), and $(59,000), respectively. In 1996, cash flows from investing activities included the $414,000 acquisition of the 75% member interest in CRM.

Cash flows from (used in) financing activities, which include the annual principal repayments to KLNB, Inc. on the outstanding note payable and any distribution or contributions to CRM's minority interest holder, for the years ended December 31, 1997, 1996 and 1995 were $(138,000), $186,000, and $19,000, Annual scheduled principal payments of $40,000 were paid to KLNB from the $200,000 promissory note assumed in 1996 upon the acquisition of the 75% member interest in CRM in 1996. A $96,000 distribution was provided to the minority interest holder in 1997. In 1996, the minority interest holder contributed $19,000.

INFLATION

Inflation has generally not significantly impacted the periods presented for the Constellation Service Companies due to the relatively low inflation rates in their market. In addition, average salaries and related expenses historically have not exceeded 10% annually in the same market.

SELECTED FINANCIAL DATA OF THE COMPANY

The following tables set forth certain financial data on a consolidated historical and pro forma basis for the Company. The financial data should be read in conjunction with the Company's financial statements and the notes thereto incorporated by reference in this Proxy Statement, Constellation Properties' combined statement of revenue and certain expenses for the year ended December 31, 1997 and the notes thereto, and the Constellation Service Companies' consolidated financial statements and the notes thereto included elsewhere in this Proxy Statement. The consolidated historical financial data of the Company as of and for the fiscal years ended December 31, 1993 through 1997 have been derived from and should be read in conjunction with the audited financial statements for those years. The financial data of the Company as of and for the three months ended March 31, 1998 and 1997 have been derived from unaudited financial statements, which, in the opinion of management, include all adjustments, necessary for a fair statement of the results for the unaudited interim periods. This information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" of the Company incorporated by reference in this Proxy Statement.

The unaudited pro forma financial and operating data for the three months ended March 31, 1998 and for the year ended December 31, 1997, is presented as if the completion of the Transaction, the Airport Square property acquisition, the acquisition of properties in Fairfield, New Jersey, and the 1998 Offering, all occurred as of January 1, 1998 for the March 31, 1998 pro forma data and as of January 1, 1997 for the December 31, 1997 pro forma data. The acquisition of the Shidler Group's Mid-Atlantic operations is reflected in the Company's historical consolidated balance sheet at December 31, 1997 and March 31, 1997 and is included in the pro forma condensed consolidating statements of operations as if it occurred on January 1, 1997. The unaudited pro forma balance sheet as of March 31, 1998 is presented as if the foregoing, except for the Shidler transaction, occurred as of March 31, 1998.

The pro forma information is based upon certain assumptions that are included in the notes to the pro forma financial statements included elsewhere in this Proxy Statement. The pro forma information is unaudited and is not necessarily indicative of what the financial position and results of operations of the Company would have been as of and for the periods indicated, nor does it purport to represent the future financial position and results of operations for future periods.

SELECTED CONSOLIDATED HISTORICAL AND
PRO FORMA FINANCIAL DATA OF THE COMPANY
(Dollars in thousands, except per share amounts)

<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31,			YEAR ENDED DECEMBER 31,			
	PRO FORMA	HISTORICAL		PRO FORMA	HISTORICAL		
<S>	1998 (UNAUDITED)	1998 (UNAUDITED)	1997 (UNAUDITED)	1997 (UNAUDITED)	1997	1996	1995	1994
<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
OPERATING DATA:								
Revenue:								
Rental income	$ 12,109	$ 4,919	$ 626	$ 44,007	$ 6,122	$ 2,477	$ 2,436	$ 2,038
Tenant recoveries and other income	1,260	606	7	5,619	496	32	48	217
Total revenue	13,369	5,525	633	49,626	6,618	2,509	2,484	2,255
Expenses:								
Interest	4,281	2,159	308	17,226	2,855	1,246	1,267	1,098
Depreciation and amortization	2,484	1,041	142	9,907	1,331	567	567	476
Property expenses	3,460	899	79	14,743	728	31	42	43
General and administrative	465	299	13	1,358	533	372	336	337
Reformation costs (1)	--	637	--	--	--	--	--	--
Termination of Advisory Agreement (2)	--	--	--	--	1,353	--	--	--
Total expenses	10,690	5,035	542	43,234	6,800	2,216	2,212	1,954
Equity in income of management company	(159)	--	--	55	--	--	--	--
Income (loss) before minority interests	2,520	490	91	6,447	(182)	293	272	301
Income allocated to minority interests	(1,033)	(989)	--	(3,608)	(785)	--	--	--
Preferred Share distributions	(333)	--	--	(1,334)	--	--	--	--

Net income (loss).....	$ 1,154	$ (499)	$ 91	$ 1,505	$ (967)	$ 293	$ 272
$ 301							
Net income (loss) per common share.....	$ 0.07	$ (0.22)	$ 0.06	$ 0.09	$ (0.60)	$ 0.21	$ 0.19
$ 0.21							
Cash dividends/ distributions declared.....		$ 1,276	$ 177		$ 816	$ 710	$ 710
$ 1,207							
Cash dividends/ distributions per share.....		$ 0.15	$ 0.12		$ 0.50	$ 0.50	$ 0.50
$ 0.85							
BALANCE SHEET DATA (AS OF PERIOD END):							
Real estate investments, net of accumulated depreciation.....	$ 469,850	$ 187,730	$ 22,931		$ 188,625	$ 23,070	$ 23,624
$ 24,179							
Total assets.....	478,167	192,656	24,044		193,534	24,197	24,779
25,647							
Mortgages payable.....	230,649	114,301	14,579		114,375	14,658	14,916
15,153							
Total liabilities.....	233,542	117,194	14,959		117,008	15,026	15,191
15,620							
Minority interests.....	64,611	64,611	--		64,862	--	--
--							
Shareholders' equity.....	180,014	10,851	9,085		11,664	9,171	9,588
10,026							

<CAPTION>

<S>	<C>
	1993
<S>	<C>
OPERATING DATA:	
Revenue:	
Rental income.....	$ 1,073
Tenant recoveries and other income.....	70
Total revenue.....	1,143
Expenses:	
Interest.....	461
Depreciation and amortization.....	256
Property expenses.....	63
General and administrative.....	183
Reformation costs (1).....	--
Termination of Advisory Agreement (2).....	--
Total expenses.....	963
Equity in income of management company.....	--
Income (loss) before minority interests.....	180
Income allocated to minority interests.....	--
Preferred Share distributions.....	--
Net income (loss).....	$ 180

Net income (loss) per common share.....	$ 0.17
Cash dividends/ distributions declared.....	$ 923
Cash dividends/ distributions per share.....	$ 0.88
BALANCE SHEET DATA (AS OF PERIOD END):	
Real estate investments, net of accumulated depreciation.....	$ 15,110
Total assets.....	18,882
Mortgages payable.....	7,450
Total liabilities.....	7,950
Minority interests.....	--
Shareholders' equity.....	10,932

</TABLE>

<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31,			YEAR ENDED DECEMBER 31,				
	PRO FORMA	HISTORICAL		PRO FORMA	HISTORICAL			
	1998	1998	1997	1997	1997	1996	1995	1994
	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)				
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
OTHER DATA:								
Cash flows provided (used in):								
Operating activities.....	(3)	$ 956	$ 223	(3)	$ 3,216	$ 840	$ 678	$ 690
Investing activities.....	(3)	(682)	0	(3)	973	127	(551)	(9,511)
Financing activities.....	(3)	(1,323)	(256)	(3)	(1,052)	(967)	(1,001)	6,357
Funds from operations (4)....		1,246	229		1,718	847	827	768
Weighted average shares outstanding (in thousands).....	16,699	2,268	1,420	16,699	1,601	1,420	1,420	1,420
PROPERTY DATA (AS OF PERIOD END):								
Number of properties owned...	49	17	7	49	17	7	7	7
Total rentable square feet owned (in thousands).....	4,734	1,852	370	4,734	1,852	370	370	370

<CAPTION>

	1993
<S>	<C>
OTHER DATA:	
Cash flows provided (used in):	
Operating activities.....	$ 358
Investing activities.....	(5,461)
Financing activities.....	7,829
Funds from operations (4)....	437
Weighted average shares outstanding (in thousands).....	1,065

PROPERTY DATA (AS OF PERIOD END):	
Number of properties owned...	4
Total rentable square feet owned (in thousands).....	215

- ------------------------

(1) Reflects a nonrecurring expense of $637 associated with the reformation of the Company on March 16, 1998.

(2) Reflects a nonrecurring expense of $1,353 associated with the termination of the Advisory Agreement on October 14, 1997, which was paid in the form of Common Stock.

(3) Pro forma information relating to cash flows from operating, investing and financing activities has not been included because management believes that the information would not be meaningful due to the number of assumptions required in order to calculate this information.

(4) The White Paper on Funds from Operations ("FFO") approved by the Board of Governors of NAREIT in March 1995 defines FFO as net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from debt restructuring and sales of properties, plus real estate related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. The Company believes that FFO is helpful to investors as a measure of the financial performance of an equity REIT because, along with cash flow from operating activities, financing activities and investing activities, it provides investors with an indication of the ability of the Company to incur and service debt, to make capital expenditures and to fund other cash needs. The Company computes FFO in accordance with standards established by NAREIT which may not be comparable to FFO reported by other REITs that do not define the term in accordance with the current NAREIT definition or that interpret the current NAREIT definition differently than the Company. FFO does not represent cash generated from operating activities determined in accordance with GAAP and should not be considered as an alternative to net income (determined in accordance with GAAP) as an indication of the Company's financial performance or to cash flow from operating activities (determined in accordance with GAAP) as a measure of the Company's liquidity, nor is it indicative of funds available to fund the Company's cash needs, including its ability to make cash distributions.

MANAGEMENT

EXECUTIVE OFFICERS AND TRUSTEES

Set forth below is certain information as of the date of this Proxy Statement for (i) the Trustees of the Company, (ii) the executive officers of the Company and (iii) the Trustees and executive officers of the Company as a group.

NAME	AGE	OFFICE	CLASS
Jay H. Shidler.....	52	Chairman of the Board of Trustees	III
Clay W. Hamlin, III.....	53	Chief Executive Officer and Trustee	III
Vernon R. Beck.....	56	Vice President and Vice Chairman of the Board of Trustees	I
Kenneth D. Wethe.....	56	Trustee	II
Allen C. Gehrke.....	63	Trustee	I
William H. Walton.....	45	Trustee	II
Kenneth S. Sweet, Jr.....	65	Trustee	III
Thomas D. Cassel.....	39	Vice President, Finance and Treasurer	
John D. Parsinen.....	55	Secretary	

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* Upon closing of the Transaction, Mr. Griffin will become President of the Company and Messrs. Crooke and Kesler will become Trustees of the Company.

In addition, Messrs. Waesche and Gurley will become executive officers of the Company. For biographies of each of the five aforementioned persons, see the "The Transaction--Changes in Operations and Additions to Management."

JAY H. SHIDLER has been Chairman of the Board of Trustees since October 1997. Mr. Shidler is the Founder and Managing Partner of The Shidler Group. A nationally acknowledged expert in the field of real estate investment and finance, Mr. Shidler has over 25 years of experience in real estate investment and has been directly involved in the acquisition and management of over 1,000 properties in 40 states and Canada totaling over $4 billion in aggregate value. Mr. Shidler is a founder and current Chairman of the Board of Trustees of First Industrial Realty Trust, Inc. and is a founder and former director and Co-Chairman of TriNet Corporate Realty Trust, Inc. Mr. Shidler is also founder and Chairman of the Board of Trustees of CGA Group, Ltd., a holding company whose subsidiary is a AAA-rated financial guarantor based in Bermuda. Mr. Shidler serves on the boards of directors of several companies and is active as a Trustee of several charitable organizations, including The Shidler Family Foundation. Mr. Shidler holds a bachelor's degree in Business Administration from the University of Hawaii.

CLAY W. HAMLIN, III has been a Trustee and President and Chief Executive Officer of the Company since October 1997. Upon consummation of the Transaction, Mr. Hamlin will relinquish the role of President to Randall M. Griffin. See "The Transaction--Changes in Operations and Additions to Management." Mr. Hamlin joined The Shidler Group in May 1989, as Managing Partner of The Shidler Group's Mid-Atlantic regional office and acquired, managed and leased over four million square feet of commercial property with a value in excess of $300 million. A resident of Philadelphia for over 30 years, Mr. Hamlin has been active in the real estate business for 25 years. Mr. Hamlin is an attorney, a CPA and holds an MBA from The Wharton School of Business and an undergraduate degree from the University of Pennsylvania. Mr. Hamlin served as a Lieutenant J.G. in the U.S. Navy, and is active in many professional and charitable organizations. Mr. Hamlin is a founding shareholder of both TriNet Corporate Realty Trust, Inc. and First Industrial Realty Trust, Inc. His professional affiliations include the Urban Land Institute, NAREIT, the American Institute of CPAs and the American Bar Association.

VERNON R. BECK is Vice Chairman of the Board of Trustees and a Vice President of the Company. Mr. Beck was elected a Trustee of the Company in January 1990. From 1988 to 1997, Mr. Beck served as President of the Company and as President of Crown Advisors, Inc., the Company's former external

advisors. Since 1976, Mr. Beck has also been President of Vernon Beck & Associates, Inc., a commercial mortgage banking and real estate development firm, which has developed and financed numerous commercial real estate projects. Mr. Beck is a former commercial loan officer with IDS Mortgage Corporation and senior analyst with Northwestern National Life Insurance Company.

KENNETH D. WETHE has been a Trustee of the Company since January 1990. Since 1990, Mr. Wethe has been the owner and principal officer of Wethe & Associates, a Dallas-based firm providing independent risk management, insurance and employee benefit services to school districts and governmental agencies. Mr. Wethe's background includes over 26 years experience in the group insurance and employee benefits area. He is a certified public accountant and holds an MBA from Pepperdine University.

ALLEN C. GEHRKE has been a Trustee of the Company since 1995. Prior to becoming a private investor in 1995, Mr. Gehrke served for 35 years in various key positions at Fleming Companies, Inc. As Senior Vice President of Corporate Development, Mr. Gehrke's responsibilities included management of company physical assets, market research, lease negotiations and real estate financing. Prior to his employment with Fleming Companies, Inc., Mr. Gehrke spent seven years with Midwest Contractors and L.A. Construction Co. of Milwaukee. Mr. Gehrke is a former director of United Cerebral Palsy and several other community organizations.

WILLIAM H. WALTON has been a Trustee of the Company since October 1997. Mr. Walton is a Managing Principal of Westbrook Partners, LLC ("Westbrook") which he co-founded in April of 1994. With offices in Dallas, New York, San Francisco and Florida, Westbrook is a fully integrated real estate investment management company. Westbrook is the sponsor of Westbrook Real Estate Fund and Westbrook Real Estate Fund II, which together control approximately $4 billion of real estate assets including investments in: real estate companies and securities; offices, retail and industrial properties; apartments; hotels; and residential developments. Prior to co-founding Westbrook, Mr. Walton was a Managing Director of Morgan Stanley Realty. Mr. Walton holds an AB from Princeton University and an MBA from Harvard Business School.

KENNETH S. SWEET, JR. has been a Trustee of the Company since October 1997. Mr. Sweet is the Managing Director of Gordon Stuart Associates, Inc., which he founded in 1991. In 1971, Mr. Sweet founded K.S. Sweet Associates which specialized in real estate and venture capital investments. From 1957 to 1971, he served in increasingly responsible positions at The Fidelity Mutual Life

Insurance Company. Currently the Managing General Partner of fifteen venture capital and real estate partnerships with assets of over $300 million, Mr. Sweet has over 37 years of experience in real estate investments, management, development and venture capital transactions. Mr. Sweet is active in community affairs and serves as a director, chairman of the real estate committee and a member of the finance committee of the Main Line Health and the Philadelphia Chapter of the Nature Conservancy and is on the Advisory Committee of the Arthur Ashe Youth Tennis Center. Mr. Sweet holds a BA degree from the Lafayette College and attended The Wharton School of Business.

THOMAS D. CASSEL has been Vice President, Finance and Treasurer of the Company since October 1997. Mr. Cassel is a Certified Public Accountant with over 18 years experience in real estate accounting, finance, acquisitions and management. From 1995 until he joined the Company, Mr. Cassel was Vice President and Chief Financial Officer of Delancey Investment Group, Inc., a Philadelphia based real estate investment and management company of commercial and residential properties. Prior to Delancey, he was a real estate consulting manager for Arthur Andersen, LLP for four years and Kenneth Leventhal & Co. for two years. As a consultant, he performed strategic planning, capital markets, valuation and acquisition analyses for a variety of real estate companies, including real estate investment trusts. Mr. Cassel received his bachelor's degree in Finance with a major in Accounting from the Wharton School at the University of Pennsylvania. He is active in several professional and charitable organizations.

JOHN PARSINEN has been Secretary of the Company since January 1990. Mr. Parsinen has over 31 years of experience in commercial real estate. Mr. Parsinen has developed and owns various real estate projects.

Mr. Parsinen has been a senior attorney at Parsinen Kaplan Levy Rosberg & Gotlieb, P.A., Minneapolis, Minnesota, since it was formed in 1982. Mr. Parsinen owns 50% of Guaranty Title, Inc., a Minneapolis-based real estate title insurance company. Mr. Parsinen was a general partner of Earle Brown Commons Limited Partnership II, which owned and operated an elderly housing facility in Brooklyn Center, Minnesota. In 1994, the limited partnership initiated a Chapter 11 bankruptcy reorganization proceeding to restructure certain tax and debt obligations. The bankruptcy was dismissed in 1995 and the project was sold.

CERTAIN INFORMATION REGARDING THE BOARD OF TRUSTEES AND COMMITTEES

THE BOARD OF TRUSTEES. The business and affairs of the Company are managed under the direction of the Board of Trustees. Pursuant to the terms of the Declaration of Trust, the Trustees are divided into three classes. Class I will hold office for a term expiring at the annual meeting of shareholders to be held in 1999, Class II will hold office for a term expiring at the annual meeting of shareholders to be held in 2000, and Class III will hold office for a term expiring at the annual meeting of shareholders to be held in 2001. At each annual meeting of shareholders of the Company, the successors to the class of Trustees whose terms expire at the meeting will be elected to hold office for a term continuing until the annual meeting of shareholders held in the third year following the year of their election and the election and qualification of their successors. Upon closing of the Transaction, the Board of Trustees will be expanded from seven to nine members, as discussed under "The Transaction--Changes in Operation and Additions to Management."

COMMITTEES. The Board of Trustees has Audit, Compensation and Investment Committees. The Audit Committee, which currently consists of Messrs. Wethe, Gehrke and Beck, reviews, recommends and reports to the Board of Trustees on (1) the engagement of independent auditors and range of audit fees, (2) the quality and effectiveness of internal controls, (3) engagement or discharge of the independent auditors, (4) professional services provided by the independent auditors and (5) the review and approval of major changes in the Company's accounting principles and practices. The Compensation Committee, which currently consists of Messrs. Sweet and Walton, determines all executive compensation, administers stock option plans and other incentive plans and approves employment contracts. The Investment Committee, which consists of Messrs. Shidler, Sweet and Wethe, must approve all investments and acquisitions. Investments of less than $25 million may be made with Investment Committee approval only, and investments in excess of that amount must also be approved by the Board of Trustees. The Board of Trustees presently acts as its own Nominating Committee.

COMPENSATION OF TRUSTEES. Independent Trustees (Messrs. Gehrke, Sweet, Walton and Wethe) each receive an annual fee of $15,000. Trustees incurring travel expenses in connection with their duties as Trustees of the Company are reimbursed in full. Each Trustee is eligible to participate in the Incentive Plan. The Compensation Committee intends to grant to each Trustee who is not an employee of the Company, upon initial election or appointment, an option to purchase 5,000 Common Shares, at the then fair market value of the Common Shares.

SECURITY OWNERSHIP OF MANAGEMENT AND OTHERS

The following table contains certain information as of June 1, 1998

regarding the beneficial ownership of Common Shares by (i) each person known by the Company to own beneficially more than 5% of the Common Shares, (ii) each current Trustee and executive officer of the Company, and (iii) the current Trustees and executive officers as a group. Any shares which are subject to an option or a warrant exercisable within 60 days are reflected in the following table and are deemed to be outstanding for the purpose of computing the percentage of Common Shares owned by the option or warrant holder but are not deemed to be outstanding for the purpose of computing the percentage of Common Shares owned by any other person. Unless otherwise noted, each person identified below possesses sole voting and investment power with respect to such shares.

<TABLE>
<CAPTION>

	NUMBER OF COMMON SHARES BENEFICIALLY OWNED(1)	PERCENT OF ALL COMMON SHARES
<S>	<C>	<C>
Jay H. Shidler	300,000	3.1%
Clay W. Hamlin, III	300,000	3.1
Vernon R. Beck	151,793(2)	1.6
John Parsinen	151,965(3)	1.6
Allen C. Gehrke	7,750(4)	*
Kenneth S. Sweet, Jr	10,000	*
William H. Walton	0	--
Kenneth D. Wethe	12,724(2)	*
Thomas D. Cassel	660	*
All Trustees and Executive Officers as a Group (9 persons)	934,892(5)	9.4%

</TABLE>

- ------------------------

* Represents less than one percent.

(1) Shares Beneficially Owned by a person are determined in accordance with the definition of "beneficial ownership," as set forth in the regulations of the Commission and, accordingly, may include securities owned by or for, among others, the spouse, children or certain other relatives of such person, as well as other shares as to which the person has or shares voting or investment power or has the option or right to acquire Common Shares within 60 days.

(2) Includes 12,500 Common Shares issuable upon exercise of presently exercisable options.

(3) Includes 10,000 Common Shares issuable upon exercise of presently exercisable options. Includes 3,000 shares owned by Mr. Parsinen's wife.

(4) Includes 7,500 Common Shares issuable upon exercise of presently exercisable options.

(5) Includes 42,500 Common Shares issuable upon exercise of presently exercisable options.

INDEPENDENT ACCOUNTANTS

Representatives of PricewaterhouseCoopers LLP (formerly Coopers & Lybrand L.L.P.) are expected to be present at the Special Meeting to respond to questions from shareholders and to make a statement if they so desire.

OTHER MATTERS

As of the date of this Proxy Statement, neither the Board of Trustees nor management knows of other matters which will be presented for consideration at the Special Meeting. However, if any other business should properly come before the Special Meeting, the persons named in the enclosed proxy (or their substitutes) will have discretionary authority to take such action as shall be in accordance with their best judgment.

EXPERTS

The consolidated financial statements of the Constellation Services Companies as of December 31, 1997 and 1996 and for each of the years in the three-year period ended December 31, 1997 and the combined statement of revenues and certain expenses of the Constellation Properties for the year ended December 31, 1997 have been included herein in reliance on the report of

PricewaterhouseCoopers LLP, independent accountants, given on the authority of that firm as experts in accounting and auditing.

The consolidated financial statements of the Company as of December 31, 1997 and 1996 and for each of the years in the three-year period ended December 31, 1997, incorporated by reference in this Proxy Statement, have been incorporated by reference herein in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of that firm as experts in accounting and auditing.

The combined statement of revenue and certain expenses of the properties known as Airport Square (Airport Square Acquisition Properties) for the year ended December 31, 1997 have been incorporated herein in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of that firm as experts in accounting and auditing.

The combined statement of revenue and certain expenses of the properties in Fairfield, New Jersey (Wagman Acquisition Properties) for the year ended December 31, 1997 have been incorporated herein in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of that firm as experts in accounting and auditing.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents, filed by the Company with the Commission pursuant to Section 13 of the Securities Exchange Act of 1934 (the "Exchange Act") (File No.1-13274), are incorporated herein by reference: (i) the Annual Report on Form 10-K for the year ended December 31, 1997, (ii) the Quarterly Report on Form 10-Q for the quarter ended March 31, 1998, (iii) the Current Reports on Forms 8-K and 8-K/A filed May 14, 1998, May 29, 1998, June 10, 1998, and July 7, 1998, (iv) the Proxy Statement/ Prospectus dated February 11, 1998, and (v) the Prospectus dated April 22, 1998.

All documents filed by the Company pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this Proxy Statement and prior to the date of the Special Meeting shall be deemed to be incorporated by reference herein from the date of filing such documents.

Any statement contained herein or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Proxy Statement to the extent that a statement contained herein or in any subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Proxy Statement.

Also incorporated by reference herein are the Transaction Agreements, copies of which have been filed with the Securities and Exchange Commission as Exhibits to this Proxy Statement.

TO THE EXTENT THAT THIS PROXY STATEMENT INCORPORATES DOCUMENTS BY REFERENCE WHICH ARE NOT PRESENTED HEREIN OR DELIVERED HEREWITH. THESE DOCUMENTS, EXCEPT THE EXHIBITS TO SUCH DOCUMENTS (UNLESS SUCH EXHIBITS ARE SPECIFICALLY INCORPORATED BY REFERENCE IN SUCH DOCUMENTS), ARE AVAILABLE ON REQUEST. REQUESTS FOR SUCH COPIES SHOULD BE DIRECTED TO JANET POINT, ONE LOGAN SQUARE, SUITE 1105, PHILADELPHIA, PA 19103 OR BY TELEPHONE AT (215) 567-1800. IN ORDER TO ENSURE TIMELY DELIVERY OF THE DOCUMENTS, ANY REQUEST SHOULD BE MADE BY AUGUST 7, 1998.

By order of the Board of Trustees,

/s/ John D. Parsinen

John D. Parsinen
Secretary

Date: July 22, 1998
Philadelphia, Pennsylvania

INDEX TO FINANCIAL STATEMENTS

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CORPORATE OFFICE PROPERTIES TRUST
PRO FORMA CONDENSED CONSOLIDATING FINANCIAL INFORMATION

The following sets forth the unaudited pro forma condensed consolidating balance sheet of Corporate Office Properties Trust and its consolidated affiliates, including Corporate Office Properties, L.P. (the "Operating Partnership") as of March 31, 1998, and the unaudited pro forma condensed consolidating statements of operations for the year ended December 31, 1997 and the three-month period ended March 31, 1998 of the Company (as defined below). Corporate Office Properties Trust and its consolidated affiliates, including the Operating Partnership, are collectively referred to herein as the "Company."

In October 1997, the Operating Partnership acquired partnership interests in a portfolio of ten properties (the "Initial Office Properties"), representing the Mid-Atlantic suburban office operations of The Shidler Group, subject to $100 million of indebtedness (the "Term Credit Facility"). At that time, the Company became the sole general partner of the Operating Partnership, which was formed to acquire and hold the Initial Office Properties. In connection with the acquisition of the Initial Office Properties, the Company issued 600,000 of its common shares of beneficial interest ("Common Shares") and the Operating Partnership issued (or committed to issue) 3,181,818 common partnership units ("Partnership Units") and 2.1 million preferred partnership units ("Preferred Units").

The acquisition of the Initial Office Properties is reflected in the Company's historical consolidated balance sheet as of December 31, 1997, and is included in the pro forma condensed consolidating statements of operations as if it occurred on January 1, 1997.

The pro forma condensed consolidating financial information is presented as if the following transactions had been consummated on March 31, 1998 for balance sheet purposes, and at the beginning of the period presented for purposes of the statements of operations:

- The completion of a public offering (the "Offering") in which the Company issued 7,500,000 Common Shares at $10.50 per share and contributed all of the net proceeds to the Operating Partnership in exchange for 7,500,000 Partnership Units.

- The acquisition of nine multistory office buildings and three office/flex

buildings (the "Airport Square Properties").

- The acquisition of two office properties (the "Fairfield Properties").

- The closing of a $100 million, two-year-senior revolving credit facility (the "Revolving Credit Facility") and the borrowing of $23,750,000 under the Revolving Credit Facility to pay a portion of the consideration for the Fairfield Properties.

- The acquisition by the Company from various parties (collectively, "Constellation") of interests in (i) 14 office and 2 retail properties (the "Constellation Properties"); (ii) a 75% ownership interest in a real estate management services entity; and (iii) certain equipment, furniture and other assets related to management operations ((ii) and (iii) collectively, the "Constellation Service Companies") in exchange for: (a) issuance by the Company of 969,900 non-voting Series A Convertible Preferred Shares of Beneficial Interest, $0.01 par value, $25.00 liquidation preference ("Preferred Shares") and 6,928,000 Common Shares; (b) the assumption of debt aggregating $12,990,000; and (c) the payment of $69,038,000 in cash. The foregoing is referred to herein as the "Transaction."

- The borrowing of $73,143,000 under the Revolving Credit Facility to pay for certain of the cash requirements of the Transaction.

- The contribution by the Company of all the assets acquired in the Transaction to the Operating Partnership in exchange for Partnership Units and Preferred Units.

The accompanying pro forma condensed consolidating financial information does not include the effects of the acquisition of two retail properties (the "Development Properties"), as the Company's obligation to complete such acquisitions is contingent on the occurrence of certain events.

This pro forma condensed consolidating financial information should be read in conjunction with the historical financial statements of the Company and those of the Initial Office Properties, the Airport Square Properties, the Fairfield Properties, the Constellation Properties and the Constellation Service Companies, which are incorporated by reference or included elsewhere herein. In management's opinion, all adjustments necessary to reflect the effects of the transactions to be consummated have been made. This pro forma condensed consolidating financial information is unaudited and is not necessarily indicative of what the actual financial position would have been at March 31, 1998, nor does it purport to represent the future financial position and the results of operations of the Company.

CORPORATE OFFICE PROPERTIES TRUST

PRO FORMA CONDENSED CONSOLIDATING BALANCE SHEET

AS OF MARCH 31, 1998

(UNAUDITED)

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

<TABLE>
<CAPTION>

	COMPANY HISTORICAL (A)	OFFERING, AIRPORT SQUARE AND FAIRFIELD PROPERTIES (B)	PRO FORMA ADJUSTMENTS (C)	PRO FORMA CONSOLIDATED
<S>	<C>	<C>	<C>	<C>
ASSETS				
Net investments in real estate	$ 187,730	$ 102,073	$ 180,047(D)	$ 469,850
Cash and cash equivalents	2,346	386	--	2,732
Deferred costs, net	793	505	--	1,298
Investment in management company	--	--	2,500(D)	2,500
Other assets	1,787	--	--	1,787
Total assets	$ 192,656	$ 102,964	$ 182,547	$ 478,167
LIABILITIES AND SHAREHOLDERS' EQUITY				
Liabilities				
Mortgage loans payable	$ 114,301	$ 30,215	$ 86,133(E)	$ 230,649
Other liabilities	2,893	--	--	2,893
Total liabilities	117,194	30,215	86,133	233,542

Minority interests				
Preferred Units	52,500	--	--	52,500
Partnership Units	12,111	--	--	12,111
Total minority interests	64,611	--	--	64,611
Shareholders' equity				
Preferred shares of beneficial interest	--	--	10(F)	10
Common shares of beneficial interest	23	75	69(G)	167
Additional paid in capital	16,647	72,674	96,335(H)	185,656
Accumulated deficit	(5,819)	--	--	(5,819)
Total shareholders' equity	10,851	72,749	96,414	180,014
Total liabilities and shareholders' equity	$ 192,656	$ 102,964	$ 182,547	$ 478,167

</TABLE>

See accompanying notes and management's assumptions to pro forma financial statements

CORPORATE OFFICE PROPERTIES TRUST

PRO FORMA CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 1997
(UNAUDITED)

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

<TABLE>
<CAPTION>

<S>	COMPANY HISTORICAL (A) <C>	OFFERING, INITIAL OFFICE, AIRPORT SQUARE AND FAIRFIELD PROPERTIES (B) <C>	PRO FORMA ADJUSTMENTS (C) <C>	PRO FORMA CONSOLIDATED <C>
REVENUES:				
Base rents	$ 6,122	$ 23,129	$ 14,756(D)	$ 44,007
Tenant reimbursements	434	2,795	2,095(D)	5,324
Other	62	20	213(D)	295
Total revenues	6,618	25,944	17,064	49,626
EXPENSES:				
Property operating	728	8,029	5,986(D)	14,743
General and administrative	533	299	526(D)	1,358
Interest expense	2,855	8,194	6,177(D)	17,226
Depreciation and amortization	1,331	5,059	3,517(D)	9,907
Termination of Advisory Agreement	1,353	--	(1,353)(E)	--
Total expenses	6,800	21,581	14,853	43,234
Equity in income of management company	--	--	55(D)	55
Income (loss) before minority interests	(182)	4,363	2,266	6,447
Minority interests				
Preferred Units	(720)	--	(2,692)(F)	(3,412)
Partnership Units	(65)	--	(131)(F)	(196)
Net income (loss)	(967)	4,363	(557)	2,839
Preferred share distributions	--	--	(1,334)(F)	(1,334)
Net income (loss) available to Common Shareholders	$ (967)	$ 4,363	$ (1,891)	$ 1,505
Net income (loss) per share: Basic and diluted	$ (0.60)			$ 0.09
Weighted average number of Common Shares	1,600,807			16,699,083

</TABLE>

See accompanying notes and management's assumptions to pro forma financial statements

CORPORATE OFFICE PROPERTIES TRUST

PRO FORMA CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 1998

(UNAUDITED)

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

<TABLE>
<CAPTION>

	HISTORICAL CONSOLIDATED (A)	OFFERING, AIRPORT SQUARE AND FAIRFIELD PROPERTIES (B)	PRO FORMA ADJUSTMENTS (C)	PRO FORMA CONSOLIDATED
<S>	<C>	<C>	<C>	<C>
REVENUES:				
Base rents	$ 4,919	$ 3,496	$ 3,694(D)	$ 12,109
Tenant reimbursements	553	142	426(D)	1,121
Other	53	4	82(D)	139
Total revenues	5,525	3,642	4,202	13,369
EXPENSES:				
Property operating	899	1,088	1,473(D)	3,460
General and administrative	299	29	137(D)	465
Interest expense	2,159	579	1,543(D)	4,281
Depreciation and amortization	1,041	564	879(D)	2,484
Reformation costs	637	--	(637)(E)	--
Total expenses	5,035	2,260	3,395	10,690
Equity in income of management company	--	--	(159)(D)	(159)
Income (loss) before minority interests	490	1,382	648	2,520
Minority interests				
Preferred Units	(853)	--	-- (F)	(853)
Partnership Units	(136)	--	(44)(F)	(180)
Net income (loss)	(499)	1,382	604	1,487
Preferred share distributions	--	--	(333)(F)	(333)
Net income (loss) available to Common Shareholders	$ (499)	$ 1,382	$ 271	$ 1,154
Net income (loss) per share: Basic and diluted	$ (0.22)			$ 0.07
Weighted average number of Common Shares	2,268,333			16,699,083

</TABLE>

See accompanying notes and management's assumptions to pro forma financial statements

CORPORATE OFFICE PROPERTIES TRUST

NOTES AND MANAGEMENT'S ASSUMPTIONS TO

PRO FORMA CONDENSED CONSOLIDATING

FINANCIAL INFORMATION

(DOLLARS IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

1. BASIS OF PRESENTATION:

Corporate Office Properties Trust (the "Company") is a self-administered Maryland real estate investment trust. As of March 31, 1998, the Company's portfolio included 17 commercial real estate properties leased for office and retail purposes.

These pro forma condensed consolidating financial statements should be read in conjunction with the historical financial statements and notes thereto of the Company, the Initial Office Properties, the Airport Square Properties, the

Fairfield Properties, the Constellation Properties and the Constellation Service Companies, incorporated by reference or included elsewhere herein. In management's opinion, all adjustments necessary to reflect the effects of the Offering and the acquisitions of the Initial Office Properties, the Airport Square Properties, the Fairfield Properties, the Constellation Properties and the Constellation Service Companies by the Company have been made.

2. ADJUSTMENTS TO PRO FORMA CONDENSED CONSOLIDATING BALANCE SHEET:

(A) Reflects the historical consolidated balance sheet of the Company as of March 31, 1998.

(B) Reflects the effects of the Offering and the acquisitions of the Airport Square Properties and the Fairfield Properties.

<TABLE>
<CAPTION>

	OFFERING(I)	AIRPORT SQUARE PROPERTIES (II)	FAIRFIELD PROPERTIES(III)	COMBINED
<S>	<C>	<C>	<C>	<C>
ASSETS				
Net investments in real estate	$ --	$ 72,668	$ 29,405	$ 102,073
Cash and cash equivalents	72,749	(72,668)	305	386
Deferred costs, net	--	--	505	505
TOTAL ASSETS	$ 72,749	$ --	$ 30,215	$ 102,964
LIABILITIES AND SHAREHOLDERS' EQUITY				
Liabilities				
Mortgage loans payable	$ --	$ --	$ 30,215	$ 30,215
TOTAL LIABILITIES	--	--	30,215	30,215
Shareholders' equity				
Common shares of beneficial interest	75	--	--	75
Additional paid in capital	72,674	--	--	72,674
TOTAL SHAREHOLDERS' EQUITY	72,749	--	--	72,749
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 72,749	$ --	$ 30,215	$ 102,964

</TABLE>

(i) Reflects the proceeds of the Offering of $78,750 based upon an offering of 7,500,000 Common Shares at an offering price of $10.50 per share, net of underwriting discounts and offering expenses of approximately $6,001.

2. ADJUSTMENTS TO PRO FORMA CONDENSED CONSOLIDATING BALANCE SHEET: (CONTINUED)

(ii) Reflects the Company's acquisition of the Airport Square Properties

based upon the purchase price of $71,479 plus closing costs of $1,189 paid in cash.

(iii) Reflects the Company's acquisition of the Fairfield Properties based upon the purchase price of $28,800 plus closing costs of $605 paid through the Company's assumption of debt of $6,465 and initial funding proceeds of $23,750 from the Revolving Credit Facility, net of loan fees totaling $505 in connection with the Revolving Credit Facility and the debt assumed.

(C) The accompanying pro forma condensed consolidating financial information does not include the effects of the acquisition of the Development Properties (estimated purchase price of $25,594), as the Company's obligation to complete such acquisitions is contingent on the occurrence of certain events.

(D) Reflects the contribution of the Constellation Properties and Constellation Service Companies in exchange for: (i) issuance of 969,900 Preferred Shares at a value equal to a liquidation preference of $25.00 per share ($24,248); (ii) issuance of 6,928,000 Common Shares at a value of $10.50 per share ($72,744); (iii) assumption of debt aggregating $12,990; and (iv) utilization of loan proceeds from the Revolving Credit Facility of $72,565, including payment of $3,527 of costs associated with the acquisition. The total contribution is recorded as follows:

<TABLE>
<S> <C>

Net investments in real estate	$180,047
Investment in management company	2,500
Total investments from Transaction	$182,547

</TABLE>

The Company will be acquiring from Constellation an interest in the Constellation Service Companies for $2,500 which the Company will contribute to a newly formed company in exchange for indebtedness and stock. As this investment will be accounted for under the equity method of accounting, the pro forma adjustments reflect the income (loss) from this investment as equity in income of management company.

2. ADJUSTMENTS TO PRO FORMA CONDENSED CONSOLIDATING BALANCE SHEET: (CONTINUED)
(E) Reflects the net increase in mortgage loans payable as follows:

<TABLE>
<S> <C>

Net proceeds from the Revolving Credit Facility in connection with the Transaction	$73,143
Assumption of mortgages in connection with the Transaction	12,990
Net increase in mortgage loans payable	$86,133
(F) Reflects the issuance of 969,900 Preferred Shares, $0.01 par value	$10
(G) Reflects the issuance of 6,928,000 Common Shares, $0.01 par value	$69
(H) Reflects increase in additional paid in capital as follows:	
Issuance of 969,900 Preferred Shares, excess of $25.00 over par	$24,238
Issuance of 6,928,000 Common Shares, excess of $10.50 over par	72,675
Less: costs in connection with the Transaction	(578)
Net increase in additional paid in capital	$96,335

</TABLE>

3. ADJUSTMENTS TO PRO FORMA CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS:

(A) Reflects the historical consolidated operations of the Company.

(B) Reflects the effects of the combined adjusted historical operations of the Initial Office Properties, the Airport Square Properties and the Fairfield Properties which were acquired on October 14, 1997, April 30, 1998 and May 28, 1998, respectively.

FOR THE YEAR ENDED DECEMBER 31, 1997

<TABLE>
<CAPTION>

	INITIAL OFFICE PROPERTIES THROUGH 10/13/97	AIRPORT SQUARE PROPERTIES THROUGH 12/31/97	FAIRFIELD PROPERTIES THROUGH 12/31/97	PRO FORMA ADJUSTMENTS	COMBINED
<S>	<C>	<C>	<C>	<C>	<C>
REVENUES					
Base rents	$12,216	$8,524	$2,389	$--	$23,129
Tenant reimbursements	1,282	275	1,238	--	2,795
Other	--	20	--	--	20
TOTAL REVENUES	13,498	8,819	3,627	--	25,944
EXPENSES					
Property operating	2,731	3,367	1,931	--	8,029
General and administrative	174	41	84	--	299
Interest expense	7,388	--	--	806(i)	8,194
Depreciation and amortization	2,580	--	--	2,479(ii)	5,059
TOTAL EXPENSES	12,873	3,408	2,015	3,285	21,581
INCOME (LOSS) BEFORE MINORITY INTERESTS	$ 625	$5,411	$1,612	$(3,285)	$ 4,363

</TABLE>

3. ADJUSTMENTS TO PRO FORMA CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS: (CONTINUED)

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 1998

<TABLE>
<CAPTION>

	INITIAL OFFICE PROPERTIES HISTORICAL	AIRPORT SQUARE PROPERTIES HISTORICAL THROUGH 3/31/98	FAIRFIELD PROPERTIES HISTORICAL THROUGH 3/31/98	PRO FORMA ADJUSTMENTS	COMBINED
<S>	<C>	<C>	<C>	<C>	<C>
REVENUES					
Base rents	$ --	$ 2,528	$ 968	$ --	$ 3,496
Tenant reimbursements	--	64	78	--	142

Other	--	4	--	--		4
TOTAL REVENUES	--	2,596	1,046	--		3,642
EXPENSES						
Property operating	--	805	283	--		1,088
General and administrative	--	6	23	--		29
Interest expense	--	--	--	579(i)		579
Depreciation and amortization	--	--	--	564(ii)		564
TOTAL EXPENSES	--	811	306	1,143		2,260
INCOME (LOSS) BEFORE MINORITY INTERESTS	$ --	$ 1,785	$ 740	$ (1,143)	$	1,382

(i) Reflects the net increase in interest expense resulting from:

	FOR THE YEAR ENDED DECEMBER 31, 1997	FOR THE THREE MONTH PERIOD ENDED MARCH 31, 1998
The Term Credit Facility, for the period January 1, 1997 through October 13, 1997, the date on which the loan originated, which debt bears interest at 7.5% per annum, net of historical interest expense of the Initial Office Properties	$ (1,511)	$ --
The debt assumed in connection with the acquisition of the Fairfield Properties which debt bears interest at 8.29% per annum	536	134
The borrowing on the Revolving Credit Facility of $23,750 in connection with the acquisition of the Fairfield Properties (which debt bears interest at LIBOR plus 175 basis points) assuming a LIBOR rate of 5.75%	1,781	445
	$ 806	$ 579

3. ADJUSTMENTS TO PRO FORMA CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS: (CONTINUED)

(ii) Reflects the net increase in depreciation and amortization expense resulting from:

	FOR THE YEAR ENDED DECEMBER 31, 1997	FOR THE THREE MONTH PERIOD ENDED MARCH 31, 1998
Depreciation of buildings acquired over a 40-year useful life	$ 2,588	$ 511
Reduction in amortization of deferred financing fees related to loans held by previous owners of the Initial Office Properties ($515), net of amortization of deferred financing debt related to Term Credit Facility held by the Company on Initial Office Properties ($192)	(323)	--

Amortization of deferred financing fees related to debt assumed in connection with the Fairfield Properties	10	2
Amortization of deferred financing fees related to the Revolving Credit Facility	204	51
	$ 2,479	$ 564

(C) Consistent with the pro forma condensed consolidating balance sheet, the pro forma statements of operations do not reflect the operations of the Development Properties.

(D) Reflects the effects of the combined adjusted historical operations of the Constellation Properties and Constellation Service Companies.

FOR THE YEAR ENDED DECEMBER 31, 1997

	CONSTELLATION PROPERTIES HISTORICAL	CONSTELLATION SERVICE COMPANIES HISTORICAL	PRO FORMA CONSTELLATION ADJUSTMENTS	COMBINED
REVENUES				
Base rents	$ 14,756	$ --	$ --	$ 14,756
Tenant reimbursements	2,095	--	--	2,095
Other	213	11,226	(11,226)(i)	213
TOTAL REVENUES	17,064	11,226	(11,226)	17,064
EXPENSES				
Property operating	5,986	--	--	5,986
General and administrative	526	10,242	(10,242) ii)	526
Interest expense	--	18	6,159 iii	6,177
Depreciation and amortization	--	225	3,292 (iv	3,517
TOTAL EXPENSES	6,512	10,485	(791)	16,206
Equity in income of management company	--	--	55(v)	55
Income before income taxes and minority interests	$ 10,552	$ 741	$ (10,380)	$ 913

3. ADJUSTMENTS TO PRO FORMA CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS: (CONTINUED)

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 1998

	CONSTELLATION PROPERTIES HISTORICAL	CONSTELLATION SERVICE COMPANIES HISTORICAL	PRO FORMA CONSTELLATION ADJUSTMENTS	COMBINED
REVENUES				
Base rents	$3,694	--$	$--	$3,694
Tenant reimbursements	426	--	--	426
Other	82	3,717	(3,717)(i)	82

TOTAL REVENUES	4,202	3,717	(3,717)	4,202
EXPENSES				
Property operating	1,473	--	--	1,473
General and administrative	137	3,685	(3,685)(ii)	137
Interest expense	--	3	1,540(iii)	1,543
Depreciation and amortization	--	67	812(iv)	879
TOTAL EXPENSES	1,610	3,755	(1,333)	4,032
Equity in income of management company	--	--	(159)(v)	(159)
Income (loss) before income taxes and minority interests	$2,592	$ (38)	$(2,543)	$ 11

<TABLE>
<CAPTION>

		FOR THE YEAR ENDED DECEMBER 31, 1997	FOR THE THREE MONTH PERIOD ENDED MARCH 31, 1998
<S>	<C>	<C>	<C>
(i)	Reflects the reclassification of Constellation Service Companies' historical revenue to equity in income of management company.....	$(11,226)	$(3,717)
(ii)	Reflects the reclassification of Constellation Service Companies' historical operating expenses to equity in income of management company.....	$(10,242)	$(3,685)

</TABLE>

CORPORATE OFFICE PROPERTIES TRUST

NOTES AND MANAGEMENT'S ASSUMPTIONS TO

PRO FORMA CONDENSED CONSOLIDATING

FINANCIAL INFORMATION (CONTINUED)

(DOLLARS IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

3. ADJUSTMENTS TO PRO FORMA CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS: (CONTINUED)

<TABLE>
<CAPTION>

		FOR THE YEAR ENDED DECEMBER 31, 1997	FOR THE THREE MONTH PERIOD ENDED MARCH 31, 1998
<S>	<C>	<C>	<C>
(iii)	Reflects the net changes in interest expense as follows:		
	The borrowing on the Revolving Credit Facility of $73,143 in connection with the Transaction (which debt bears interest at LIBOR plus 175 basis points) assuming a LIBOR rate of 5.75%, net of interest on $4,217 in debt associated with properties under construction.....	$ 5,168	$ 1,291
	The fee of 25 basis points per annum on the unused portion of the Revolving Credit Facility of $3,107.....	8	2
	The debt of $9,581 assumed in connection with the acquisition of the Constellation Properties which debt bears interest at a fixed rate of 7.5% per annum.....	720	180

The debt of $3,409 assumed in connection with the acquisition of the Constellation Properties which debt bears interest at a fixed rate of 8.25% per annum	281	70
Reclassification of Constellation Service Companies' historical interest expense to equity in income of management company	(18)	(3)
	$ 6,159	$ 1,540

(iv) Reflects the net change in depreciation and amortization expense as follows:

Depreciation of buildings acquired from Constellation over a 40-year useful life	$ 3,517	$ 879
Reclassification of Constellation Service Companies' historical depreciation and amortization to equity in income of management company	(225)	(67)
	$ 3,292	$ 812

</TABLE>

3. ADJUSTMENTS TO PRO FORMA CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS: (CONTINUED)

<TABLE>
<CAPTION>

	FOR THE YEAR ENDED DECEMBER 31, 1997	FOR THE THREE MONTH PERIOD ENDED MARCH 31, 1998
<S> <C>	<C>	<C>

(v) Reflects the net change in equity in income of management company as follows:

Reclassification of Constellation Service Companies' historical income and expenses	$ 741	$ (38)
Elimination of construction contract revenue earned by Constellation Service Companies in connection with operations that are not expected to have a continuing impact on the Company	(4,122)	(1,889)
Elimination of construction contract costs incurred by Constellation Service Companies in connection with operations that are not expected to have a continuing impact on the Company	3,768	1,852
Addition of net overhead costs not included in historical costs and expected to have a continuing impact on the Company	(122)	(177)
Depreciation expense on personal property of $405 over a 5-year useful life	(81)	(20)
Adjustment to Constellation Service Companies' historical depreciation and amortization	122	42
To reflect income tax (expense) benefit at an assumed rate of 40%	(42)	111
To reflect minority interest in management company	(124)	(19)
To reflect adjustment for purchase price of management company to pro forma net income over 20 years	(85)	(21)
	$ 55	$ (159)

</TABLE>

(E) Costs relating to termination of the advisory agreement and the reformation of the Company aggregating $1,353 and $637 for the year ended December 31, 1997 and the three-month period ended March 31, 1998, respectively, have been excluded since such costs are not expected to have a continuing impact on the Company.

(F) Reflects the effects of contribution of the net assets received from the Offering and the Transaction to the Operating Partnership in exchange for 7,500,000 Partnership Units as a result of the Offering and for 969,900 Preferred Units and 6,928,000 Partnership Units as a result of the Transaction.

3. ADJUSTMENTS TO PRO FORMA CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS: (CONTINUED)

The following table presents the calculation of the post closing percentage ownership of Partnership Units in the Operating Partnership (i.e. not including Preferred Units):

<TABLE>
<CAPTION>

	COMPANY	OTHERS	TOTAL
<S>	<C>	<C>	<C>
Partnership Units--pre closing	600,000	2,581,818	3,181,818
Offering	7,500,000	--	7,500,000
Transaction	6,928,000	--	6,928,000
Partnership Units--post closing	15,028,000	2,581,818	17,609,818
Percentage ownership	85.3%	14.7%	100.0%

</TABLE>

Minority interest in income (loss) has been reflected, on a pro forma basis, in accordance with the Operating Partnership Agreement. The holders of Preferred Units are allocated income up to 6.5% or 5.5% of their investment on a PARI PASSU basis with remaining income, if any, or loss allocated between the Company (85.3%) and the remaining partners (14.7%). The adjustments to record the income (loss) effect of the minority interest share of income (loss) in the pro forma statements of operations were computed as follows:

<TABLE>
<CAPTION>

	FOR THE YEAR ENDED DECEMBER 31, 1997	FOR THE THREE MONTH PERIOD ENDED MARCH 31, 1998
<S>	<C>	<C>
Income before minority interests	$ 6,447	$ 2,520
Less: income from the retail properties directly owned by the Company	(368)	(104)
Income before minority interest - Operating Partnership	6,079	2,416
Preferred Unitholders - $52,500 @ 6.5%	3,412	853
Preferred Unitholders/Shareholders - $24,248 @ 5.5%	1,334	333
Remaining Operating Partnership allocation	1,333	1,230
Pro forma minority share - Partnership Units (14.7%)	196	180
Remaining Operating Partnership allocation (85.3%)	1,137	1,050
Add back: income from retail properties directly owned by the Company	368	104
Net income allocated to Common Shareholders	$ 1,505	$ 1,154

</TABLE>

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of
Constellation Real Estate Group, Inc.

We have audited the accompanying combined historical statement of revenues and certain expenses of the Constellation Properties as described in Note 1 for the year ended December 31, 1997. This financial statement is the responsibility of the Constellation Properties' management. Our responsibility is to express an

opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying combined historical statement of revenues and certain expenses as discussed in Note 1 was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in the proxy of Corporate Office Properties Trust and is not intended to be a complete presentation of the Constellation Properties' revenue and expenses.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues and certain expenses of the Constellation Properties for the year ended December 31, 1997 in conformity with generally accepted accounting principles.

/s/ COOPERS & LYBRAND L.L.P.

Baltimore, Maryland
May 8, 1998

CONSTELLATION PROPERTIES

COMBINED HISTORICAL STATEMENT OF REVENUE AND CERTAIN EXPENSES

(IN THOUSANDS)

<TABLE>
<CAPTION>

	FOR THE THREE MONTHS ENDED MARCH 31, 1998	FOR THE YEAR ENDED DECEMBER 31, 1997
	UNAUDITED	
<S>	<C>	<C>
REVENUES		
Base Rents	$3,694	$14,756
Recoveries from Tenants	426	2,095
Other Income	82	213
	4,202	17,064
CERTAIN EXPENSES		
Operating	1,229	5,071
Real Estate Taxes	244	915
General and Administrative	137	526
	1,610	6,512
REVENUE IN EXCESS OF CERTAIN EXPENSES	$2,592	$10,552

</TABLE>

See accompanying notes to financial statements.

CONSTELLATION PROPERTIES

NOTES TO COMBINED HISTORICAL STATEMENT OF REVENUE AND CERTAIN EXPENSES
(DOLLARS IN THOUSANDS)

1. ORGANIZATION AND BASIS OF PRESENTATION

ORGANIZATION

The combined historical statement of revenue and certain expenses combines the results of operations of the following 12 properties (the "Properties") to be acquired from Constellation Properties, Inc. (CPI) by Corporate Office Properties Trust (COPT).

BROWNS WHARF L.P.

1600 Block of Thames Street, Baltimore, MD

CRANBERRY-140 L.P.

405 North Center Street, Westminster, MD

LAUREL TOWER ASSOCIATES L.P.

14502 Greenview Drive, Laurel, MD

14504 Greenview Drive, Laurel, MD

NBP-I L.P.

2730 Hercules Road, Annapolis Junction, MD

NBP II L.P.

131 National Business Parkway, Annapolis Junction, MD

133 National Business Parkway, Annapolis Junction, MD

141 National Business Parkway, Annapolis Junction, MD

ST. BARNABUS L.P.

6009 and 6011 Oxon Hill Road, Oxon Hill, MD

THREE CENTRE PARK ASSOCIATES L.P.

8815 Centre Park Drive, Columbia, MD

CONSTELLATION PROPERTIES, INC.

7609 Energy Parkway, Baltimore, MD

PROJECT T/A TRED AVON SQUARE

210 Marlboro Avenue, Easton, MD

The Properties consist of 9 office properties, 2 retail properties and 1 flex office/warehouse property.

Tred Avon Square (TA) is a shopping center which has a participating mortgage payable to Tred Lightly, LLC (TL), an entity in which CPI has a controlling interest which is being acquired by COPT. Under the terms of the mortgage with TA, TL has virtually the same risks and rewards as those of an owner. Accordingly, TL is presented as if TL owns TA.

NOTES TO COMBINED HISTORICAL STATEMENT OF REVENUE AND CERTAIN EXPENSES
(DOLLARS IN THOUSANDS) (CONTINUED)

1. ORGANIZATION AND BASIS OF PRESENTATION (CONTINUED)
BASIS OF PRESENTATION

The statement has been prepared on the accrual basis of accounting.

The statement is not representative of the actual operations for the periods presented, as certain expenses, which are not comparable to the expenses to be incurred in the future operations of the Properties, have been excluded. Expenses excluded include interest, depreciation, amortization of intangible costs, income taxes, and other costs not directly related to the future operations of the Properties. Management is not aware of any material factors relating to these properties which would cause the reported financial information not to be necessarily indicative of future operating results.

The combined historical statement of revenues and certain expenses and related notes for the three months ended March 31, 1998 are unaudited and reflect, in the opinion of management, all adjustments necessary for a fair presentation of the interim statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of revenues and expenses reported during the period. Actual results could differ from those estimates.

REVENUE RECOGNITION

The Properties recognize rental revenue from tenants on a straight-line basis under which contractual rent changes are recognized evenly over the lease term. Tenant recovery income includes payments from tenants for taxes, insurance and other property operating expenses and is recognized as revenues in the same period as the related expenses are incurred by the Properties.

GEOGRAPHIC DIVERSITY

The Properties are geographically concentrated in the Baltimore/Washington metropolitan area.

MAJOR TENANTS

The United States Government is the sole tenant of an office property. Rental income from this lease represents approximately 23% and 24% of base rent and 46% and 55% of recoveries from tenants in the three months ended March 31, 1998 and the year ended December 31, 1997, respectively.

MINORITY INTEREST

CPI owns a 75% member interest in Tred Lightly, LLC (TL). Under the terms of TL's operating agreement, the interest owned by CPI is entitled to full allocation of TL's income up until that point in time when CPI recovers its investment in TL plus a 10% compounding preferred return. Since CPI had not recovered its investment and preferred return at March 31, 1998 and December 31, 1997, no income was allocated to minority interest.

NOTES TO COMBINED HISTORICAL STATEMENT OF REVENUE AND CERTAIN EXPENSES
(DOLLARS IN THOUSANDS) (CONTINUED)

3. LEASING ACTIVITY

The Properties are leased to tenants under operating leases with expiration dates ranging from 1998 to 2015. Future contractual minimum rentals under noncancelable tenant leases in effect at December 31, 1997 are as follows:

1998	$ 14,618
1999	13,970
2000	13,125
2001	11,584
2002	9,870
Thereafter	29,166
Total	$ 92,333

The United States Government is the sole tenant of an office property. The tenant's lease is structured as a 1 year lease commencing in 1993, with 14 consecutive automatic 1 year renewals. The lease also carries a penalty should the tenant not renew for all 14 years. Base rent from this lease is included in future minimum rentals disclosed above.

4. RELATED PARTY REVENUE AND EXPENSES

The Properties are owned by CPI, which is a wholly owned subsidiary of Constellation Real Estate Group, Inc. (CREG). CREG is a wholly owned subsidiary of Constellation Holdings, Inc., which is wholly owned by Baltimore Gas and Electric Company (BGE). Constellation Real Estate, Inc., Constellation Realty Management, LLC, Constellation Health Services, Inc., and Constellation Senior Services, Inc. are other affiliates of CREG. The Properties had transactions with these related parties as follows:

RENTAL INCOME

The Properties earned base rent and tenant recoveries on leases to the following related parties:

	THREE MONTHS ENDED MARCH 31, 1998	YEAR ENDED DECEMBER 31, 1997
Constellation Real Estate, Inc.	$ 85	$ 315
Baltimore Gas and Electric Co.	9	242
Constellation Senior Services, Inc.	34	59
Constellation Health Services, Inc.	--	6
Total	$ 128	$ 622

</TABLE>

PROPERTY MANAGEMENT

The Properties incurred property management fees under contracts with Constellation Realty Management, LLC (CRM) totaling $126 and $518 in the three months ended March 31, 1998 and the year ended December 31, 1997, respectively.

CONSTELLATION PROPERTIES

NOTES TO COMBINED HISTORICAL STATEMENT OF REVENUE AND CERTAIN EXPENSES
(DOLLARS IN THOUSANDS) (CONTINUED)

4. RELATED PARTY REVENUE AND EXPENSES (CONTINUED)
GENERAL AND ADMINISTRATIVE

Constellation Real Estate, Inc. charged the Properties for finance, legal and corporate overhead costs totaling $137 and $526 in the three months ended March 31, 1998 and the year ended December 31, 1997, respectively.

OPERATING EXPENSES

The Properties incurred costs with BGE during the three months ended March 31, 1998 and the year ended December 31, 1997 totaling $181 and $638, respectively. These costs were primarily for utility services provided to the Properties.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of
Constellation Real Estate Group, Inc.

We have audited the accompanying consolidated balance sheets of Constellation Service Companies (as described in Note 1 to the accompanying financial statements) as of December 31, 1997 and 1996, and the related consolidated statements of operations, cash flows and equity for each of the three years in the period ended December 31, 1997. These financial statements are the responsibility of the Constellation Service Companies' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Constellation Service Companies as of December 31, 1997 and 1996, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1997 in conformity with generally accepted accounting principles.

/s/ COOPERS & LYBRAND L.L.P.

Baltimore, Maryland
May 8, 1998

CONSTELLATION SERVICE COMPANIES

CONSOLIDATED BALANCE SHEETS

(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

	MARCH 31, 1998	DECEMBER 31, 1997	DECEMBER 31, 1996
	(UNAUDITED)		
<S>	<C>	<C>	<C>
ASSETS			
Current assets			

Cash and cash equivalents	$ 5,944	$ 4,732	$ 5,191
Accounts receivable	1,186	1,158	3,622
Costs and estimated profit in excess of billings on uncompleted contracts	265	449	215
Deferred tax asset	45	86	17
Other	95	126	176
Total current assets	7,535	6,551	9,221
Property and equipment			
Furniture, fixtures and equipment	1,935	1,878	1,514
Leasehold improvements	81	81	--
Accumulated depreciation	(1,310)	(1,257)	(1,089)
Total property and equipment	706	702	425
Goodwill, net of accumulated amortization	777	791	848
Deferred tax asset	77	66	38
Restricted cash	1,000	--	--
Total assets	$ 10,095	$ 8,110	$ 10,532
LIABILITIES AND EQUITY			
Current liabilities			
Current portion of note payable	$ 40	$ 40	$ 40
Accounts payable and accrued expenses	502	241	2,508
Billings in excess of costs and estimated profit on uncompleted contracts	192	140	238
Accrued vacation costs	328	296	193
Due to affiliates	6,051	4,423	4,925
Other	16	17	22
Total current liabilities	7,129	5,157	7,926
Note payable, net of current portion	80	80	120
Other	35	7	9
Total liabilities	7,244	5,244	8,055
Minority interest	162	136	115
Commitments and contingencies			
Equity			
Divisional equity	2,689	2,730	2,362
Total liabilities and equity	$ 10,095	$ 8,110	$ 10,532

</TABLE>

See accompanying notes to financial statements.

CONSTELLATION SERVICE COMPANIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

	FOR THE THREE MONTHS ENDED MARCH 31,		FOR THE YEAR ENDED DECEMBER 31,		
<S>	<C> 1998	<C> 1997	<C> 1997	<C> 1996	<C> 1995
	(UNAUDITED)	(UNAUDITED)			
Revenues					
Construction, development, marketing, asset management and finance fees--related parties	$ 735	$ 598	$ 2,880	$ 2,531	$ 1,517
Construction, development, marketing, asset management and finance fees--other	33	--	273	58	2
Property management fees--related parties	442	571	1,845	1,789	1,728
Property management fees--other	592	444	1,952	1,348	93
Construction contract revenues--related parties	1,848	139	426	943	294
Construction contract revenues--other	41	1,534	3,696	8,617	3,335
Total revenues	3,691	3,286	11,072	15,286	6,969
Operating expenses					

Construction contract costs	1,852	1,516	3,768	9,159	3,545
Salaries and related expenses	1,243	979	4,412	3,750	2,242
Overhead costs--related party	271	225	901	870	615
Other	386	320	1,386	907	684
Total operating expenses	3,752	3,040	10,467	14,686	7,086
Income from operations	(61)	246	605	600	(117)
Interest income	18	21	101	84	66
Other income	8	7	53	42	61
Interest expense	(3)	(3)	(18)	(22)	(2)
Income before income taxes	(38)	271	741	704	8
Income tax expense (benefit)	(23)	91	256	251	14
Income before minority interest	(15)	180	485	453	(6)
Minority interest	26	47	117	96	--
Net income (loss)	$ (41)	$ 133	$ 368	$ 357	$ (6)

See accompanying notes to financial statements.

CONSTELLATION SERVICE COMPANIES

CONSOLIDATED STATEMENTS OF EQUITY

(DOLLARS IN THOUSANDS)

	CONTRIBUTED EQUITY	ACCUMULATED EARNINGS	TOTAL
Balance, January 1, 1995	$ 1,590	$ 421	$ 2,011
Net Loss	--	(6)	(6)
Balance, December 31, 1995	1,590	415	2,005
Net Income	--	357	357
Balance, December 31, 1996	1,590	772	2,362
Net Income	--	368	368
Balance, December 31, 1997	1,590	1,140	2,730
Net Loss	--	(41)	(41)
Balance, March 31, 1998 (Unaudited)	$ 1,590	$ 1,099	$ 2,689

See accompanying notes to financial statements.

CONSTELLATION SERVICE COMPANIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(DOLLARS IN THOUSANDS)

	FOR THE THREE MONTHS ENDED, MARCH 31,		FOR THE YEARS ENDED DECEMBER 31,		
	1998	1997	1997	1996	1995
	(UNAUDITED)	(UNAUDITED)			
Cash flows from operating activities:					
Net income (loss)	$ (41)	$ 133	$ 368	$ 357	$ (6)
Adjustments to reconcile net income (loss)					

to net cash provided by (used in) operating activities:					
Depreciation and amortization	67	55	225	164	98
Minority interest expense	26	47	117	96	--
Provision for deferred income taxes	30	11	(97)	(62)	18
Changes in operating assets and liabilities:					
Accounts receivable	(28)	(518)	2,464	(1,982)	(1,056)
Accounts payable and accrued expenses	293	(1,915)	(2,164)	2,182	99
Due to affiliates	1,628	2,604	(502)	6,409	(36)
Uncompleted contract asset	184	(84)	(234)	697	(849)
Uncompleted contract liability	52	220	(98)	(1,426)	1,664
Other current assets and liabilities	30	97	45	(145)	(23)
Net cash provided by (used in) operating activities	2,241	650	124	6,290	(91)
Cash flows from investing activities:					
Increase in restricted cash	(1,000)	--	--	--	--
Purchases of property and equipment	(57)	(107)	(453)	(317)	(59)
Acquisition of business, net of cash acquired	--	--	--	(414)	--
Other	--	--	8	--	--
Net cash used in investing activities	(1,057)	(107)	(445)	(731)	(59)
Cash flows from financing activities:					
Proceeds from note payable	--	--	--	200	--
Note repayments	--	--	(40)	(40)	--
Minority interest (distribution) contribution	--	--	(96)	19	--
Other	28	(1)	(2)	7	19
Net cash provided by (used in) financing activities	28	(1)	(138)	186	19
Net increase (decrease) in cash and cash equivalents	1,212	542	(459)	5,745	(131)
Cash and cash equivalents, beginning of period	4,732	5,191	5,191	(554)	(423)
Cash and cash equivalents, end of period	$ 5,944	$ 5,733	$ 4,732	$ 5,191	$ (554)
Supplemental data:					
Cash paid during the period for:					
Interest	$ 3	$ 3	$ 18	$ 22	$ 2
Income Taxes	$ 16	--	$ 88	$ 1	$ 25

See accompanying notes to financial statements.

CONSTELLATION SERVICE COMPANIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLARS IN THOUSANDS)

1. ORGANIZATION AND BASIS OF PRESENTATION

Constellation Service Companies (not a legal entity) (the "Company") is a real estate company engaged in property and asset management and building construction and development services. The Company represents a carve-out of the aforementioned operations of the legal entity, Constellation Real Estate, Inc. (CRE), and its 75% owned subsidiary, Constellation Realty Management, LLC. (CRM).

CRE is a real estate company engaged in property and asset management, building construction and development and land development. CRE is a wholly owned subsidiary of Constellation Real Estate Group, Inc. ("CREG"), which is a wholly owned subsidiary of Constellation Holdings, Inc. (CHI), which is wholly owned by Baltimore Gas and Electric Company (BGE). In April 1996, CRE purchased a 75% member interest in CRM, an entity engaged in real estate property management. In May 1998, Corporate Office Properties Trust (COPT) entered into a contract to acquire the assets and employees of CRE associated with property and asset management and building construction and development services, as well as CRE's 75% member interest in CRM.

A significant amount of the Company's activity represents services provided to entities owned by CREG. The majority of these services are concentrated in the Baltimore/Washington metropolitan area.

UNAUDITED FINANCIAL STATEMENTS

The consolidated financial statements including the note disclosures included herein as of March 31, 1998 and 1997 and for the three months ended March 31, 1998 and 1997 are unaudited; however, in the opinion of management, all adjustments necessary for a fair presentation of the consolidated financial statements for this interim period have been included. The results of the interim period are not necessarily indicative of the results to be obtained for the full fiscal year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of CRM and the CRE lines of business being acquired by COPT. All material intercompany accounts and transactions have been eliminated.

USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

REVENUE RECOGNITION

Construction, development, marketing and financing fees predominantly represent fees charged to real estate projects owned by CREG. Most of these fees are recognized as revenue as labor time is incurred. Certain of these fees, however, are recognized upon the occurrence of an event at a real estate project, such as the signing of a tenant lease or the closing of a loan. Property management fees, property management recovery items and asset management fees are recognized as earned.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION (CONTINUED)

The Company recognizes construction, development, marketing and financing fees charged to real estate projects owned by CREG at cost.

The Company recognizes construction contract revenues from third parties using the percentage-of-completion method based on contract costs incurred to date compared with total estimated contract costs. Because of inherent uncertainties in estimating costs, it is at least reasonably possible that estimates used will change within the near term. Changes to total estimated contract costs and losses, if any, are recognized in the period they become known. Amounts billed in advance of satisfying revenue recognition criteria are recorded in current liabilities as billings in excess of costs and estimated profit on uncompleted contracts. Costs and estimated profit in excess of amounts billed are recorded in current assets as costs and estimated profit in excess of billings on uncompleted contracts.

INCOME TAXES

Deferred income taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and credit carryforwards, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets are reduced by a valuation allowance when it is probable that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all cash and liquid investments with an initial maturity of three months or less. The carrying amount approximates fair value due to the short maturity of these investments. The Company maintains its cash in bank deposit accounts which may exceed federally insured limits at times. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

PROPERTY

Property is stated at original cost less accumulated depreciation. Furniture, fixtures and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, which is generally 3 to 5 years. Leasehold improvements are depreciated over the shorter of the lives of the respective leases or the useful lives of the assets. Depreciation expense totaled $53, $40, $168, $120 and $83 for the three months ended March 31, 1998 and 1997 and the years ended December 31, 1997, 1996 and 1995, respectively.

GOODWILL

Goodwill consists of $590 relating to the 1988 acquisition of certain assets and employees and $414 relating to the 1996 acquisition of CRM. The 1988 goodwill is being amortized over 40 years and the 1996 goodwill is being amortized over 10 years. Goodwill is reflected net of accumulated amortization, which totaled $227, $213 and $156 at March 31, 1998 and December 31, 1997 and 1996, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MINORITY INTEREST

Minority interest represents the minority partner's proportionate share of the equity in CRM. Income is allocated to minority interest based on the minority partner's percentage ownership.

3. NOTE PAYABLE

The Company obtained a $200 unsecured note payable to KLNB, Inc. on April 16, 1996. The note matures on December 31, 2000 and bears interest at 8%. The outstanding balance of the note totaled $120, $120 and $160 at March 31, 1998 and December 31, 1997 and 1996, respectively.

Interest expense incurred on the note totaled $2, $3, $13 and $11 during the three months ended March 31, 1998 and 1997 and the years ended December 31, 1997 and 1996, respectively. Debt maturities of the note outstanding at December 31, 1997 are as follows:

<TABLE>

<S>	<C>
1998	$ 40
1999	40
2000	40
	$ 120

</TABLE>

4. LEASES

The Company had several operating leases in place during the reporting periods, most of which are for office space. Rent expense totaled $79, $69, $451, $308 and $219 during the three months ended March 31, 1998 and 1997 and the years ended December 31, 1997, 1996 and 1995, respectively.

Future minimum lease payments for non-cancelable operating leases at December 31, 1997 are as follows:

<TABLE>

<S>	<C>
1998	$ 429
1999	382
2000	372
2001	267
Total	$ 1,450

</TABLE>

5. RELATED PARTY TRANSACTIONS

The Company provided construction, development, marketing, asset management and finance services to entities owned by CREG. Fees earned from these services totaled $714, $598, $2,686, $2,531 and $1,517 during the three months ended March 31, 1998 and 1997 and the years ended December 31, 1997, 1996 and 1995, respectively. The Company also earned marketing fees from a CREG affiliate totaling $21 and $194 during the three months ended March 31, 1998 and the year ended December 31, 1997, respectively.

5. RELATED PARTY TRANSACTIONS (CONTINUED)

The Company provided property management services to entities owned by CREG. Fees earned from these services were computed predominantly based on a fixed percentage of property income collections ranging from 3.5% to 5% and totaled $315, $284, $1,272, $1,197 and $1,157 during the three months ended March 31, 1998 and 1997 and the years ended December 31, 1997, 1996 and 1995, respectively. The Company also earned property management fees from BGE totaling $127, $287, $573, $592 and $571 during the three months ended March 31, 1998 and 1997 and the years ended December 31, 1997, 1996 and 1995, respectively. Fees were computed on the BGE management contracts based on a rate per square foot, subject to increases and decreases for the Company's performance in managing operating cost levels for individual projects.

The Company performed work under construction contracts with BGE, CHI and certain entities owned by CREG. Construction contract revenue recognized on contracts with BGE totaled $132, $200, $932 and $294 during the three months ended March 31, 1997 and the years ended December 31, 1997, 1996 and 1995, respectively. Construction contract revenue recognized on contracts with CHI totaled $1,842 and $178 during the three months ended March 31, 1998 and the year ended December 31, 1997, respectively. Construction contract revenue recognized on contracts with entities owned by CREG totaled $6, $7, $48 and $11 during the three months ended March 31, 1998 and 1997 and the years ended December 31, 1997 and 1996, respectively.

CREG allocates certain overhead costs to all of its subsidiaries. Overhead costs allocated from CREG to the Company totaled $271, $225, $901, $870 and $615 during the three months ended March 31, 1998 and 1997 and the years ended December 31, 1997, 1996 and 1995, respectively.

The Company provides administrative, financial and legal support services to certain entities owned by CREG. During the three months ended March 31, 1998 and 1997 and the years ended December 31, 1997 and 1996, the Company received expense reimbursements for these services totaling $89, $55, $318 and $64, respectively.

The Company leased office space from entities owned by CREG. Expenses incurred under these leases totaled $78, $62, $301, $240 and $219 during the three months ended March 31, 1998 and 1997 and the years ended December 31, 1997, 1996 and 1995, respectively.

The Company also incurred other costs for various services provided by BGE and CHI, including electrical service, payroll processing, and computer training.

The Company had amounts due to affiliates at March 31, 1998 and December 31, 1997 and 1996 of $6,051, $4,423 and $4,925, respectively. These payables represent primarily advances to the Company resulting from its participation in a centralized cash account used by entities owned by CREG. The Company's payables to affiliates are noninterest bearing and due on demand.

6. PENSION AND OTHER POST-EMPLOYMENT BENEFITS

Certain employees of the Company participate in the BGE noncontributory defined benefit pension plan (the "plan"). BGE's policy is to fund annually the cost of the Plan as determined under the projected unit credit cost method. BGE charged the Company $20, $16, $64 and $80 during the three months ended March 31, 1998 and 1997 and the years ended December 31, 1997 and 1996, respectively. Certain key executives also are participants in BGE's supplemental pension plans, which provide enhanced retirement,

6. PENSION AND OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

disability and survivor benefits. Benefits under all of these plans are generally based on age, years of service and compensation levels. Prior service cost associated with retroactive plan amendments is amortized on a straight-line basis over the average remaining service period of active employees. Plan assets at December 31, 1997 consisted primarily of marketable equity and fixed income securities and group annuity contracts.

Pension plan valuations are only available for CHI. The following table sets forth CHI's combined funded status of the plans and the composition of total

pension cost:

<TABLE>
<CAPTION>

	DECEMBER 31,	
	1997	1996
<S>	<C>	<C>
Vested benefit obligation	$ 5,104	$ 4,296
Nonvested benefit obligation	291	111
Accumulated benefit obligation	5,395	4,407
Projected benefits related to increase in future compensation levels	2,096	769
Projected benefit obligation	7,491	5,176
Plan assets at fair value	(5,871)	(3,535)
Projected benefit obligation less plan assets	1,620	1,641
Unrecognized prior service cost	(446)	(290)
Unrecognized net gain	1,091	934
Unamortized net liability from adoption of FASB Statement No. 87	(168)	(443)
Accrued Pension Liability	$ 2,097	$ 1,842

</TABLE>

<TABLE>
<CAPTION>

	1997	1996	1995
<S>	<C>	<C>	<C>
Components of net pension cost			
Service cost-benefits earned during the period	$ 296	$ 321	$ 188
Interest cost on projected benefit obligation	1,149	1,179	509
Actual return on plan assets	(468)	(207)	(542)
Net amortization and deferral	(315)	(481)	552
Total net pension cost	$ 662	$ 812	$ 707

</TABLE>

OTHER POSTEMPLOYMENT BENEFITS

In addition to providing pension benefits, the Company provides certain health care and life insurance benefits for retired employees. The Company also provides certain pay continuation payments to employees who are determined to be disabled under the Company's Long-Term Disability Plan. The Company did not recognize any liability at March 31, 1998 and 1997 and December 31, 1997 and 1996 since there were no employees determined to be disabled.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(DOLLARS IN THOUSANDS)

7. INCOME TAXES

Income tax expense (benefit) consists of the following:

<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31,		YEAR ENDED DECEMBER 31,		
<S>	<C>	<C>	<C>	<C>	<C>
	1998	1997	1997	1996	1995
Federal					
Current	$ (44)	$ 67	$ 290	$ 258	$ (3)
Deferred	25	8	(80)	(51)	15
	(19)	75	210	207	12
State					
Current	(9)	14	63	55	(1)
Deferred	5	2	(17)	(11)	3
	(4)	16	46	44	2

$ (23)	$ 91	$ 256	$ 251	$ 14

</TABLE>

The following is a reconciliation, stated as a percentage of pre-tax income, of the U.S. statutory federal income tax rate to the Company's effective tax rate on income from operations:

<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31,		YEAR ENDED DECEMBER 31,		
<S>	<C> 1998	<C> 1997	<C> 1997	<C> 1996	<C> 1995
Federal Statutory Rate	(35.0%)	35.0%	35.0%	35.0%	35.0%
Permanent Differences, Including Goodwill and Meals and Entertainment	3.6	1.1	1.6	1.7	135.5
State Taxes, Net of Federal Benefit	(4.5)	4.5	4.5	4.5	4.5
Effective Tax Rate	(35.9%)	40.6%	41.1%	41.2%	175.0%

</TABLE>

Deferred income taxes consist of the following:

<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31,	YEAR ENDED DECEMBER 31,	
<S>	<C> 1998	<C> 1997	<C> 1996
Bonus and Deferred Compensation	$ 146	$ 174	$ 63
Depreciation	(24)	(22)	(8)
Net Deferred Asset	$ 122	$ 152	$ 55

</TABLE>

CONSTELLATION SERVICE COMPANIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(DOLLARS IN THOUSANDS)

8. COMMITMENTS AND CONTINGENCIES

CONTRACT TO ACQUIRE LOANS

In March 1998, the Company entered into a contract to acquire loans collateralized by 12 commercial real estate properties from Aetna Life Insurance Company for $65,300. In connection with the contract, the Company had $1,000 in escrow as a deposit on the contract at March 31, 1998. In April 1998, the Company assigned its rights under the contract to COPT in exchange for a fee.

LEGAL

The Company is subject to various legal proceedings and claims that arise in the ordinary course of business. Management believes that the final outcome of such matters will not have a material effect on the financial position, results of operations or liquidity of the Company.

PROXY

APPENDIX
PROXY

CORPORATE OFFICE PROPERTIES TRUST
SPECIAL MEETING OF SHAREHOLDERS
AUGUST 21, 1998

THIS PROXY IS SOLICITED ON BEHALF OF
THE COMPANY'S BOARD OF TRUSTEES

The undersigned hereby (i) acknowledges receipt of the Notice of Special Meeting of Shareholders (the "Special Meeting") of Corporate Office Properties

Trust (the "Company") and the accompanying Proxy Statement dated July 22, 1998 (the "Proxy Statement"), and (ii) appoints Jay H. Shidler and Clay W. Hamlin, III, and each of them individually, lawful attorneys-in-fact and proxies of the undersigned, with full power of substitution for and in the name, place, and stead of the undersigned, to vote upon and act with respect to all of the Common Shares of Beneficial Interest of the Company standing in the name of the undersigned, or with respect to which the undersigned is entitled to vote and act, at the Special Meeting and at any adjournments or postponements thereof.

The Company's Board of Trustees recommends a vote "for" item 1 set forth on this proxy card. The shares represented by this proxy will be voted as specified. IF NO DIRECTION IS GIVEN IN THE SPACE PROVIDED THIS PROXY WILL BE VOTED "FOR" ITEM 1.

The undersigned directs that this proxy be voted as follows:

1. To consider and vote upon a proposal for the Company to enter into and perform the transaction with certain partnerships and other entities affiliated with Constellation Real Estate Group, Inc. (collectively, "Constellation"), pursuant to which the Company will acquire from Constellation interests in entities, an interest in a mortgage, title to certain real property (the foregoing collectively representing up to 18 properties) and certain other assets in exchange for a combination of cash, the assumption of debt by the Company, and Common Shares and non-voting Series A Convertible Preferred Shares Of Beneficial Interest to be issued by the Company, all as more particularly described in the Proxy Statement.

FOR / / AGAINST / / ABSTAIN / /

2. In their discretion, the Proxies are authorized to vote upon such other business as may properly come before the meeting or any adjournment thereof and matters incident to the conduct of the meeting.

The undersigned hereby revokes any proxy heretofore given to vote or act with respect to the Common Stock and hereby ratifies and confirms all that the proxies, their substitutes, or any of them may lawfully do by virtue hereof.

PLEASE SIGN EXACTLY AS THE NAME APPEARS HEREON. WHEN SHARES ARE HELD BY JOINT TENANTS, BOTH SHOULD SIGN. WHEN SIGNING AS ATTORNEY, EXECUTOR, ADMINISTRATOR, TRUSTEE OR GUARDIAN, PLEASE GIVE FULL TITLE AS SUCH. IF A CORPORATION, PLEASE SIGN IN FULL CORPORATE NAME BY PRESIDENT OR OTHER AUTHORIZED OFFICER AND AFFIX CORPORATE SEAL. IF A PARTNERSHIP, PLEASE SIGN IN PARTNERSHIP NAME BY THE GENERAL PARTNER.

Date: _____

_____

Signature

_____

Signature

PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.

Exhibit 99.5

CORPORATE OFFICE PROPERTIES TRUST
CLOSES CONSTELLATION TRANSACTION

Resulting entity becomes one of the largest
commercial real estate operators in mid-Atlantic region

PHILADELPHIA, PA, September 29, 1998 -- Corporate Office Properties Trust (NYSE: OFC), a Real Estate Investment Trust, today announced the completion of the initial and most significant stage of its transaction with Constellation Real Estate Group, Inc. and its affiliates (collectively, "Constellation"). Constellation is part of Constellation Enterprises, Inc., a wholly-owned subsidiary of Baltimore Gas and Electric Company (NYSE: BGE).

Corporate Office Properties Trust (the "Company") expects that the transaction will be immediately accretive to the Company's Funds From Operations (FFO) by $0.11 per fully diluted share on an annual basis.

The entire transaction has a value in excess of $178 million. It will increase Corporate Office Properties' portfolio by 55% to 48 properties located primarily in Pennsylvania, Maryland, New Jersey, and suburban Washington, D.C. - totaling 4.6 million square feet of space. In the fourth quarter, two office properties under construction (comprising 195,000 square feet) will be acquired upon the achievement of certain income thresholds. Two additional properties under construction (comprising 196,000 square feet) will be purchased within forty-five days of the close. In addition, the Company is slated to acquire one retail property in 1999. As this retail asset is non-strategic, the Company is actively seeking to sell the property and redeploy any profit.

In connection with the purchase, Constellation's management team has joined the Company, expanding the Company by 35 professionals and support staff. Randall M. Griffin, 53, formerly President of Constellation, has assumed the role of President and Chief Operating Officer reporting to Clay W. Hamlin, III, 53, Corporate Office Properties' Chief Executive Officer. Roger A. Waesche, Jr., 44, formerly Senior Vice President of Constellation has become Senior Vice President - Finance of Corporate Office Properties. John H. Gurley, 59, formerly Vice President and General Counsel of Constellation has become Vice President and General Counsel of Corporate Office Properties.

In addition, Corporate Office Properties acquired Constellation's 75% ownership in Corporate Realty Management, LLC (CRM), Baltimore's largest commercial property/asset management organization. CRM provides property and asset management services to third-party major institutional real estate investors and provides corporate facility services to major owner-occupied corporate properties. Michael Kaiser, 47, President of CRM, will continue to head this operation and its 73 member team. CRM manages a 251-building, 17 million square foot portfolio, with eight offices in the Baltimore, Northern Virginia and Philadelphia areas.

The Company also announced the establishment of a new subsidiary, Corporate Development Services, LLC (CDS), to oversee a range of services on behalf of the Company that includes development, re-development and build-to-suit activities. CDS is managed by Dwight S. Taylor, 53, Senior Vice President for Development in conjunction with Stanley A. Link, 50, Senior Vice President of Construction.

Highlights

- - At the closing, Corporate Office Properties paid consideration to Constellation consisting of the following components:

  - (i) 6,182,634 Common Shares;

  - (ii) 865,566 Series A Convertible Preferred Shares valued at $25.00 per Share. Each Convertible Preferred Share yields 5.5% per annum and is convertible after two years into 1.8748 Common Shares; and,

  - (iii) assumed $59.6 million in debt.

- - At a subsequent closing in the fourth quarter 1998, the Company will acquire two additional newly constructed office properties totaling 194,641 square feet. The value of the consideration paid for these properties of approximately $30 million is expected to consist of 118,460 Series A Convertible Preferred Shares, 846,143 Common Shares, and $17.9 million in assumed debt.

- - Corporate Office Properties received options or first rights of refusal to acquire 91 acres of entitled land at any time over the next two to five

years. The acreage, contiguous to the Constellation office properties, allows for development of approximately two million square feet of additional office space.

- - Constellation will become Corporate Office Properties' single largest investor, owning 41.8% of the Common Shares upon completion of the transaction.

- - Constellation gains two seats to Corporate Office Properties' Board of Trustees, now increased to nine individual Trustees. These seats will be held by Edward A. Crooke, 59, Chairman of Constellation Enterprises, Inc. and Vice Chairman of BGE, and Steven D. Kesler, 46, President of Constellation Investments, Inc. and the new President of Constellation Real Estate Group, Inc.

- - Corporate Office Properties will acquire two office buildings under construction in the Columbia, Maryland area within forty-five days. These additional projects, expected to be completed in mid 1999, will bring 196,000 square feet into service.

The transaction expands Corporate Office Properties' portfolio to more than 4.6 million square feet, with a concentration in Pennsylvania, Maryland, New Jersey and extending to the suburban Washington, D.C. area. Constellation's real estate properties added to the portfolio include five office buildings at The National Business Park in Anne Arundel County, MD, two office buildings in Columbia, MD, a 10-story, 200,000 square foot office building in Oxon Hill, MD, twin 75,000 square foot office buildings in Laurel, MD, a one-story office building in the Brandon Woods Business Park in Anne Arundel County, MD, a mixed-use complex at the Inner Harbor in Baltimore, MD, Cranberry Square Shopping Center in Westminster, MD, and Tred Avon Square in Easton, MD.

The acquired portfolio is comprised of Class A institutional quality properties with aggregate occupancy rates of 95%. With the completion of this transaction Corporate Office Properties will have over two million square feet of suburban office properties in the Baltimore/Washington corridor, establishing a dominant position in these submarkets.

"This is our first major entity transaction. It accomplishes several things for Corporate Office Properties; we have added a talented and experienced team, a high quality portfolio and an important significant investor," stated Clay W. Hamlin, III, Chief Executive Officer of Corporate Office Properties. "This combination provides us with the strength and infrastructure to achieve our future growth objectives."

Company Information

Corporate Office Properties Trust is a real estate investment trust which focuses on the acquisition, management, ownership and development of suburban office properties located in high-growth submarkets in the United States.

Forward-looking Information

This press release contains forward-looking information based upon the Company's current best judgement and expectations. Actual results could vary from those presented herein. The risks and uncertainties associated with the forward-looking information include the strength of the commercial office real estate market in which the Company operates, competitive market conditions, general economic growth, interest rates and capital market conditions. For further information, please refer to the Company's filings with the Securities and Exchange Commission.

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-more-